科諾威德國際有限公司

Technovator International Limited

(incorporated in Singapore with limited liability)

Placing and Public Offer

STOCK CODE: 1206

Sole Sponsor

Piper Jaffray

Joint Bookrunners

Piper Jaffray

國泰君安國際
GUOTAI JUNAN INTERNATIONAL

Joint Lead Managers

Piper Jaffray

國泰君安國際
GUOTAI JUNAN INTERNATIONAL

農銀國際
ABC INTERNATIONAL

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

Technovator International Limited
科諾威德國際有限公司

(incorporated in Singapore with limited liability)

PLACING AND PUBLIC OFFER

Number of Offer Shares	**:**	**122,000,000 Shares (subject to the Over-allotment Option)**
Number of Public Offer Shares	**:**	**12,200,000 Shares (subject to reallocation)**
Number of Placing Shares	**:**	**109,800,000 Shares (subject to reallocation and the Over-allotment Option)**
Offer Price	**:**	**Not more than HK$1.2 per Offer Share (plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, payable in full upon application in Hong Kong dollars and subject to refund) and expected to be not less than HK$1.0 per Offer Share**
Stock code	**:**	**1206**

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農銀國際 ABC INTERNATIONAL

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies" in Appendix VII to this prospectus, has been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance, Chapter 32 of the Laws of Hong Kong. The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between the Company and the Joint Bookrunners (on behalf of the Underwriters) at or before 5:00 p.m. on Thursday, 20 October 2011 (Hong Kong time) or such later date or time as may be agreed by the Joint Bookrunners (on behalf of the Underwriters) and the Company but in any event no later than 5:00 p.m. on Tuesday, 25 October 2011 (Hong Kong time). The Offer Price will not be more than HK$1.2 per Offer Share and is expected to be not less than HK$1.0 per Offer Share. The Joint Bookrunners (on behalf of the Underwriters) may reduce the indicative Offer Price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such a case, a notice of the reduction of the indicative Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the last day for lodging applications under the Public Offer. If applications for Public Offer Shares have been submitted prior to the day which is the last day for lodging applications for Public Offer, then if the Offer Price range is so reduced, such applications cannot be subsequently withdrawn. If, for any reason, the Offer Price is not agreed between the Company and the Joint Bookrunners (on behalf of the Underwriters) at or before 5:00 p.m. on Tuesday, 25 October 2011 (Hong Kong time), the Share Offer (including the Public Offer) will not become unconditional and will lapse.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk factors" in this prospectus.

Prospective investors of the Offer Shares should note that the Public Offer Underwriters are entitled to terminate their obligations under the Public Offer Underwriting Agreement by notice in writing to the Company given by the Joint Bookrunners (acting on behalf of the Public Offer Underwriters) upon the occurrence of any of the events set out under the paragraph headed "Grounds for Termination" in the section headed "Underwriting" in this prospectus, at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date.

It is important that you refer to that section for further details.

17 October 2011

The Company will issue an announcement in Hong Kong to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese), and on its website at www.technovator.com.sg and the website of the Stock Exchange at www.hkexnews.hk if there is any change in the following expected timetable of the Public Offer[1].

Latest time to complete electronic applications under **HK eIPO White Form** service through the designated website ***www.hkeipo.hk***[2] . . . . 11:30 a.m. on Thursday, 20 October 2011

Application lists of the Public Offer open[3] . . . . 11:45 a.m. on Thursday, 20 October 2011

Latest time for lodging **WHITE** and **YELLOW** Application Forms . . . . 12:00 noon on Thursday, 20 October 2011

Latest time to complete payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s) . . . . 12:00 noon on Thursday, 20 October 2011

Latest time to give **electronic application instructions** to HKSCC[4] . . . . 12:00 noon on Thursday, 20 October 2011

Application lists of the Public Offer close . . . . 12:00 noon on Thursday, 20 October 2011

Expected Price Determination Date[5] . . . . at or before 5:00 p.m. on Thursday, 20 October 2011

(1) Announcement of

- the Offer Price;
- the level of applications in the Public Offer;
- the level of indications of interest in the Placing; and
- the results of applications and basis of allocations of the Public Offer Shares to be published in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and available at the Company's website at ***www.technovator.com.sg***, the website of the Stock Exchange at ***www.hkexnews.hk*** and the designated website ***www.tricor.com.hk/ipo/result*** on or before . . . . Wednesday, 26 October 2011

(2) Results of allocations in the Public Offer (including successful applicants' identification document numbers, where appropriate) to be available through a variety of channels (see paragraph headed "Publication of results" in the section headed "How to apply for the Public Offer Shares" in this prospectus) from . . . . Wednesday, 26 October 2011

Despatch of refund cheques and **HK eIPO White Form** e-Auto Refund payment instructions in respect of wholly or partially successful (if applicable) and wholly or partially unsuccessful applications pursuant to the Public Offer on or before(7) . . . . Wednesday, 26 October 2011

Despatch of share certificates in respect of wholly or partially successful applications pursuant to the Public Offer on or before(6)(7) . . . . Wednesday, 26 October 2011

Dealings in Shares on the Stock Exchange expected to commence on . . . . Thursday, 27 October 2011

Notes:

(1) All times refer to Hong Kong local time. Details of the structure of the Share Offer, including conditions of the Share Offer, are set out in the section headed "Structure of the Share Offer" in this prospectus.

*(2) You will not be permitted to submit your application to the **HK eIPO White Form** Service Provider through the designated website, **www.hkeipo.hk**, after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.*

(3) If there is a "black" rainstorm warning or a tropical cyclone warning signal number eight or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 20 October 2011, the application lists will not open on that day. Further information is set out in the section headed "How to apply for the Public Offer Shares — Effect of bad weather on the opening of the application lists" in this prospectus.

(4) Applicants who apply for the Public Offer Shares by giving electronic application instructions to HKSCC should refer to the section headed "How to apply for the Public Offer Shares — How to apply by giving electronic application instructions to HKSCC" in this prospectus.

(5) The Price Determination Date is expected to be at or before 5:00 p.m. on Thursday, 20 October 2011, and in any event no later than 5:00 p.m. on Tuesday, 25 October 2011. If, for any reason, the Offer Price is not agreed at or before 5:00 p.m. on Tuesday, 25 October 2011, the Share Offer will not proceed, subject to the Underwriting Agreements.

(6) Share certificates will only become valid certificates of title at 8:00 a.m. on Thursday, 27 October 2011, provided that (i) the Share Offer has become unconditional in all respects and (ii) the right of termination in the Underwriting Agreements have not been exercised by the Joint Bookrunners (on behalf of the Underwriters) in accordance with their terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

(7) Refund cheques or e-Auto Refund payment instructions will be issued in respect of wholly or partially unsuccessful applications and in respect of wholly or partially successful applications if the final Offer Price is less than the price payable on application. All refunds will be paid by e-Auto Refund payment instruction or a cheque crossed "Account Payee Only" made to you. Part of your Hong Kong Identity Card number/passport number, or, if you are joint applicants, part of the Hong Kong Identity Card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong Identity Card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong Identity Card number/passport number may lead to delay in encashment of or may invalidate your refund cheque.

*Applicants who apply on **WHITE** Application Forms or **HK eIPO White Form** for 1,000,000 Shares or more under the Public Offer and have indicated in their applications that they wish to collect refund cheques (where applicable) and share certificates (where applicable) in person may collect refund cheques (where applicable) and share certificates (where applicable) in person from the Hong Kong Share Registrar, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 26 October 2011. Identification and (where applicable) authorization documents acceptable to Tricor Investor Services Limited, must be produced at the time of collection.*

Applicants who apply on ***YELLOW*** *Application Forms for 1,000,000 Shares or more under the Public Offer and have indicated in their Application Forms that they wish to collect refund cheques in person may collect their refund cheques (if any) but may not elect to collect their share certificates, which will be deposited into CCASS for credit to their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedure for collection of refund cheques for applicants who apply on* ***YELLOW*** *Application Forms for Shares is the same as that for* ***WHITE*** *Application Form applicants. Uncollected share certificates and refund cheques will be despatched by ordinary post (at the applicants' own risk) to the addresses specified in the relevant Application Forms. Further information is set out in the section headed "How to apply for the Public Offer Shares — Refund of application monies" in this prospectus. For details of the Structure of the Share Offer, including its conditions, please refer to the section headed "Structure of the Share Offer" in this prospectus.*

CONTENTS

You should rely only on the information contained in this prospectus to make your investment decision. The Company has not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by the Company, the Sole Sponsor, the Joint Bookrunners, any of the Underwriters, any of their respective directors, officers, representatives or affiliates of any of them, or any other person or party involved in the Share Offer.

The contents of the Company's website at *www.technovator.com.sg* do not form part of this prospectus.

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide whether to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk factors" in this prospectus. You should read that section carefully before you decide whether to invest in the Offer Shares.

