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 INTERIM RESULTS ANNOUNCEMENT

INTERIM RESULTS

The board of directors (the "**Board**") of Technovator International Limited (the "**Company**") is pleased to announce the unaudited consolidated interim financial results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2015, together with the comparative figures for the corresponding period in 2014. These results have been reviewed by the Company's audit committee, comprising solely the independent non-executive directors of the Company. The unaudited interim financial statements for the six months ended 30 June 2015 have been reviewed by the Company's external auditor.

* *for identification purposes only*

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2015 – unaudited
(Expressed in United States dollars)

		Six months ended 30 June	
		2015	2014
	Note	***US$'000***	*US$'000*
			(Restated)
Revenue	*3,4*	**96,679**	86,419
Cost of sales		**(61,845)**	(54,865)
Gross profit		**34,834**	31,554
Other revenue		**3,793**	1,173
Other net gain/(loss)		**111**	(254)
Selling and distribution costs		**(8,177)**	(7,280)
Administrative and other operating expenses		**(12,105)**	(9,601)
Research and development expenses		**(2,869)**	(2,279)
Profit from operations		**15,587**	13,313
Finance costs	*5(a)*	**(3,342)**	(2,258)
Profit before taxation		**12,245**	11,055
Income tax	*6*	**(2,003)**	(3,695)
Profit for the period		**10,242**	7,360
Attributable to:			
Equity shareholders of the Company		**9,799**	6,591
Non-controlling interests		**443**	769
Profit for the period		**10,242**	7,360
Earnings per share	*7*		
Basic (US$)		**0.0144**	0.0108
Diluted (US$)		**0.0126**	0.0090

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015 – unaudited

(Expressed in United States dollars)

	Six months ended 30 June	
	2015	2014
	US$'000	*US$'000*
		(Restated)
Profit for the period	**10,242**	7,360
Other comprehensive income for the period		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	**(1,183)**	(36)
Total comprehensive income for the period	**9,059**	7,324
Attributable to:		
Equity shareholders of the Company	**8,814**	6,562
Non-controlling interests	**245**	762
Total comprehensive income for the period	**9,059**	7,324

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2015 – unaudited
(Expressed in United States dollars)

	Note	At 30 June 2015 US$'000	At 31 December 2014 US$'000
Non-current assets			
Property, plant and equipment	*8*	**54,744**	55,740
Lease payment		**541**	519
Intangible assets		**28,916**	25,566
Goodwill		**12,917**	13,964
Other financial assets	*9*	**40,919**	46,384
Deferred tax assets		**722**	631
		138,759	142,804
Current assets			
Trading securities		**957**	1,997
Inventories		**19,826**	18,059
Trade and other receivables	*10*	**161,659**	123,509
Gross amounts due from customers for contract work		**997**	1,526
Cash and cash equivalents	*11*	**134,857**	74,298
		318,296	219,389
Current liabilities			
Trade and other payables	*12*	**82,683**	84,308
Gross amounts due to customers for contract work		**237**	732
Loans and borrowings		**61,138**	63,734
Obligations under finance leases		**30**	30
Income tax payable		**1,101**	2,956
		145,189	151,760
Net current assets		**173,107**	67,629
Total assets less current liabilities		**311,866**	210,433

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 30 June 2015 – unaudited
(Expressed in United States dollars)

	Note	At 30 June 2015 US$'000	At 31 December 2014 US$'000
Non-current liabilities			
Loans and borrowings		**33,615**	38,450
Obligations under finance leases		**68**	84
Deferred tax liabilities		**2,429**	3,077
Other non-current liabilities	*13*	**34,540**	34,691
		70,652	76,302
NET ASSETS		**241,214**	134,131
CAPITAL AND RESERVES			
Share capital	*14*	**195,215**	98,096
Reserves		**41,002**	31,283
Total equity attributable to equity shareholders of the Company		**236,217**	129,379
Non-controlling interests		**4,997**	4,752
TOTAL EQUITY		**241,214**	134,131

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in United States dollars unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report of Technovator International Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 25 August 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of these changes in accounting policies are set out in note 2.

During 2014, the Company acquired 100% equity interest in Tongfang Energy Saving Engineering Technology Co., Ltd. ("Tongfang Energy Saving"), through the acquisition of 100% equity interest in TFRH Investments Limited (the "TFRH Investments") and 100% equity interest in Excel Perfect Investments Limited ("Excel Perfect"), which are investing holding companies holding 75% equity interest and 25% equity interest in Tongfang Energy Saving, respectively. The total consideration was satisfied by the issuance of an aggregate of 119,608,189 shares of the Company, of which 89,706,142 and 29,902,047 shares are issued to the shareholders of TFRH Investments and Excel Perfect, respectively. As the Company and TFRH Investments are under common control of Tsinghua Tongfang Co., Ltd, consequently, the acquisition of TFRH Investments are accounted for using merger accounting as set out in the 2014 annual financial statements, and the details are disclosed in note 15.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2014 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included in the interim report.