OVERVIEW

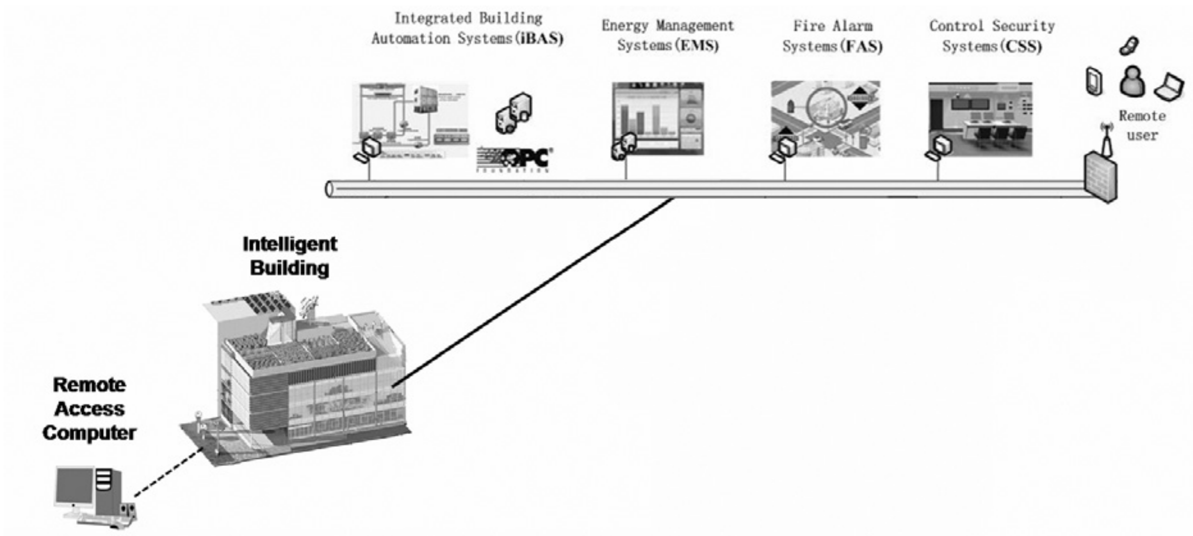
The Group is one of the leading providers of building energy management and solution services in the PRC, according to Frost & Sullivan, with operations in Asia, North America and Europe and a global sales network. The Group is primarily engaged in the design, manufacturing and distribution of integrated building automation and energy management systems. In addition, the Group provides products and solutions for control security and fire alarm systems.

The Group's products are classified under each product segment by their respective functions — integrated building automation systems provide intelligent control over various electrical systems in a building; energy management systems provide energy efficiency control over elements in a building's environment and integrate facility maintenance and energy control management solutions; control security systems provide digital video surveillance systems; and fire alarm systems provide fire control solutions. Owing to their functions, the Group categorized its integrated building automation systems and energy management system as energy-saving solutions.

Products and services

The following graph illustrates the energy management system of a typical building where the products and services of the Group are installed and utilized:

Applications of the Group's products/services on a typical floor of a building



Source: Company

In general, each of the Group's systems comprises both hardware and software components, which the hardware components are generally manufactured in the Group's PRC production facilities, and software developed by the Group's PRC and Canadian research and development teams, and are installed and embedded into the hardware components, while the software is designed to be complementary with the system products of the Group. For example, the Group's energy management system, as a total solution, provides control over elements in a building's environment and energy-saving solutions and apart from utilizing a programmed software, it would also utilize certain products under the iBAS, CSS and/or FAS of the Group as well as other providers.

Further, the Group designs and manufactures systems and solutions based on open and interoperable communication protocols which provide seamless and intelligent integration of various building automation activities such as temperature control, lighting control, access control, energy management and others. Based on a robust common hardware platform, the Group's products share the same programming and productivity enhancing toolset, providing increased efficiency and options for system design, installation, service, and maintenance. In comparison, a closed communication protocol would limit the ability to integrate various building automation activities. The Group provides products to its customers for easy and convenient open integration into other protocol systems. The Group's products utilize technology achieving energy efficiency, and provide innovative solutions that lower installation and maintenance costs, including open wireless building management solutions which the Directors believe the Group was one of the first to offer in North America. In addition, the Directors are of the view that the Group's platform creates a foundation that supports and evolves with a building system's lifecycle.

Since its incorporation in 2005, the Group has developed extensive expertise, business relationships, and manufacturing and research and development capabilities, establishing its reputation within the industry as a reliable partner with brands synonymous with innovative and high quality products for "intelligent building" constructors and building management vendors across the PRC, North America, Europe and Asia.

The Directors believe the Group's well-recognized products, as evidenced by the industry awards and recognitions received by the Group, which include the Tongfang Technovator trademark (Techcon), Distech Controls, Acelia and Comtec brands, have enabled the Group to be continuously selected as the supplier of choice for high profile institutional and government projects including schools, hospitals, and government buildings, and commercial chain operators. The Directors believe the Group's recognized products provide its customers with the assurance of quality that is associated with its products and has greatly facilitated its ability to diversify into other areas of energy management and integrated providing building management products, including integrated facilities and grid management services, for complete building energy monitoring and control solutions to its customers.

Financial highlights

The following table sets forth the amount and percentage of revenue by product segment during the Track Record Period:

	For the year ended 31 December						For the four months ended 30 April			
	2008		2009		2010		2010		2011	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000* (unaudited)	*%*	*US$'000*	*%*
Revenue										
Energy-saving solutions:										
Integrated building automation systems	20,825	67.9%	36,389	75.5%	59,989	81.0%	12,392	82.5%	19,714	82.3%
Energy management systems	1,784	5.8%	3,774	7.8%	5,616	7.6%	1,282	8.5%	1,982	8.3%
Others:										
Control security systems	7,805	25.4%	7,870	16.3%	7,935	10.7%	1,253	8.3%	2,179	9.1%
Fire alarm systems	281	0.9%	201	0.4%	545	0.7%	107	0.7%	86	0.3%
Total	30,695	100.0%	48,234	100.0%	74,085	100.0%	15,034	100.0%	23,961	100.0%

The Directors consider that the acquisitions during the Track Record Period (details of which have been set out in the section headed "History and corporate structure" of this prospectus) also contributed to the increased volume of business and revenue during the Track Record Period, which the Group's revenue increased by more than two-fold in two years, from approximately US$30.7 million during the year ended 31 December 2008 to US$74.1 million during the year ended 31 December 2010. Further, number of customers of the Group also increased during the Track Record Period, broadening the client base of the Group. Number of system integrators with master sale and purchase agreements as at 31 December 2008 was 153, which increased to 220 as at 30 April 2011. As to the Group's distributors, it increased from 28 as at 31 December 2008 to 74 as at 30 April 2011. Nonetheless, the Group has acquired more products selections for its customers through such acquisitions and also, the global expansion would facilitate the Group to participate in potential projects that may require resources from more than one region.

With its principal operations in Asia, North America and Europe, the Group sells and markets not only in such continents but also in other countries around the world. The following table sets forth the breakdown of the Group's revenue by geographical markets of its customers during the Track Record Period:

	For the year ended 31 December						For the four months ended 30 April			
	2008		2009		2010		2010		2011	
	US$'000	*% of revenue*	*US$'000*	*% of revenue*	*US$'000*	*% of revenue*	*US$'000* (unaudited)	*% of revenue*	*US$'000*	*% of revenue*
The PRC	19,046	62.0%	28,879	59.9%	45,787	61.8%	7,612	50.6%	12,225	51.0%
U.S.	5,808	18.9%	12,242	25.4%	14,126	19.1%	3,745	24.9%	5,527	23.1%
Canada	818	2.7%	1,836	3.8%	2,547	3.4%	830	5.5%	908	3.8%
Europe	508	1.7%	654	1.4%	9,790	13.2%	2,134	14.2%	3,910	16.3%
Rest of the world	4,515	14.7%	4,623	9.5%	1,835	2.5%	713	4.8%	1,391	5.8%
	30,695	100.0%	48,234	100.0%	74,085	100.0%	15,034	100.0%	23,961	100.0%

Taxation

The Group's operations are carried out in various countries in the world and the applicable tax rates to each of the Group's operating subsidiaries are critical to the operations and financial performance of the Group. For example, Technovator Beijing was recognized as a high and new technology enterprise in 2008 for a period of three years to 2010 and is eligible to enjoy a preferential tax rate of 15% for the years ended 31 December 2009 and 2010. The preferential tax rate under the high and new technology enterprise status of Technovator Beijing expired on 1 January 2011 which will be due for renewal by the end of 2011. During 2011, Beijing Municipal Science & Technology Commission* (北京市科學技術委員會), Beijing Municipal Bureau of Finance* (北京市財政局), Beijing Municipal Office of State Administration of Taxation* (北京市國家稅務局) and Beijing Local Taxation Bureau* (北京市地方稅務局) provided further guidance on the extension of high and new technology enterprise status. Technovator Beijing is in the process of renewing its high and new technology enterprise status based on such guidance. The renewal of such status will entitle Technovator Beijing to the preferential tax rate of 15% from 2011 to 2013. In the event that Technovator Beijing fails to obtain such recognition, the applicable tax rate of Technovator Beijing will be 25%.

Apart from Technovator Beijing, no other Group companies was enjoying any tax concession during the Track Record Period. As Technovator Beijing was enjoying certain tax concessions during the Track Record Period as mentioned below, it recorded a relatively higher profitability that it would not have if there was no such tax concessions. In other words, should Technovator Beijing be not eligible for any tax concessions during the Track Record Period, the profit of the Group would have been less than the financial results as stated for the Track Record Period.

The following table summarizes the applicable tax rates for the Company and each of the Group companies during the Track Record Period:

	For the year ended 31 December			For the four months ended 30 April
	2008	**2009**	**2010**	**2011**
The Company *(Singapore)*	18%	17%	17%	17%
Technovator Beijing *(PRC)*	0% *(Note 1)*	15% *(Note 2)*	15% *(Note 2)*	15% *(Note 3)*
Technovator Shanghai *(PRC)*	N/A *(Note 4)*	N/A *(Note 4)*	25%	25%
Distech Controls *(Canada)*	30.9%	30.9%	29.9%	28.4%
Distech France *(France)*	N/A *(Note 4)*	N/A *(Note 4)*	33.33%	33.33%
Comtec *(France)*	N/A *(Note 4)*	N/A *(Note 4)*	33.33%	33.33%
Acelia *(France)*	N/A *(Note 4)*	N/A *(Note 4)*	33.33%	33.33%
Distech Europe *(Netherlands)*	Progressive rates from 20% to 25.5%	Progressive rates from 20% to 25.5%	Progressive rates from 20% to 25.5%	Progressive rates from 20% to 25%
Distech US *(U.S.)*	N/A *(Note 5)*	N/A *(Note 5)*	N/A *(Note 5)*	N/A *(Note 5)*

Notes:

1. Technovator Beijing, being a PRC-production type foreign investment enterprise, was granted a 2-year exemption followed by a 3-year 50% reduction of income tax rate starting from its first profit-making year from tax perspective. Technovator Beijing was exempt from income tax for the two financial years ended 31 December 2008.

2. Technovator Beijing was recognized as a high and new technology enterprise for a period of three years from 2008 to 2010, which preferential tax rate under the high and new technology enterprise status expired on 1 January 2011.

3. Technovator Beijing is in the process of renewing its high and new technology enterprise status based on the guidance provided by Beijing Municipal Science & Technology Commission* (北京市科學技術委員會), Beijing Municipal Bureau of Finance* (北京市財政局), Beijing Municipal Office of State Administration of Taxation* (北京市國家稅務局) and Beijing Local Taxation Bureau* (北京市地方稅務局). The renewal of such status will entitle Technovator Beijing to the preferential tax rate of 15% from 2011 to 2013. In the event that Technovator Beijing fails to obtain such recognition, the applicable tax rate of Technovator Beijing will be 25%.

4. The relevant Group's subsidiaries that were established/incorporated/acquired in 2010 and therefore there were no applicable tax concession for these years.

5. Distech US was incorporated in the United States on 17 February 2010. It is a single member limited liability company and was structured as a disregarded entity for the United States, Federal, state and local income tax purpose. Accordingly, no provision for the United States, corporate income tax was made for the Track Record Period.

As mentioned above, in the event that Technovator Beijing fails to extend its high and new technology enterprise status based on the guidance provided by Beijing Municipal Science & Technology Commission* (北京市科學技術委員會), Beijing Municipal Bureau of Finance* (北京市財政局), Beijing Municipal Office of State Administration of Taxation* (北京市國家稅務局) and Beijing Local Taxation Bureau* (北京市地方稅務局), the applicable tax rate of Technovator Beijing will be 25%. In such event, the income tax expenses of Technovator Beijing for the four months ended 30 April 2011 would be increased from approximately RMB2.6 million to RMB4.7 million, which the profit of the Group for the four months ended 30 April 2011 would be decreased from approximately US$2,211,000 to US$1,897,000. Please also refer to the paragraph headed "Income tax" in the "Financial information" section of this prospectus for further details regarding the Group's applicable tax rates.

Sales, marketing and distribution

The Group utilizes a combination of its own marketing teams, international sales representatives and a network of independent sales distributors to market and sell its products worldwide. The highly trained marketing teams of the Group which are located in the PRC, Canada, France, and the U.S., focus on continuously interacting with customers and end-users including system integrators, building construction and property development players (both government and private sectors) to educate them about, and train them in the use of, its products. Such interaction is fostered through regular visits by its marketing teams, on-site demonstration of its products, the participation of the Group in industry conferences, seminars, and other activities.

Further, the Group may grant exclusive right to certain distributors in some regions or countries with a view to expand the Group's business, in particular the Group's iBAS products, in overseas market. On the other hand, the Directors consider such exclusivity granted to the distributors will facilitate their work in such regions, in particular to incentivize their work and also protect their interests in opening new markets for the Group. In consideration of the exclusive right, the Group would usually set an annual sales target for such distributors. In addition, the Group also retains independent sales representatives in certain regions or countries to carry out sales and marketing activities for the Group. The Group and such representatives would agree on an annual sales target while the representatives would receive basic remunerations as well as additional commission if the actual sales reach certain level(s) of sales targets. The additional commission, varies between different independent sales representatives, products and sales regions, is usually derived by multiplying the sales amount with a percentage (which is calculated based on a scale with reference to the sales level and in general, it is on an ascending scale with reference to the sales performance) previously agreed among the relevant parties.

During the Track Record Period, the Group sold its products and services through its internal sales team as well as distributors (as end-customers who then resell) and sales representatives. The Group had over three years of relationship with a majority of its distributors during the Track Record Period. It is the Group's practice to enter into master sale and purchase agreements with independent distributors, usually operated by local entrepreneurs or individuals which the Group would also preset their geographical restrictions, usually for a term of one to five years with automatic extension clause subject to satisfaction from both parties, for the distribution of the Group's products. Under such agreement, the Group usually provides technical assistance and instructions to such distributors and provides a two-year warranty on certain parts and components of the Group's products from the date of delivery. Such distributors are considered as end-customers of the Group as risk is being transferred and sale is being recognized when a transaction takes place.

During the Track Record Period, sales made to system integrators represented the majority of the Group's revenue. As the sales representatives (contracted staff of the Group) do not take ownership of the products sold by the Group, sales introduced by the sales representatives are then group under sales made to system integrators for data recording purpose. Based on the operational data of the Group, sales to system integrators represented over 80% of the Group's revenue while the Group's distributors made up the remaining balance for each of the year/period during the Track Record Period. Further, as the Group's distributors would purchase and resell the Group's products to other customers or end-customers, as a commercial consideration, the selling price to the Group's distributors is usually set at a relatively lower price (depending on, among others, type and size of purchases) as compared to the Group's system integrators.

As at 30 April 2011, the Group's marketing team had 89 dedicated sales personnel, 74 distributors (including two having exclusive distribution rights in Korea and Japan respectively) and three independent sales representatives covering India and Middle East. The distributors and independent sales representatives are all Independent Third Parties.

There is an increasing trend that equipment used in large scale projects is selected by the owners themselves as opposed to the installers. Accordingly, the Group plans to further enhance its promotions targeted at end-users by providing comprehensive solutions, installation, implementation and after-sale services to end-users. Leverage on its leading position in the market, the Directors also plan to enhance the Group's relationship with the industry administration agencies and architecture design institutes by bringing forward the latest development in the industry. The Directors believe that these relationships would solidify the Group's existing sales channels and increase sales opportunities. Technovator Beijing is a member of the Intelligent Building Division* (智能建築分會) and Building

Energy-conservation Division of the China Construction Industry Association (中國建築業協會)[1] (an association authorized by the Ministry of Civil Affairs of the PRC (國家民政部)) and a member of the EMCA of China Energy Conservation Association* (中國節能協會節能服務產業委員會)[2]. Distech Controls currently is a member of several notable industry affiliations including OSA[3], ZigBee Alliance[4], U.S. Green Building Council[5], CABA[6] and BACnet International[7], and a senior-standing member of LONMARK Interoperability[8]. The Directors consider that the interactions with the aforementioned associations, organizations, agencies and entities have increased the Group's capacity to keep abreast of market condition and upcoming policies that are instrumental to the business operations of the Group and are recognitions to the Group's position in the industry. As such, the Directors intend to strengthen its relationship with such associations, organizations, agencies and entities by designating certain personnel or a team of the Group to maintain active dialog therewith, so to enhance the interactions and continue to keep abreast of market condition and upcoming policies.

Further, some of the customers of the Group, including larger international companies, purchase and use the Group's products and systems for production of their own branded downstream products. In addition, the Group has the capability to tailor certain products for such customers to suit for their needs, which the Group's role is similar to a commonly known term called "original equipment manufacturer", which the Group had relevant business but was not material in revenue as compared to the Group's revenue during the Track Record Period.

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(1) As extracted from the organization's website (http://www.cnibii.com), China Construction Industry Association has been involved in setting up various national standards and guidelines for intelligent building industry, organizing industry experts to provide consultation to key projects of the State and organizing various activities like seminars, professional trainings and industry ratings to promote the development of the whole industry in the PRC.