The financial information relating to the financial year ended 31 December 2014 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2014 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 21 March 2015.

2 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 and the Company.

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

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.

3 REVENUE

The Group are principally engaged in the design, manufacturing and distribution of integrated building automation, energy management systems and industrial energy-saving systems. In addition, the Group provides products and solutions for control security and fire alarm systems.

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 for the six months ended 30 June 2014 and 2015 are as follows:

	Six months ended 30 June	
	2015	2014
	US$'000	*US$'000*
		(Restated)
Sales of goods	**65,556**	66,282
Provision of services	**6,775**	6,857
Contract revenue	**24,348**	13,280
	96,679	86,419

4 SEGMENT REPORTING

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

Building Automation Systems ("BAS") (PRC/North America/Europe/Other countries): This is a control and management system that provides intelligent control over various electrical systems in buildings, including air-conditioning, lighting, elevators, ventilation systems, water supply and discharge systems and power supply systems.

The Group's BAS business is segregated further into four operating segments on a geographical basis. All four operating segments primarily derive their revenue from the sales of BAS products. The products are generally a combination of items sourced externally and manufactured in the Group's manufacturing facilities.

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

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

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

Industrial energy-saving systems ("IES"): This segment provides energy saving related construction and management services, involves investment, construction, operation and maintenance services for industrial energy saving projects.

(a) Information about reportable segments

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

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

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

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

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2015 and 2014 is set out below:

	BAS – PRC		BAS – North America		BAS – Europe		BAS – Other countries		CSS – PRC		FAS – PRC		EMS – PRC		IES – PRC		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
																		(Restated)
Revenue from external customers	**27,443**	20,683	**20,882**	17,326	**7,910**	11,121	**4,587**	4,969	**5,805**	5,775	**169**	205	**17,008**	14,270	**12,875**	12,070	**96,679**	86,419
Inter-segment revenue	**1,887**	2,539	**545**	394	**-**	–	**-**	1	**-**	–	**-**	–	**423**	–	**-**	–	**2,855**	2,934
Reportable segment revenue	**29,330**	23,222	**21,427**	17,720	**7,910**	11,121	**4,587**	4,970	**5,805**	5,775	**169**	205	**17,431**	14,270	**12,875**	12,070	**99,534**	89,353
Reportable segment profit	**3,025**	3,756	**2,319**	3,115	**878**	1,955	**509**	874	**120**	367	**5**	24	**9,420**	6,155	**5,499**	2,393	**21,775**	18,639

(b) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2015	2014
	US$'000	*US$'000*
		(Restated)
Reportable Segment Profit		
Reportable segment profit	**21,775**	18,639
Elimination of inter-segment profits	**6**	(71)
Reportable segment profit derived from the Group's external customers	**21,781**	18,568
Depreciation and amortisation	**(6,009)**	(4,968)
Finance costs	**(3,342)**	(2,258)
Unallocated head office and corporate expenses	**(185)**	(287)
Consolidated profit before taxation	**12,245**	11,055

(c) Geographic information

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

	Six months ended 30 June	
	2015	2014
	US$'000	*US$'000*
		(Restated)
Revenue derived from:		
PRC	**63,300**	53,003
United States	**18,219**	15,513
France	**4,052**	7,485
Canada	**2,179**	1,813
Australia	**1,147**	1,228
Switzerland	**926**	870
Other countries	**6,856**	6,507
	96,679	86,419

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Six months ended 30 June	
	2015	2014
	US$'000	*US$'000*
		(Restated)
Interest on loans and borrowings	**2,868**	1,845
Net change in fair value of redeemable preference shares	**474**	413
	3,342	2,258

(b) Other items

	Six months ended 30 June	
	2015	2014
	US$'000	*US$'000*
		(Restated)
Amortisation	**2,084**	1,885
Depreciation	**3,925**	3,083
Interest income	**(2,918)**	(270)

6 INCOME TAX

Income tax in the consolidated income statements represents:

	Six months ended 30 June	
	2015	2014
	US$'000	*US$'000*
		(Restated)
Current tax	**2,631**	3,252
Deferred tax	**(628)**	443
	2,003	3,695

Notes:

(i) The Company is subject to Singapore corporate income tax at 17% for the six months ended 30 June 2014 and 2015. No provision for Singapore income tax was made because the Company sustained tax losses for the period.