(2) As extracted from the organization's website (http://www.chinabec.cn), China Energy Conservation Association is focused on promoting the overall development of the industry as well as development of the technology and equipment in the industry.

(3) As extracted from the organization's website (http://www.echelon.com/partners/integrators/osa/default.htm), Echelon's Open Systems Alliance (OSA) program brings together manufacturers, integrators, resellers, and other companies to promote open control systems based on the LonWorks platform. OSA members, all experts in their fields, receive Echelon product discounts and marketing tools to help them bring the benefits of the LonWorks platform to users worldwide.

(4) As extracted from the organization's website (http://www.zigbee.org), Zigbee Alliance is the only standard-based wireless technology designed to address the unique needs of low-cost, low-power wireless sensor and control networks in just about any market.

(5) As extracted from the organization's website (http://www.usgbc.org), U.S. Green Building Council, with a community comprising 79 local affiliates, more than 16,000 member companies and organizations, and more than 160,000 LEED Professional Credential holders, is a non-profit organization committed to a prosperous and sustainable future for the U.S. through cost-efficient and energy-saving green buildings.

(6) As extracted from the organization's website (http://www.caba.org), CABA is an international non-profit industry association dedicated to the advancement of intelligent home and intelligent building technologies, which is supported by an international membership of nearly 400 companies involved in the design, manufacture, installation and retailing of products relating to home automation and building automation.

(7) As extracted from the organization's website (http://www.bacnetassociation.org), BACnet International is the international organization that encourages the successful use of BACnet in building automation and control systems through interoperability testing, educational programs and promotional activities. BACnet International complements the work of other BACnet-related groups whose charters limit their commercial activities.

(8) As extracted from the organization's website (http://www.lonmark.org), LONMARK Interoperability is a global membership organization created to promote and advance the business of efficient and effective integration of open, multi-vendor control systems and related standards.

Research and development

The Group currently operates three research and development centers located in Beijing (the PRC), Brossard (Canada) and Brindas (France) respectively, enabling the Group to leverage on and tap into the Chinese, Canadian, and European technological expertise. The PRC is increasingly recognized for its growing advancement in technological skills, and coupled with established Canadian and European abilities in technology, the Group has developed new and innovative designs with high performance specifications and achieved a fast time-to-market development cycle at its low cost manufacturing facilities in the PRC. During the three years ended 31 December 2010 and the four months ended 30 April 2011, research and development expenses (including those being capitalized) of the Group amounted to approximately US$1.3 million, US$3.7 million, US$5.6 million and US$1.8 million respectively.

The Group's energy management system, which optimizes the use of energy in commercial buildings, is recognized by renowned institutions and organizations (details are set out in the section headed "Business — Industry awards and recognitions" of this prospectus). The Group's engineers are involved in the entire research and development process from product design to testing and regulatory approval, and maintain regular contact with the customers of the Group, hence obtaining real-time market information regarding their demands. This understanding of the entire product development process and customer needs provides a strong, flexible engineering platform which can be used to quickly develop customizable and innovative products for a wide range of integrated building automation and energy management applications.

The design and production time required of the Group's products vary between, among others, products, system requirements and size of projects. As mentioned in the paragraph headed "Research and development" in the "Business" section, the time required from the design of a new product to release to the market is broken down into to various process stages and barring any delays, the total time taken may take up to 36 weeks. In general, for the sale of the Group's systems, the average lead time from production to completion of verifications by relevant authorities usually take approximately three to five months, after which there is usually an one to two years of defect liability period. During the course of the abovementioned, the Group would usually recognize part(s) of their revenue during certain critical stages but the majority are being recognized when completion of verifications by relevant authorities takes place.

Further, longer term contracts, which the Group classifies as "Contract revenue" for accounting purpose, are also entered into, usually for the sale of the Group's systems which would usually include certain products of the Group and sales are recognized throughout a period of time. As mentioned in Appendix I to this prospectus, "Contract revenue" is recognized when the outcome of a construction contract can be estimated reliably, revenue from a fixed price contract is recognized using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract. For each of the three years ended 31 December 2010 and the four months ended 30 April 2011, contract revenue amounted to approximately US$0.4 million, US$0.8 million, US$10.5 million and US$1.8 million, representing approximately 1.4%, 1.6%, 14.1% and 7.5% of the Group's total revenue respectively.

Production facilities and process

A key element in the Group's business strategy is to align its production facilities in order to provide complete solutions ranging from product design and manufacturing to distribution and after-sales support services in locations that meet its customers' requirements. Consistent with this strategy, the Group has established production/assembly facilities in the PRC, Canada and France. The locations of its PRC production facilities enable the Group to take advantage of the relatively low operating and manufacturing costs in the PRC, while combining the assembly facilities in overseas enable the Group to remain in close proximity to its global base of customers. The Group considers its efficient and flexible manufacturing as one of its strengths.

Industry and competition

According to Frost & Sullivan, large foreign players such as conglomerates Honeywell, Johnson Controls, Siemens, Schneider Electric, Carrier and Trane occupied more than half of the total energy management systems market in the PRC with a total market share of 52.3%, while Technovator ranked as the largest domestic player with a sizeable total market share of 2.5%.

Although many of the Group's international competitors have longer operating histories and enjoy wider brand recognition, the Directors believe that the Group remains competitive in the markets as a result of its research and development, strategically located manufacturing base in the PRC, more knowledgeable of the local PRC customer market requirements, flexibility in responding to market developments, high quality and innovative products, and the relationships it has established with its customers over the years. According to Frost & Sullivan, Technovator is one of the leading local energy management systems players with proven capabilities in offering energy management systems solution that are energy efficient and sustainable. Within the energy management systems market in the PRC, Technovator has a sizable product manufacturing and energy analytics market share of 2.0% and 6.1% respectively, positioning itself against multinational companies like Honeywell, Johnson Controls and Siemens.

History

As mentioned in the section headed "History and corporate structure" of this prospectus, the history of the Group can be traced back to 2005 when Tongfang and Mr. Seah Han Leong (an executive Director) incorporated the Company in Singapore, with the view to conduct the current business of the Group, in particular the provision of building-related automation system and energy management system related products and solution services, which Tongfang did not participate in such business. In May 2008, the Company acquired Distech Controls (which it held a 51% interest in Distech Europe prior to the Group's acquisition), which has been principally engaged in the design, manufacturing and marketing of energy management systems and integrated building automation systems. Further, Distech Controls acquired the remaining 49% of Distech Europe in July 2009. Distech Controls enables the Group to expand the reach of its products and services in the North-American market and achieve synergy with its production capabilities in the PRC. In February 2010, the Group acquired 100% equity interests in Comtec and Acelia from an Independent Third Party, which was a then competitor of Distech Controls. Comtec and Acelia, both headquartered in France, have in-depth European market and application knowledge providing the Group with access to strong European demand for energy management and integrated building management systems, which the Group's acquisitions of these companies enabled the Group's presence and market share in Europe. Though Distech Controls is based in Canada and Comtec and Acelia are based in France, each of them provides a platform for the Group to reach out to nearby markets, regions and/or countries rather than the market which the company is based, which the Directors consider it to be beneficial and in line with the Group's global expansion plan. In addition, as each company and its personnel possess their technology and market know-how, such acquisitions also strengthened the Group's overall operations.

Relationship with Controlling Shareholders

Immediately after completion of the Share Offer, the Controlling Shareholders, being Tongfang and its investment holding subsidiary, Resuccess will together control the exercise of voting rights of more than 30% of the Shares eligible to vote in the general meeting of the Company (assuming the Over-allotment Option is not exercised). Save and except for their respective interests in the Company and its subsidiaries, as at the Latest Practicable Date, none of the Controlling Shareholders nor any of their respective associates had interests in any other companies which (i) held interests in the business of the Group during the Track Record Period and ceased to hold such interests after the Corporate Reorganization; or (ii) may, directly or indirectly, compete with the Group's business.

Tongfang is a company listed on the Shanghai Stock Exchange with Tsinghua Holdings Co., Ltd. being its single largest shareholder holding approximately 23.88% of Tongfang. Tsinghua Holdings Co., Ltd. is a State-owned limited liability corporation and wholly-owned by Tsinghua University, which is in turn controlled by the MoE.

Pursuant to the Circular on Issues Relevant to Regulating Offshore Listing of Subsidiaries of Domestic Listed Companies (關於規範境內上市公司所屬企業到境外上市有關問題的通知) promulgated by the CSRC on 21 July 2004 and the Notice of Further Reinforcing the Administration of Overseas Stock Offering and Listing (關於進一步加强在境外發行股票和上市管理的通知) issued by the State Council on 20 June 1997, the offshore listing of the subsidiaries controlled by the domestic listed companies shall comply with the specific conditions of the circular and obtain necessary approvals, including the approvals from the CSRC. In addition, as Tongfang is controlled by the MoE, the listing of Technovator which constitutes a spin-off of Tongfang is subject to the approval of the MoE. The listing of Technovator was approved by (i) the MoE on 28 December 2010; (ii) Tongfang's shareholders at an extraordinary shareholders' general meeting on 9 February 2011; and (iii) the CSRC on 12 July 2011. For the avoidance of doubt, the listing of the Company is not subject to any approvals from other PRC governmental body nor the Shanghai Stock Exchange apart from the aforementioned approvals which the Company has already obtained. The Group is the only group of companies under Tongfang operating the Group's present business, i.e. design, manufacturing and distribution of integrated building automation and energy management systems which are categorized as energy-saving solutions, and also the provision of products and solutions for control security and fire alarm systems. These businesses have not formed, and will not form, part of other business of Tongfang after the Share Offer. Further, as at the Latest Practicable Date, the Group has not engaged in other businesses of Tongfang. As mentioned above, the businesses of Tongfang are carried out by different divisions that are internally divided. One of the divisions of Tongfang, namely "Digital City" Division, is principally engaged as a system integrator to contracting business for city-railed transportation control systems, city-wide district heating systems and extra low voltage systems in buildings. The extra low voltage systems consist of, among others, public address systems, car park systems, building automation, security systems and other systems that are extra low voltage. Further, none of the products or services offered by the "Digital City" Division involves energy-saving solutions, energy management nor energy efficiency. The Directors are of the view that there is a clear delineation between the business of the Group and the business of Tongfang, as a result of which, none of the business of Tongfang would compete, or is expected to complete, directly or indirectly with the business of the Group. Please refer to the section headed "Relationship with Controlling Shareholders" of this prospectus for further details of the business of Tongfang.

COMPETITIVE STRENGTHS

The Directors believe that the competitive strengths of the Group are as follows, each of which is discussed in details in the section headed "Business — Competitive strengths" of this prospectus:

— One of the leading providers of building energy management and solution services in the PRC

— Vertically-integrated global business model

— Strong global sales, marketing and distribution network

— PRC strategic advantage with high quality and competitive manufacturing capabilities

— Proven research and development capabilities with next-generation energy efficiency product pipeline

— Experienced leadership team

BUSINESS STRATEGIES

The Group's primary focus is to strengthen its position globally as one of the leading providers of building energy management and solutions services in the PRC through the following strategies, each of which is discussed in details in the section headed "Business — Business strategies" of this prospectus:

— Pursue product and technology purchase opportunities, strategic acquisitions and alliances

— Continue to expand operations, and sales and distribution in international markets with growth opportunities

— Continue to invest in research and development to expand next-generation energy efficient product and solutions portfolio and broaden existing customer base

— Continue to enhance its brand recognition and market position globally

— Capitalize on opportunities created by the global environmentally-friendly green awareness movement

SUMMARY FINANCIAL INFORMATION

The tables below summarized the consolidated financial information of the Group for the three years ended 31 December 2010 and the four months ended 30 April 2011. The following summary information of consolidated income statements, consolidated balance sheets and consolidated cash flow statements were derived from the Company's consolidated financial information prepared in accordance with HKFRSs as set out in the Accountants' Report in Appendix I to this prospectus. You should read the entire accountants' report, including the notes therein, included in Appendix I for more details.

Summary Consolidated Income Statements

	For the year ended 31 December						For the four months ended 30 April			
	2008		2009		2010		2010		2011	
	US$'000	*% of revenue*	*US$'000*	*% of revenue*	*US$'000*	*% of revenue*	*US$'000 (unaudited)*	*% of revenue*	*US$'000*	*% of revenue*
Revenue	30,695	100.0%	48,234	100.0%	74,085	100.0%	15,034	100.0%	23,961	100.0%
Cost of sales	(22,280)	(72.6%)	(30,371)	(63.0%)	(48,888)	(66.0%)	(8,216)	(54.6%)	(14,269)	(59.6%)
Gross profit	8,415	27.4%	17,863	37.0%	25,197	34.0%	6,818	45.4%	9,692	40.4%
Other revenue	127	0.4%	54	0.1%	1,433	2.0%	19	0.1%	155	0.6%
Other net (loss)/gain	(87)	(0.3%)	31	0.1%	13	0.0%	(189)	(1.3%)	(72)	(0.3%)
Selling and distribution costs	(2,932)	(9.5%)	(4,308)	(8.9%)	(6,720)	(9.1%)	(1,995)	(13.3%)	(2,911)	(12.1%)
Administrative and other operating expenses	(2,984)	(9.7%)	(4,487)	(9.3%)	(8,798)	(11.9%)	(2,077)	(13.8%)	(3,075)	(12.8%)
Research and development expenses	(511)	(1.7%)	(1,817)	(3.8%)	(1,945)	(2.6%)	(704)	(4.7%)	(874)	(3.6%)
Profit from operations	2,028	6.6%	7,336	15.2%	9,180	12.4%	1,872	12.4%	2,915	12.2%
Finance costs	(154)	(0.5%)	(139)	(0.3%)	(541)	(0.7%)	(170)	(1.1%)	(250)	(1.1%)
Profit before taxation	1,874	6.1%	7,197	14.9%	8,639	11.7%	1,702	11.3%	2,665	11.1%
Income tax	(336)	(1.1%)	(1,576)	(3.2%)	(1,459)	(2.0%)	(303)	(2.0%)	(454)	(1.9%)
Profit for the year/period	1,538	5.0%	5,621	11.7%	7,180	9.7%	1,399	9.3%	2,211	9.2%

Summary Consolidated Balance Sheets

	As at 31 December			As at 30 April
	2008	**2009**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Assets				
Non-current assets	13,708	17,065	32,890	35,015
Current assets	30,210	32,712	49,915	50,290
Total assets	43,918	49,777	82,805	85,305
Liabilities and equity				
Current liabilities	17,156	14,632	31,722	29,522
Non-current liabilities	1,019	1,395	2,724	2,827
Total liabilities	18,175	16,027	34,446	32,349
Total equity	25,743	33,750	48,359	52,956
Total liabilities and equity	43,918	49,777	82,805	85,305

Summary Consolidated Cash Flow Statements

	For the year ended 31 December			For the four months ended 30 April	
	2008	**2009**	**2010**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(unaudited)	
Net cash (used in)/generated from operating activities	(3,749)	7,402	4,477	(5,105)	(2,523)
Net cash used in investing activities	(13,021)	(3,266)	(9,785)	(7,021)	(933)
Net cash generated from/(used in) financing activities	20,369	(942)	5,351	4,552	(564)
Net increase/(decrease) in cash and cash equivalents	3,599	3,194	43	(7,574)	(4,020)
Cash and cash equivalents at the beginning of the year/period	8,295	11,606	14,811	14,811	15,243
Effect of foreign exchange rate changes	(288)	11	389	4	121
Cash and cash equivalents at the end of the year/period	11,606	14,811	15,243	7,241	11,344

OFFER STATISTICS

	Based on an Offer Price of HK$1.0 per Share	Based on an Offer Price of HK$1.2 per Share
Market capitalization of the Shares(1) (2)	HK$485.2 million	HK$582.2 million
Unaudited pro forma adjusted net tangible asset per Share(3)	US$0.057 (equivalent to approximately HK$0.44)	US$0.063 (equivalent to approximately HK$0.49)

Notes:

(1) The calculation is based on the assumption that the options under the Pre-IPO Share Option Schemes and the Over-allotment Option are not exercised.

(2) The calculation of market capitalization is based on the 485,200,000 Shares expected to be in issue immediately upon completion of the Share Offer.

(3) The unaudited pro forma adjusted net tangible assets value per Share has been arrived at after adjustments referred to in the paragraph headed ''Unaudited pro forma adjusted net tangible assets'' in Appendix II to this prospectus and on the basis of 485,200,000 Shares in issue at the indicative offer prices of HK$1.0 and HK$1.2 per Share immediately following completion of the Share Offer.

USE OF PROCEEDS

The Directors believe that the Listing will raise and strengthen the Group's corporate profile and provide the Group with capital resources to achieve its strategies and carry out its future plans. The Directors estimate that the net proceeds from the Share Offer (after deducting underwriting fees and estimated expenses payable by the Group in connection with the Share Offer) will be approximately HK$93.0 million based on an Offer Price of HK$1.1 per Offer Share (being the mid-point of the Offer Price range between HK$1.0 and HK$1.2 per Offer Share), assuming the Over-allotment Option is not exercised. The Directors currently intend to apply such net proceeds in the following manner:

— as to approximately 40% of net proceeds (approximately HK$37.2 million) to pursue product and technology purchase opportunities, strategic acquisitions and alliances, including (as at the Latest Practicable Date, the Directors have not allocated the estimated net proceeds nor identified any companies or businesses as potential targets among the following):

  - companies and/or businesses that can broaden the presence of the Group around the world; and

  - companies and/or businesses that offer complementary services, products and research and development capabilities;

— as to approximately 30% of net proceeds (approximately HK$27.9 million) for expansion of the Group's operations through organic growth as well as mergers and acquisitions, with the view to strengthen its penetration and market share in international markets where the Group operates, including (as at the Latest Practicable Date, the Directors have not allocated the estimated net proceeds nor identified any companies or businesses as potential targets among the following):

  - acquiring and/or allying with companies and/or businesses that possess existing sales network that can expedite and/or broaden the Group's geographical reach in terms of its sales network; and

- acquiring and/or allying with companies and/or businesses that have existing presence in the market(s)/region(s) so to strengthen the market share in such particular market(s)/region(s);

— as to approximately 10% of net proceeds (approximately HK$9.3 million) to strengthen the research and development capabilities of the Group by developing and/or sourcing of new and/or complementary technologies and recruiting talents, with the view to strengthen the Group's products and services' capabilities and functionalities:

- broaden and strengthen the Group's product range so to provide more product selections and solutions to customers; and

- continual investments in research and development, including but not limited to the recruitment of additional research and development talents, to cope with market demand and competition (for the three years ended 31 December 2010 and the four months ended 30 April 2011, the Group's research and development expenses (including those being capitalized) amounted to approximately amounted to approximately US$1.3 million, US$3.7 million, US$5.6 million and US$1.8 million respectively);

— as to approximately 10% of net proceeds (approximately HK$9.3 million) to strengthen the sales and marketing effort of the Group by expanding its existing sales force/effort and strengthening its presence in the Asia Pacific region; and

— as to the remaining 10% of net proceeds (approximately HK$9.3 million) for general working capital purpose of the Group.