(ii) The subsidiaries of the Group established in the PRC are subject to PRC Corporate Income Tax rate of 25%.

Distech Controls Inc. ("Distech Controls") and Distech Controls Facility Solutions Inc. ("e2 Solutions") are subject to Canadian corporate income tax at 27% for the six months ended 30 June 2014 and 2015. Corporate income tax comprises federal and provincial taxes which also apply to investment income earned by general corporations other than capital gains and dividends received from Canadian corporations. The rate that applies to capital gains is half of the Canadian corporate income tax rate.

Distech Controls LLC ("Distech U.S.") is a single member limited liability company and was structured as a disregarded entity for United States Federal, state and local income tax purpose. Accordingly, no provision for United States corporate income tax was made for the six months ended 30 June 2014 and 2015.

Distech Controls S.A.S. (formerly known as Société Comtec Technologies S.A.S.) ("Comtec"), Acelia S.A.S. ("Acelia") and Distech France Holding S.A.S. ("Distech France") are subject to French corporate income tax at rate of 33.33% for the six months ended 30 June 2014 and 2015. Distech France, Comtec and Acelia formed a tax-consolidated group under the French tax law effective from 1 January 2011, whereby the tax-consolidated group is taxed as a single entity headed by Distech France.

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 incorporated in Hong Kong is subject to Hong Kong Profits Tax rate of 16.5% for the six months ended 30 June 2014 and 2015.

(iii) Tongfang Technovator International Technology (Beijing) Co., Ltd. ("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.

Tongfang Technovator Software (Beijing) Co., Ltd. ("Software Beijing") is recognised as a software and integrated circuit enterprise and is entitled to a tax holiday of 2-year full exemption until December 2015 followed by a 3-year 50% exemption until December 2018.

(iv) The Group is not subject to Hong Kong corporate income tax during the six months ended 30 June 2014 and 2015.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of US$9,799,000 (six months ended 30 June 2014: US$6,591,000 (as restated)) and the weighted average of 679,532,366 ordinary shares (2014: 611,226,142 shares, as restated) in issue during the interim period.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of US$9,313,000 (six months ended 30 June 2014: US$5,703,000 (as restated)) and the weighted average number of ordinary shares of 738,451,464 (2014: 631,616,748 shares, as restated).

8 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group acquired certain items of property, plant and equipment with costs of US$3,545,000 (six months ended 30 June 2014: US$5,375,000 (as restated)).

9 OTHER FINANCIAL ASSETS

As at 30 June 2015, other financial assets included long-term receivables of Karamay construction contract of US$21,632,000 (31 December 2014: US$27,171,000).

The remaining balance of other financial assets represents long-term trade receivables of certain construction contracts which are repayable by instalments over a 3 to 10 year period.

10 TRADE AND OTHER RECEIVABLES

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

	At 30 June 2015 *US$'000*	At 31 December 2014 *US$'000*
Current	**76,811**	68,885
Less than 1 month past due	**13,042**	8,679
More than 1 month but less than 3 months past due	**10,414**	10,152
More than 3 month but less than 12 months past due	**20,490**	16,117
More than 12 months past due	**17,958**	6,618
Trade debtors, net of allowance for doubtful debts	**138,715**	110,451
Other receivables	**5,987**	4,195
Loans and receivables	**144,702**	114,646
Deposits and prepayments	**16,957**	8,863
	161,659	123,509

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

11 CASH AND CASH EQUIVALENTS

	At 30 June 2015	At 31 December 2014
	US$'000	*US$'000*
Deposits with banks and other financial institutions	**62**	2,203
Cash at bank and in hand	**134,795**	72,095
Cash and cash equivalents in the statement of financial position	**134,857**	74,298
Restricted deposit	**–**	(2,141)
Cash and cash equivalents in the consolidated cash flow statements	**134,857**	72,157

12 TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables with the following ageing analysis as of the end of the reporting period:

	At 30 June 2015	At 31 December 2014
	US$'000	*US$'000*
By date of invoice:		
Within 3 months	**46,523**	55,989
More than 3 months but within 6 months	**5,162**	1,554
More than 6 months but within 12 months	**1,396**	2,881
More than 12 months	**7,049**	4,216
Trade creditors and bills payable	**60,130**	64,640
Other payables and accruals	**17,840**	14,236
Financial liabilities measured at amortised cost	**77,970**	78,876
Receipts in advance	**4,713**	5,429
Deferred income	**–**	3
	82,683	84,308

All of the above balances are expected to be settled within one year.

13 OTHER NON-CURRENT LIABILITIES

At 30 June 2015 and 31 December 2014, the balance mainly represents the liability component of the redeemable preference shares issued by Distech Controls, designated at fair value through profit or loss, of US$31,665,000 and US$33,589,000, respectively.

14 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	At 30 June 2015		At 31 December 2014	
	Number of shares	**Amounts** *US$'000*	Number of shares	Amounts *US$'000*
Ordinary shares, issued and fully paid:				
At 1 January	**644,228,189**	**98,096**	521,520,000	38,121
Shares issued for the acquisition of TFRH Investments and Excel Perfect	**–**	**–**	119,608,189	59,413
Issuance of new shares[(i)]	**128,994,000**	**96,947**	–	–
Shares issued under Share Option Scheme	**950,000**	**172**	3,100,000	562
At 30 June/31 December	**774,172,189**	**195,215**	644,228,189	98,096

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

(b) Capital reserve arising from changes in ownership interests in subsidiaries

Capital reserve arising from changes in ownership interests in subsidiaries is resulted from transactions with equity holders in their capacity as equity holders. The balance comprises capital reserve movements arising from difference between fair value of consideration paid or received and the amount by which the non-controlling interests are adjusted to reflect the changes in its interests in the subsidiary.

(c) Dividends

The Company has not distributed any dividends for the six months period ended 30 June 2015 and 2014.

15 BUSINESS COMBINATION UNDER COMMON CONTROL

On 14 August 2014, the Company completed the acquisition of 100% equity interest in Tongfang Energy Saving, through the acquisition of 100% equity interest in TFRH Investments and 100% equity interest in Excel Perfect. The acquisition of TFRH Investments has been accounted for under merger accounting for business combination under common control and the comparative amounts in the consolidated financial statements are restated accordingly.

The reconciliation of the effect arising from the business combinations under common control on the consolidated income statements of the Group is as follows:

	The Group (as previously reported) *US$'000*	**TFRH Investments** *US$'000*	**The Group (as restated)** *US$'000*
Results of operations for the period ended 30 June 2014:			
Profit/(loss) from operations	**13,410**	**(97)**	13,313
Profit/(loss) for the period	**9,022**	**(1,662)**	7,360
Profit/(loss) attributable to:			
– Equity shareholders of the Company	**7,662**	**(1,071)**	6,591
– Non-controlling interests	**1,360**	**(591)**	769

MANAGEMENT DISCUSSION AND ANALYSIS

General

With a more definite target of global carbon emission reduction being set in the first half of 2015, governments around the world successively formulated policies and rules corresponding to energy saving and emission reduction, and the implementation of such mission had entered a crucial stage. The Group continued to seize such historical opportunity, and kept increasing its market share as well as enhancing its brand influence through improving its competitiveness in its own core technology market and strengthening its brand building. At the same time, the Group carried out several effective capital operations during the results period, so as to integrate resource allocation and plan for its sustainable growth in long-term.

From January to June 2015, the results of the Group continued to maintain a stable growth. The Group had revenue of US$96.7 million and net profit of US$10.2 million, with an increase of 11.9% and 39.2% respectively as compared to the corresponding period of 2014.

Business Review

Stable Growth in Urban Comprehensive Energy Saving Business, At the Helm of Big Data Era

During the results period, each of the Group's business segments grew steadily, China market growth continued to act as the driving force for the Group as a whole. For building energy-saving, the Group successively secured the tender for several landmark buildings in China during the first half of the year, including Shanghai Jing'an Tower (上海靜安大廈) and Chongqing Bank Tower (重慶銀行大廈), etc. With a solid technology base, innovative ideas for energy saving management from time to time, and customized solutions for users, each series of building energy saving products and services such as Techcon04, 09 and Distech Controls comprehensively entered markets of different classes, and became a strong competitor to the traditional overseas well-known brands. For industrial-energy saving, a dozen of Energy Management Contract (EMC) projects are obtaining stable energy saving revenue, while certain large-scale projects are at preparatory stage and expected to be executed within the second half of the year.

As a leading provider of integrated and comprehensive energy saving services, the Group responded to the development needs of the era of big data. With its years of accumulative data connected on building energy consumption, the Group took the lead in the industry to propose the idea of "Internet + Energy Saving" and put it into practice immediately, so as to committed to realizing real-time monitoring on energy consumption for customers, and diagnosing and improving the operation of energy saving services and the energy consumption centralized management services of a bulk of buildings through Internet technology. During the results period, the Group successfully signed contracts for implementing several important projects such as Huiyun Intelligent Management System of Wanda Plaza (萬達廣場慧雲智能化管理系統), the "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 the "Central Platform for Energy Consumption Data Analysis of Public Buildings" project of the Ministry of Housing and Urban-Rural Development of the People's Republic of China. Also, the Group customized epoch-marking "Internet + Energy Saving" management system and ancillary services for different customers based on the self-developed Techcon IBS intelligent building information integrated system. With the current rapid expansion of the idea of big data, such projects will have a large room for development. And as core technologies can be quickly promoted and duplicated when their operation becomes mature, it is expected that considerable profit will continue to be generated for the Group in the future. At the same time, the continued expansion of big data accumulation and application of energy consumption in respect of various buildings, as well as the subsequent energy saving transformation for high energy consumption buildings will become the driving force for the Group's potential growth in the future.