The possible use of proceeds outlined above may change in light of the Group's evolving business needs and conditions and management requirements. The Group's business operations and the industry in which it operates are evolving rapidly and could cause significant and rapid changes to its strategies and business plans. In the event that any part of the Group's business plans does not materialize or proceed as planned, the Directors will carefully evaluate the situation and may reallocate the intended use of proceeds and/or hold such funds on short-term deposits and/or invest in money-market instruments as the Directors consider to be in the best interests of the Company and its Shareholders, taken as a whole.

To the extent the net proceeds are either more or less than expected, the Group will adjust the allocation of the net proceeds for the above purposes on a pro rata basis.

Any additional net proceeds that the Group would receive from any exercise in full or in part, of the Over-allotment Option at the Offer Price, may be applied in the manner and the proportions stated above.

Pending use of the net proceeds, the Directors intend to invest the net proceeds in short-term, interest-bearing debt instruments or bank deposits.

If the Over-allotment Option is exercised in full, the net proceeds from the Share Offer will increase to approximately HK$112.4 million, assuming the Offer Price is set at the mid-point of the indicative Offer Price range. If the Offer Price is set at the high-end of the indicative Offer Price range, the net proceeds from the Share Offer (including the proceeds from the exercise of the Over-allotment Option) will increase by approximately HK$13.5 million. If the Offer Price is set at the low-end of the indicative Offer Price range, the net proceeds from the Share Offer (including the proceeds from the exercise of the Over-allotment Option) will decrease by approximately HK$13.5 million. The Directors intend to apply the additional net proceeds from the exercise of the

Over-allotment Option to the above purposes on a pro-rata basis. Should the Directors decide to reallocate the intended use of proceeds to other business plans and/or purposes to a material extent and/or there is to be any material modification to the use of proceeds as described above, the Company will make appropriate announcement(s) in due course.

PRE-IPO SHARE OPTION SCHEMES

The Group has adopted the following Pre-IPO Share Option Schemes to enable its employees to build up a stack in the Group:

(i) Technovator Employee Share Option Scheme 2009; and

(ii) Distech Controls Stock Option Plan.

(i) **Technovator Employee Share Option Scheme 2009**

The Technovator Employee Share Option Scheme 2009 was approved by resolutions of the Shareholders passed at an extraordinary general meeting of the Company on 11 August 2009 and amended by the resolution of the committee administering the scheme on 15 August 2011 in the purpose to, among others, motivate each Participant to optimise his performance standards and efficiency and to maintain a high level of contribution to the Group.

As at the date of this prospectus, the outstanding options granted under the Technovator Employee Share Option Scheme 2009 involve 36,320,000 Shares, representing approximately 7.49% of the Company's number of issued shares immediately upon completion of the Share Offer and approximately 6.96% of the number of issued Shares immediately after completion of the Share Offer and full exercise of the share options under the Technovator Employee Share Option Scheme 2009 (assuming the Over-allotment Option is not exercised).

The options are exercisable for a period of three years, any dilution and impact on earnings per Share will be staggered over several years. No further options will be granted under the Technovator Employ Share Option Scheme 2009 after the Listing Date. As stated in Appendix I to this prospectus, basic and diluted earnings per share of the Company for the four months ended 30 April 2011 was US$0.006 and US$0.006 respectively.

Pursuant to the written resolutions of the shareholders passed on 15 August 2011, the Company adopted a 40-for-1 share subdivision of its issued ordinary shares and approved the subdivision of 9,080,000 issued shares into 363,200,000 shares. The number of shares under each outstanding option granted and remained un-exercised, under the Technovator Employee Share Option Scheme 2009, as at that date was adjusted at the same ratio of 1:40. The exercise price per share under the outstanding options was adjusted on a proportionate basis. On the same date, the Company approved the modification of terms of the Technovator Employee Share Option Scheme 2009, pursuant to which the United States Dollars denominated exercise price of each outstanding option granted was modified to Hong Kong Dollars, translated at the spot exchange rate at that date. The modification did not result in any incremental fair value of the share options granted under the Pre-IPO Share Option Scheme.

(ii) **Distech Controls Stock Option Plan**

The Distech Controls Stock Option Plan was approved by resolutions of the board of directors of Distech Controls on 28 May 2008 with a purpose to (i) encourage the financial participation of certain employees, officers, directors, and Special Contributors of Distech Controls; (ii) attract and retain the competent employees, officers, directors, and Special Contributors whom Distech Controls needs; (iii) add an incentive component to the compensation of key employees and directors of Distech Controls; and (iv) improve Distech Controls' long-term profitability.

Please see "Appendix VI — Statutory and General Information — G. Pre-IPO Share Option Schemes" for detailed information of the Pre-IPO Share Option Schemes.

DIVIDENDS AND DIVIDEND POLICY

The declaration of dividends is subject to the discretion of the Board and any final dividend for the year is subject to the recommendation of the Board and approval of the Shareholders. The Directors may recommend dividends in the future after taking into account the Group's operations, earnings, financial conditions, cash requirements and availability and other factors as they may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to all applicable laws, including the Singapore Companies Act and the Articles, including the approval of its Shareholders (in the case of final dividends). Any future declarations of dividends may or may not reflect the Company's historical declarations of dividends and will be at the absolute discretion of the Directors.

Future dividend payments will also depend upon the availability of dividends received from the Group's subsidiaries in the PRC. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including HKFRSs. PRC laws also require foreign-invested enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from the Group's subsidiaries may also be restricted if they incur debt or losses or pursuant to any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that the Company or its subsidiaries and associated companies may enter into in the future.

As at 30 April 2011, the Company had no reserves available for distribution to the equity holders of the Company.

SUMMARY OF RISK FACTORS

Risks relating to the business of the Group

— As the principal Shareholder, Tongfang has substantial influence over the Group and their interests may not be aligned with the interests of the Company's other shareholders

— The Group's products and services are subject to inspection, certification, licenses, and qualification granted by government authorities in the PRC

— The Group has limited operating history and its past results may not be indicative of its future performance

— The Group may need to invest resources in the design and production of equipment and systems in response to changes in market demand and government regulation

— The Group may have limited control over the timing of completion of projects

— The Group faces certain risks associated with the geographical expansion of its sales and distribution network including possible mergers and acquisitions, and any failure to successfully implement any such merger or acquisition could have a material adverse effect on its business

— The Group may not be able to implement future plans successfully

— The Group may not be able to secure additional funding or capital on acceptable commercial terms, or at all, to realize the Group's business plans in the future

— The Group may face risks associated with the marketing, distribution and sale of its energy management systems internationally

— Failure of the Group to protect its intellectual property rights may undermine its competitive position, and litigation to protect its intellectual property rights may be costly

— Fluctuation in exchange rates may adversely affect the business of the Group as well as result in foreign currency losses

— The Group's business depends substantially on the continuing efforts of its key personnel

— The operations of the Group are subject to environmental regulations

— The Group may not have comprehensive insurance coverage

— The Group may be exposed to payment delays and/or defaults by its customers

— Fluctuation in effective tax rate, and there is no assurance that the Group will continue to receive preferential tax treatments

— Acts of God, acts of war, and other disasters may disrupt the Group's operations

— An outbreak of severe communicable disease, if uncontrolled, may, directly or indirectly, adversely affect the Group's operating results

— The Group relies on construction projects which may be adversely affected by the recent global financial crisis

Risks relating to the industry in which the Group operates

— The Group is dependent on the growth in the green energy savings industry

— The Group may face competition from other energy management systems or solution providers

— Fluctuation in market demand may affect the demand of the Group's products

— Demand for renewable energy and green energy savings projects is dependent upon the cost of conventional energy

Risks relating to the countries in which the Group operates

Risks relating to the PRC

— Changes in the economic, political and social conditions in the PRC, and policies adopted by the government may adversely affect the business, operating results and financial condition of the Group