Effective Capital management, Assisting the Group's Resource Integration with High Efficiency

On 9 March 2015, the Group made an announcement on its proposed disposal of the Group's entire interest in Distech Controls Inc. ("Distech Controls"), a subsidiary in Canada, and it is expected that a profit before tax of approximately CAD$122 million will be obtained from such disposal. Within the seven years from the acquisition of Distech Controls' in 2008 till now, the Group utilized its own technologies, cost and channel advantages to implement a series of strategic planning adjustments and development on Distech Controls technology and markets. Meanwhile, the Group took advantage of Distech Controls on product design, manufacturing as well as research and development to assist the Group to rapidly upgrade its overall capability and connect with the rest of the world. The value of Distech Controls as a whole escalated by a dozen times within seven years, which demonstrated the achievement of mutual benefits and win-win situation in respect of the Group and in the investment history of industry. Such disposal of Distech Controls provided substantial investment returns to the Group on one hand, and assisted Distech Controls to strive for larger room for future development on the other hand, while with both parties continued business connection and cooperation, which promoted the growth of the Group, and leading to long-term mutual benefits and joint development.

During the beginning of the year, the Group was constantly supported by an increase in shareholding of 6,442,000 Shares in total, representing 1% of the then aggregate share capital in issue, by its parent company, Tsinghua Tongfang Co., Ltd ("THTF", 600100.SSE) when its share price recorded low, demonstrating THTF's solid commitment to the future development of the Group. On 28th April 2015, the Group launched top-up placing of 128,994,000 shares at the price of HK$5.95 per share and raised capital of approximately HK$750.4 million. A number of large-scale and reputable investment institutions in respect of insurance funds, mutual funds, and asset management groups contributed investment into the Group. Such placing had optimized and adjusted the overall shareholding structure of the Group, and fully reflected the market's confidence on the future development of the Group.

Currently, the Group proposed to utilize the proceeds from the placing described above on the acquisition of related businesses and assets in the fields of intelligent rail transit, intelligent building and intelligent urban heating network under the parent company, THTF, so as to make use of the solid technical strength, clientele and market outlook of the target businesses in assisting the Group to optimize the layout of the industry chain, explore customers' resources and strengthen its existing urban integrated energy saving services. Meanwhile, the Group's international capital platform and global marketing channels can facilitate development of the target businesses. Such acquisition plan further clarifies the Group's position as a bellwether of the energy saving industry under its parent company. With a view to laying out plans for sustainable development of the Group in long term, the Group will optimize the overall allocation of resources, clarify the business segments division in the future, and improve the efficiency of integrated business through the effective capital operation mentioned above.

Financial Review – Continuing Operations

Revenue

The Group reported stable growth in all its business segments for the first half of 2015. Market growth in China continued to be the main driving force for the Group. Our total revenue increased by approximately US$10.3 million from approximately US$86.4 million for the six months ended 30 June 2014 to approximately US$96.7 million for the six months ended 30 June 2015.

Revenue by business segments

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

	For the six months ended 30 June				
	2014		**2015**		**2015**
	Revenue *(US$'000)* (Restated)	% of revenue	**Revenue *(US$'000)***	**% of revenue**	**vs 2014**
Building energy-saving solutions:					
Integrated building automation systems	54,099	62.6%	**60,822**	**62.9%**	12.4%
Energy management systems	14,270	16.5%	**17,008**	**17.6%**	19.2%
Industrial energy-saving solutions:	12,070	14.0%	**12,875**	**13.3%**	6.7%
Others:					
Control security systems	5,775	6.7%	**5,805**	**6.0%**	0.5%
Fire alarm systems	205	0.2%	**169**	**0.2%**	–17.6%
Total	86,419	100.0%	**96,679**	**100.0%**	11.9%

Building energy-saving solutions

Revenue from building energy-saving solutions business increased by approximately US$9.4 million from approximately US$68.4 million for the six months ended 30 June 2014 to approximately US$77.8 million for the six months ended 30 June 2015. The increase was attributable by both the Chinese and overseas markets.

Revenue from building energy-saving solutions business generated from the Chinese market increased 27.2% from the corresponding period in 2014 to approximately US$44.5 million for the six months ended 30 June 2015. The increase was mainly attributable to the stable growth in urban comprehensive energy saving business and active promotion of "Internet + Energy Saving" management projects.

Revenue from building energy-saving solutions business generated from overseas markets amounted to approximately US$33.4 million for the six months ended 30 June 2015, flat compared to the corresponding period in 2014.

Industrial energy-saving solutions

Revenue from industrial energy-saving solutions slightly increased by approximately 6.7% from approximately US$12.1 million for the six month ended 30 June 2014 to approximately US$12.9 million for the six month ended 30 June 2015.

Control security systems and fire alarm systems

Revenue contributed by the Group's non-core business segments, control security systems and fire alarm systems, represented 6.2% of the Group's total revenue. For the six months ended 30 June 2014, the aggregate revenue remained stable as compared to US$6.0 million for the corresponding period in 2015.

Revenue by Geographical Region

The table below sets out our revenue by geographical region for the periods indicated.

	For the six months ended 30 June				
	2014 Revenue *(US$'000)* (Restated)	% of Revenue	**2015 Revenue *(US$'000)***	**% of Revenue**	**2015 vs 2014**
The PRC	53,003	61.3%	**63,300**	**65.5%**	19.4%
North America	17,326	20.1%	**20,882**	**21.6%**	20.5%
The rest of the world	16,090	18.6%	**12,497**	**12.9%**	–22.3%
Total	86,419	100.0%	**96,679**	**100.0%**	11.9%

Revenue generated from the PRC market increased by approximately US$10.3 million to approximately US$63.3 million for the six months ended 30 June 2015 from approximately US$53.0 million for the six months ended 30 June 2014. This increase in sales was mainly attributable to the increasing awareness of building energy efficiency and the respective market growth in the PRC market as a result of numerous governments' policies with our solid technology base, innovative ideas for energy saving management solutions from time to time, and customized solutions for users.

Revenue generated from North American market (including Canada and United States) amounted to approximately US$20.9 million, with an increase of US$3.6 million as compared to the same period in 2014. The increase was attributable to our increase in market efforts in such business segments.

Revenue generated from the rest of the world decreased by approximately US$3.6 million to approximately US$12.5 million for the six months ended 30 June 2015. It was mainly due to the unstable economic environment in Europe.

Cost of sales

Cost of sales increased by approximately 12.7%, or approximately US$6.9 million, from approximately US$54.9 million for the six months ended 30 June 2014 to approximately US$61.8 million for the six months ended 30 June 2015. The increase was primarily due to the increase in cost of raw materials from approximately US$48.8 million for the six months ended 30 June 2014 to approximately US$53.8 million for the six months ended 30 June 2015, and as a result of an overall increase in sales for the period.

Gross profit

As a result of the foregoing factors, gross profit increased by approximately US$3.2 million from approximately US$31.6 million for the six months ended 30 June 2014 to approximately US$34.8 million for the six months ended 30 June 2015.

Gross profit margin slightly decreased by approximately 0.5% from 36.5% for the six months ended 30 June 2014 to 36.0% the six months ended 30 June 2015.

Other revenue

Other revenue for the six months ended 30 June 2015 increased by approximately US$2.6 million from approximately US$1.2 million for the six months ended 30 June 2014 to approximately US$3.8 million for the six months ended 30 June 2015. The increase was primarily due to the interest income recognized in the six months ended 30 June 2015 for BT project in Karamay.

Other net (loss)/gain

Other net (loss)/gain increased by approximately US$0.36 million from approximately US$0.25 million losses for the six months ended 30 June 2014 to approximately US$0.11 million in gains for the six months ended 30 June 2015. The increase was primarily due to increase in investment capital gain during the period.

Selling and distribution costs

Selling and distribution costs increased by approximately US$0.9 million, from approximately US$7.3 million for the six months ended 30 June 2014 to approximately US$8.2 million for the six months ended 30 June 2015. The increase was primarily due to the increase of staff costs and business development expenses.

Administrative and other operating expenses

Administrative and other operating expenses increased by approximately US$2.5 million, from approximately US$9.6 million for the six months ended 30 June 2014 to approximately US$12.1 million for the six months ended 30 June 2015. The increase was primarily due to the increase of staff costs and other administrative expenses.

Research and development expenses

Research and development expenses increased from approximately US$2.3 million for the six months ended 30 June 2014 to approximately US$2.9 million for the six months ended 30 June 2015. This increase was mainly due to our continuous effort into research and development activities.

Finance costs

Finance costs increased by approximately US$1.0 million, from approximately US$2.3 million for the six months ended 30 June 2014 to approximately US$3.3 million for the six months ended 30 June 2015. The increase was primarily due to the increase in average outstanding loans and borrowings for the six months ended 30 June 2015 as compared with the corresponding period of last year.

Income tax

Income tax decreased from approximately US$3.7 million for the six months ended 30 June 2014 to US$2.0 million for the six months ended 30 June 2015. The effective tax rate decreased from 33.4% for the six months ended 30 June 2014 to 16.4% for the six months ended 30 June 2015. The decrease was primarily due to change in composition of profit generated from different countries and the tax holiday policy entitled in PRC.

Profit for the period

As a result of the foregoing factors, profit attributable to equity shareholders for the period increased by approximately 48.7% from approximately US$6.6 million for the six months ended 30 June 2014 to approximately US$9.8 million for the six months ended 30 June 2015. Net profit margin slightly increased from approximately 8.5% for the six months ended 30 June 2014 to 10.6% for the six months ended 30 June 2015.

Working capital and financial resources

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

	As at 31 December 2014 *(US$'000)*	**As at 30 June 2015** ***(US$'000)***
Inventories	18,059	**19,826**
Trade and other receivables	123,509	**161,659**
Trade and other payables	84,308	**82,683**
Average inventories turnover days	45	**55**
Average trade and other receivables turnover days	175	**267**
Average trade and other payables turnover days	215	**244**

Inventories increased from approximately US$18.1 million as at 31 December 2014 to approximately US$19.8 million as at 30 June 2015, which was primarily due to a stock up of inventory in anticipation of securing large-scale projects.

Average inventory turnover days increased from approximately 45 days for the twelve months ended 31 December 2014 to 55 days for the six months ended 30 June 2015. The increase of inventory turnover days was due to a higher average inventory balance during the current six months period ended.

Trade and other receivables amounted to approximately US$123.5 million and approximately US$161.7 million as at 31 December 2014 and 30 June 2015, respectively. Such increase in trade and bills receivables was mainly due to the increase in the revenue of the Group.

Average trade and other receivable turnover days were approximately 175 days and 267 days for the year ended 31 December 2014 and six months ended 30 June 2015, respectively. The relatively higher trade and other receivable turnover days primarily due to the slower economic growth in the PRC market. We appropriately relaxed the payment terms to certain customers with an objective to maintain a good business relationships and expand our market reach.

Trade and other payables slightly decreased from approximately US$84.3 million as at 31 December 2014 to approximately US$82.7 million as at 30 June 2015. Such decrease was mainly due to a lot of trade payables carried forward from last year was due during this period. The Group's average trade and other payable turnover days was approximately 215 days and 244 days for the year ended 31 December 2014 and six months ended 30 June 2015 respectively. The increase in trade and other payable turnover days was primarily attributable to our bargaining power with respect to credit period.

Liquidity and financial resources

We maintained a healthy liquidity position during the first half of 2015. We principally financed our operations by internal resources. As at 30 June 2015, we had approximately US$134.9 million in cash and cash equivalents. Our 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 at 30 June 2015, our indebtedness consisted of short-term loans of approximately US$61.1 million with an average annual interest rate of 6.09%, long-term loan of approximately US$33.6 million with an average annual interest rate of 5.98% and obligations under finance lease of approximately US$0.1 million. The loans mainly represented unsecured term loans of US$34.0 million from Technovator Beijing, unsecured term loans of US$43.6 million and secured term loans of US$9.9 million from Energy Saving, terms loans and secured bank overdraft of approximately US$7.2 million from banks overseas.

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

Gearing ratio as at 30 June 2015, defined as loans and borrowings divided by total assets, is 20.7% (as at 31 December 2014: 28.2%). The decrease was due to the repayment of loans and borrowing and the top-up placing of 128,994,000 shares on 12 May 2015.

We are exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Euros, United States dollars and Hong Kong dollars. We had not used any financial instruments for hedging purposes during the period under review.

Nevertheless, our management will continue to monitor the foreign exchange exposure and is prepared to take prudent measures such as hedging when conditions are so required.

Pledge of assets

As at 30 June 2015, certain of our interest-bearing bank borrowings were pledged by the Group's assets. The Group's pledged assets increased from approximately US$22.1 million as at 31 December 2014 to approximately US$31.3 million resulting primarily from the requirement of the bank.

Contractual obligation and capital commitments

The following table sets forth our non-cancellable operating lease commitments as at 31 December 2014 and 30 June 2015. Our operating lease commitments relate primarily to our leases of office spaces, workspaces and machineries.

	As at 31 December 2014 *(US$'000)*	**As at 30 June 2015** ***(US$'000)***
Within one year	1,955	**2,056**
After one year but within five years	3,488	**3,018**
Total	5,443	**5,074**

Capital commitments outstanding at 30 June 2015 and 31 December 2014 not provided for in the financial statements were as follows:

	As at 31 December 2014 *(US$'000)*	**As at 30 June 2015** ***(US$'000)***
Contracted for	34,342	**49,794**

Contingent liabilities

As at 30 June 2015, we did not have any material contingent liabilities.

Off-balance sheet arrangements

We do not have any special purpose entities that provide financing, liquidity, market risk or credit support to us or engage in leasing, hedging or research and development services with us. We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. In addition, we have not entered into any derivative contracts that are indexed to our own shares and classified as shareholders' equity, or that are not reflected in our financial statements. Moreover, we do 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 30 June 2015, we had a total of 787 employees, a decrease of 2.7% compared to 809 employees as at 30 June 2014. Total staff costs for the six months ended 30 June 2015 increased to approximately US$13.4 million from approximately US$11.5 million for the six months ended 30 June 2014, mainly due to employee salary increments.

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

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

Material Acquisitions and Disposals

On 8 March 2015, (i) 1028665 B.C. Ltd. (as the purchaser), (ii) Acuity Brands Lighting, Inc. (as the purchaser's parent), (iii) Distech Controls Inc. (being the Target), and (iv) all shareholders of the Target, including the Company (other than Samsung) (as the sellers), entered into an agreement (the "Agreement" and as amended by a letter agreement dated 29 June 2015) for the disposal of all of the issued and outstanding shares in the capital of the Target. On 11 March 2015, Samsung also executed the Agreement and became one of the sellers. Upon completion of the Agreement, the Company will cease to have any interests in the Target and the Target will cease to be a subsidiary of the Company. Please refer to the announcements of the Company dated 9, 12 and 30 March 2015, 2 April 2015 and 30 June 2015 and the circular of the Company dated 14 July 2015 for further details. Save as disclosed above, for the six months ended 30 June 2015, the Group did not make any other material acquisition or disposal of subsidiaries or associates.

Significant investment

For the six months ended 30 June 2015, we had no significant investment.

Outlook

Since the establishment in 2005 till now, owing to its core technologies and products as cornerstones, and its pinpoint grasp of business opportunities and effective capital operation as driving force and with consistent self-adjustments to adapt to the business development direction and efforts in building automation and energy saving market for a decade, the Group attains its leading position in the industry as an integrated comprehensive energy saving services provider. In the future, with a view to strengthening its core technology capability, expanding the international influence and competitiveness of its brand, and maintaining the stable growth of its basic businesses, the Group will continue to fully utilize the listing platform for effective capital operation. The Group will also expand business fields and models, strengthen industry chain arrangement and search for more potential business opportunities through merger and acquisition and various forms of cooperation, so as to provide continuous and solid force for the Group's future growth.

CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 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 Listing Rules throughout the six months ended 30 June 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 throughout the six months ended 30 June 2015.

ISSUE OF SECURITIES

During the six months ended 30 June 2015, the Company had completed the following fund raising activities through issue of equity securities:

Top-up placing of 128,994,000 Shares under general mandate

On 4 May 2015, pursuant to a placing and subscription agreement dated 28 April 2015 entered into between Resuccess Investments Limited (a company incorporated in the British Virgin Islands which is wholly-owned by 同方股份有限公司 (Tsinghua Tongfang Co., Ltd*), a joint stock limited company incorporated in the PRC, whose shares are listed and traded on the Shanghai Stock Exchange (上海證券交易所) and a substantial shareholder of the Company), the Company and a placing agent, a total of 128,994,000 ordinary Shares in the Company were placed at HK$5.95 per Share to not less than six independent placees. On 12 May 2015, the Company allotted and issued, and Resuccess Investments Limited subscribed for, 128,994,000 Shares at HK$5.95 per Share. Details of the placing and the subscription were set out in the announcements of the Company dated 28 April 2015, 4 May 2015 and 12 May 2015. As at the date of this announcement, the net proceeds of approximately HK$750.4 million from the subscription had not been utilized.

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

Save as disclosed herein, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2015.

DIVIDENDS

The board of Directors has not recommended the payment of any interim dividend for the six months ended 30 June 2015.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (http://www.technovator.com.sg). The interim report for the six months ended 30 June 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.

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

Hong Kong, 25 August 2015

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 are Mr. Lu Zhicheng, Mr. Fan Xin, Mr. Ng Koon Siong and Mr. Liu Tianmin and the independent non-executive directors are Mr. Fan Ren Da Anthony, Mr. Chia Yew Boon and Ms. Chen Hua.