— Uncertainty in the PRC legal system may limit the legal protections available to the Group

— PRC regulations may delay or prevent the Group's ability to make additional capital contributions or loans to Technovator Beijing

— Payment of dividends by Technovator Beijing is subject to restrictions under PRC law

— If the Company is considered a PRC resident enterprise for PRC income tax purposes, the Group's worldwide income may be subject to the PRC enterprise income tax

— If the Company is considered a non-PRC resident enterprise for PRC income tax purposes, dividends payable by the Company's PRC subsidiary to the Company may not qualify to enjoy the preferential tax treatment under the Tax Treaty

— The enforcement of the Labor Contract Law (中華人民共和國勞動合同法) and other labor-related regulations in the PRC may adversely affect the Group's business and results of operations

— Restriction on currency conversion may affect the value of your investment and limit the Group's ability to utilize its cash effectively

Risks relating to the Group's operations outside of the PRC

— Changes in the economic, political and social conditions at places where the Group operates may adversely affect the business, operating results and financial condition of the Group

— Singapore taxes may differ from tax laws of other jurisdictions, including Hong Kong

Risks relating to ownership of the Shares

— Marketability and possible price and trading volume volatility of the Shares

— No guarantee that dividends will be declared in the future

— Ability to raise capital in the future

— Future sales of substantial amounts of the Shares in the public market could have a material adverse effect on the prevailing market price of the Shares

— The Company is a Singapore-incorporated company governed by Singapore laws and regulations

— There are risks associated with forward-looking statements

— Certain facts and statistics contained in this prospectus have come from official sources whose reliability cannot be assumed or assured

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in the section entitled "Glossary".

"Acelia"	Acelia S.A.S., a company which engages principally in the sales and marketing of building automation solutions and energy management systems provided by Comtec, was incorporated under the laws of France on 27 February 1996 and is a wholly-owned subsidiary of Distech France
"Application Form(s)"	**WHITE** Application form(s), **YELLOW** Application form(s) and **GREEN** Application Form(s), or where the context so requires, any of them, relating to the Public Offer
"Articles of Association" or "Articles"	the articles of association of the Company, adopted on 8 September 2011 conditional upon the Listing and as amended from time to time, a summary of which is set out in Appendix V to this prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board of Directors" or "Board"	the board of Directors
"Business Day"	any day (other than a Saturday, Sunday or public holiday) in Hong Kong on which banks in Hong Kong are open generally for normal banking business
"CAD$" or "Canadian dollars"	Canadian dollars, the lawful currency of Canada
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
"Company" or "Technovator"	Technovator International Limited (formerly known as Technovator Int Private Ltd. and Technovator Int Limited), a limited liability company incorporated in Singapore on 25 May 2005
"Company Law"	the Company Law of the PRC (中華人民共和國公司法), as enacted by the Standing Committee of the Eighth National People's Congress (第八屆全國人民代表大會常務委員會) on 29 December 1993 and effective on 1 July 1994, as amended, supplemented or otherwise modified from time to time

"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as amended supplemented or otherwise modified from time to time
"Comtec"	Distech Controls S.A.S. (formerly known as Société Comtec Technologies S.A.S.), a company which engages principally in the design, manufacturing, sales and marketing of integrated building automation solutions and energy management systems, was incorporated under the laws of France on 27 July 1994 and is a wholly-owned subsidiary of Distech France
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"controlled subsidiaries"	has the meaning ascribed thereto under the relevant PRC laws
"Controlling Shareholders"	controlling shareholders (having the same meaning ascribed thereto in the Listing Rules), and in relation to the Company means Tongfang and Resuccess
"Corporate Reorganization"	the reorganization of the Group conducted in preparation for the Listing, details of which are set out in the paragraph headed "Corporate Reorganization" under the section headed "History and corporate structure" in this prospectus
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC securities markets
"CTC Capital"	collectively, (i) CTC Capital Partners I, L.P., an exempted limited partnership registered under the laws of Cayman Islands, (ii) 同利創業投資有限公司 (CTC Capital Partners Co., Ltd*), a limited liability company established under the laws of the PRC and (iii) 詠利投資股份有限公司 (Yung Li Investments, Inc.*), a company incorporated under the laws of Taiwan. These entities together hold as to 9.57% of issued Shares as at the Latest Practicable Date, details of which are set out in the section headed "History and corporate structure" in this prospectus
"Director(s)"	the director(s) of the Company
"Distech Controls"	Distech Contrôles Inc. (Distech Controls Inc.), which is an operating subsidiary of the Company, was incorporated under the laws of Québec, Canada on 5 January 1995 and owned as to 56.7% by the Company as at the Latest Practicable Date. It is principally engaged in the design, manufacturing, sales and marketing of energy management systems and integrated building automation systems
"Distech Controls Stock Option Plan"	the stock option plan adopted by Distech Controls on 28 May 2008 under which share options have been offered by Distech Controls prior to the Listing, the principal terms of which are summarized under the section headed "Pre-IPO Share Option Schemes" in Appendix VI to this prospectus

"Distech Europe"	Distech Controls B.V. (formerly known as Distech Controls Europe B.V.), a company which focuses principally on customers based in Europe and is primarily responsible for the sale of Distech Controls' products and service and market development, was incorporated under the laws of the Netherlands on 8 September 2006 and is a wholly-owned subsidiary of Distech Controls
"Distech France"	Distech France Holding S.A.S., an investment holding company incorporated under the laws of France on 24 February 2010 and a wholly-owned subsidiary of Distech Controls
"Distech US"	Distech Controls LLC, an investment holding limited liability company incorporated under the laws of Delaware, the United States, on 17 February 2010 and a wholly-owned subsidiary of Distech Controls
"Euro" or "€"	the lawful currency of European Union
"E2 Solutions"	E2 Solutions Inc., a company which has an energy and building assets monitoring centre and reporting process system, was incorporated under the laws of Ontario, Canada, on 22 April 2008 and is owned as to 24.3% by Distech Controls as at the Latest Practicable Date
"GDP"	gross domestic product (all references to GDP growth rates being to real as opposed to nominal rates of GDP growth)
"GREEN Application Form(s)"	the application form(s) to be completed by the **HK eIPO White Form** Service Provider designated by the Company
"Group"	the Company and its subsidiaries
"Groupe Arcom"	Groupe Arcom, a company, which is an Independent Third Party, was incorporated under the laws of France on 24 February 2006 that holds 11.14% of the equity interests in Distech Controls as at the Latest Practicable Date
"HK$" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HK eIPO White Form(s)"	applying for Public Offer Shares to be issued in your name by submitting applications online through the website of the designated **HK eIPO White Form** Service Provider, ***www.hkeipo.hk***
"HK eIPO White Form Service Provider"	the **HK eIPO White Form** Service provider designated by our Company, as specified on the designated website at ***www.hkeipo.hk***
"HKFRSs"	the Hong Kong Financial Reporting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants

"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Share Registrar"	Tricor Investor Services Limited, the branch share registrar of the Company in Hong Kong
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) the Directors, chief executive and substantial shareholders (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates, and not otherwise a connected person of the Company
"Joint Bookrunner(s)"	Piper Jaffray Asia Securities and Guotai Junan Securities (Hong Kong) Limited (each licensed to conduct type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO), being the joint bookrunners of the Share Offer, and each of them, a Joint Bookrunner
"Joint Lead Manager(s)"	Piper Jaffray Asia Securities, Guotai Junan Securities (Hong Kong) Limited and ABCI Securities Company Limited (each licensed to conduct type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO), being the joint lead managers of the Share Offer, and each of them, a Joint Lead Manager
"Latest Practicable Date"	10 October 2011, being the latest practicable date for ascertaining certain information in this prospectus prior to its publication
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	the date on which dealings in the Shares first commence on the Stock Exchange, expected to be on or around Thursday, 27 October 2011
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	the stock market operated by the Stock Exchange prior to the establishment of the Growth Enterprise Market ("GEM") (excluding the options market) and which continues to be operated by the Stock Exchange in parallel with GEM and which, for the avoidance of doubt, excludes GEM

"Memorandum" or "Memorandum of Association"	the memorandum of association of the Company, adopted on 8 September 2011 conditional upon the Listing and as amended from time to time
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Non-competition Agreement"	the non-competition agreement entered into among the Controlling Shareholders and the Company on 2 April 2010
"Offer Price"	the offer price for each Offer Share (excluding the Stock Exchange trading fee of 0.005%, the transaction levy of 0.003% imposed by the SFC and the related brokerage of 1%), which is expected to be not more than HK$1.2 and not less than HK$1.0. The final Offer Price is to be determined on or before the Price Determination Date
"Offer Share(s)"	a total of 122,000,000 new Shares, comprising the Placing Shares and the Public Offer Shares, initially being offered by the Company under the Share Offer and where relevant, any additional new Shares which may be issued pursuant to the exercise of Over-allotment Option
"Over-allotment Option"	the option to be granted by the Company to the Placing Underwriters, exercisable by the Joint Bookrunners (for themselves and on behalf of the Placing Underwriters), at any time from the Listing Date up to (and including) the 30th day after the last day for lodging of the Application Forms, to require the Company to allot and issue up to 18,300,000 additional new Shares representing not more than 15% of the Offer Shares initially being offered under the Share Offer) which may be allotted and issued at the final Offer Price by the Company to cover over-allocations in the Placing and/or the obligations of the Stabilizing Manager to return securities borrowed under the stock borrowing arrangement, details of which are set out in the section headed "Structure of the Share Offer" in this prospectus
"PI shares"	preferred limited liability company interest in Distech US
"Piper Jaffray" or "Sponsor" or "Sole Sponsor"	Piper Jaffray Asia Limited, a licensed corporation under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the sole sponsor to the Share Offer
"Piper Jaffray Asia Securities"	Piper Jaffray Asia Securities Limited, licensed to conduct type 1 (dealing in securities) and type 4 (advising in securities) regulated activities under the SFO, acting as the Joint Bookrunner and the Joint Lead Manager
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC

"PBOC Rate"	the exchange rate for foreign exchange transactions set daily by the PBOC based on the previous day's PRC interbank foreign exchange rates and with reference to current exchange rates on the world financial markets
"Placing"	the conditional placing of the Offer Shares through the Placing Underwriters, acting on behalf of the Company, at the final Offer Price, with professional and institutional investors as further described in the section headed "Structure of the Share Offer" in this prospectus
"Placing Shares"	the 109,800,000 new Shares initially being offered under the Placing (subject to such reallocation as described in the section headed "Structure of the Share Offer" in this prospectus and the Over-allotment Option)
"Placing Underwriters"	the underwriters of the Offer Shares who are expected to enter into the Placing Underwriting Agreement
"Placing Underwriting Agreement"	the underwriting agreement expected to be entered into on or about the Price Determination Date between, among others, the Company, the Sole Sponsor and the Joint Bookrunners, details of which are set forth in the section headed "Underwriting" in this prospectus
"PRC" or "China"	the People's Republic of China (中華人民共和國) which, except where the context otherwise requires, does not include Taiwan or the Hong Kong and Macau Special Administrative Regions
"PRC GAAP"	the Generally Accepted Accounting Principles of the PRC (中華人民共和國公認會計準則) the accounting rules and regulations in the PRC, currently consisting of the Accounting Standards for Business Enterprises (企業會計準則) and the Accounting Regulations for Financial Enterprises (企業會計制度) (2001)
"PRC government"	the central government of the PRC (中華人民共和國中央人民政府) including all political subdivisions (including provincial, municipal, and other local or regional government entities) and organizations of such government or, as the context requires, any of them
"Price Determination Agreement"	the agreement to be entered into by the Joint Bookrunners (on behalf of the Underwriters) and the Company on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on around Thursday, 20 October 2011 and, in any event, not later than Tuesday, 25 October 2011 on which the Offer Price is to be fixed by agreement between the Company and the Joint Bookrunners (on behalf of the Underwriters) to determine the Offer Price
"Pre-IPO Share Option Schemes"	collectively, the Technovator Employee Share Option Scheme 2009 and the Distech Controls Stock Option Plan

"Principal Share Registrar"	Tricor Barbinder Share Registration Services
"Public Offer"	the offering by the Company of the Public Offer Shares for subscription by the public in Hong Kong (subject to adjustment as described in the section headed "Structure of the Share Offer" in this prospectus) for cash at the Offer Price (plus brokerage of 1% of the Offer Price, SFC transaction levy of 0.003% of the Offer Price, and Stock Exchange trading fee of 0.005% of the Offer Price) on the terms and conditions described in this prospectus and the Application Forms
"Public Offer Shares"	12,200,000 new Shares being initially offered by the Company for subscription at the Offer Price pursuant to the Public Offer (subject to adjustment as described in the section headed "Structure of the Share Offer" in this prospectus)
"Public Offer Underwriters"	underwriters of the Public Offer whose names are set out in the paragraph headed "Public Offer Underwriters" in the section headed "Underwriting" in this prospectus
"Public Offer Underwriting Agreement"	the underwriting agreement dated 14 October 2011 relating to the Public Offer entered into between, among others, the Company, the Sole Sponsor, the Joint Bookrunners and the Public Offer Underwriters, particulars of which are summarized in the section headed "Underwriting" in this prospectus
"Renminbi" or "RMB"	renminbi (人民幣), the lawful currency of the PRC
"Resuccess"	Resuccess Investments Limited, an investment holding company incorporated in the British Virgin Islands on 30 March 2004 which holds as to 22.03% of issued Shares as at the Latest Practicable Date and a wholly-owned subsidiary of Tongfang
"RI Shares"	remainder limited liability company interest in Distech US
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAIC"	the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"SFA"	the Securities and Futures Act (Cap. 289) of Singapore as amended, supplemented or otherwise modified from time to time
"SFO"	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong) as amended, supplemented, or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the capital of the Company

"Share Subdivision"	the subdivision of the then issued Shares from 9,080,000 Shares into 363,200,000 Shares pursuant to the resolutions of the Shareholders passed on 15 August 2011
"Shareholder(s)"	holder(s) of the Share(s)
"Share Offer"	the Placing and the Public Offer
"Singapore Companies Act"	the Companies Act (Cap. 50) of Singapore as amended, supplemented, or otherwise modified from time to time
"S$" or "Singapore dollars"	Singapore dollars, the lawful currency of Singapore
"Stabilizing Manager"	Piper Jaffray Asia Securities
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsidiary(ies)"	has the meaning ascribed thereto in section 2 of the Companies Ordinance
"Technovator Beijing"	同方泰德國際科技(北京)有限公司 (TongFang Technovator Int (Beijing) Co., Ltd*), a wholly foreign-owned enterprise established in the PRC on 7 August 2006 and a wholly-owned subsidiary of the Company, engages principally in the design, manufacturing and marketing of building automation solutions
"Technovator Shanghai"	同方泰德智能科技(上海)有限公司 (TongFang Technovator Intelligence Technology (Shanghai) Co., Ltd.*), a company established in the PRC with limited liability on 31 May 2010 and was owned as to 80% by Techonvator Beijing and 20% by Mr. Shen Jianhong (沈建宏), an Independent Third Party as at the Latest Practicable Date, is expected to be principally engaged in the distribution of building automation solutions
"Technovator Employee Share Option Scheme 2009"	the share option scheme adopted by the Company on 11 August 2009 under which share options have been offered by the Company prior to the Listing, the principal terms of which are summarized under the section headed "Pre-IPO Share Option Schemes" in Appendix VI to this prospectus
"Tongfang"	同方股份有限公司 (Tsinghua Tongfang Co., Ltd*), formerly known as 清華同方股份有限公司 (Tsinghua Tongfang Company Limited*), 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), is engaged in supplying different products and services for a wide range of industries including but not limited to, the information media, energy and environment industries. It directly owned 25.33% of issued Shares as at the Latest Practicable Date
"Tongfang Group"	Tongfang and Resuccess

"Tsinghua Holdings Co., Ltd."	清華控股有限公司 (Tsinghua Holdings Co., Ltd.*), a State-owned limited liability corporation and wholly-owned by Tsinghua University based on the integration of enterprises under Tsinghua University, is the largest shareholder of Tongfang, holding approximately 23.88% of Tongfang's shares
"Track Record Period"	the three years ended 31 December 2010 and the four months ended 30 April 2011
"Underwriters"	the underwriters of the Placing and Public Offer whose names are set out in the paragraphs headed "Placing Underwriters" and "Public Offer Underwriters" in the section headed "Underwriting" in this prospectus
"Underwriting Agreement(s)"	the Placing Underwriting Agreement and the Public Offer Underwriting Agreement
"United States" or "U.S."	the United States of America, including its territories and possessions
"US$" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"Zana" or "Dragon Point Limited"	Dragon Point Limited, a private equity investment company incorporated under the laws of British Virgin Islands, held as to 29.86% of issued Shares as at the Latest Practicable Date, details of which are set out in the section headed "History and corporate structure" in this prospectus
"%"	percent

If there is any inconsistency between the Chinese names of entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of names in Chinese or another language which are marked with "" and the Chinese translation of names in English which are marked with "*" is for identification purpose only.*

This glossary of technical terms contains terms used in this prospectus as they relate to the business of the Group. As such, these terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

"AV"	the acronym for audio and video
"ASHRAE"	American Society of Heating, Refrigerating and Air-Conditioning Engineers
"BACnet"	the acronym for building automation and control networks
"CAN"	the acronym for controller area networks, a network consisting of multiple microcontrollers that communicate with each other within a vehicle without a host computer
"CSS"	Control security systems
"EMS"	Energy management systems
"ES"	European Standard
"FAS"	Fire alarm systems, appliances or devices installed in premises to give warning of or announcing the outbreak of fire
"fire prevention and fighting systems"	fire alarm systems, emergency lighting systems, and fire extinguishing systems installed in premises for the purposes of giving warning of, preventing or extinguishing fire
"GB"	China Standard
"GB/T28001"	standards of occupational safety management
"HVAC"	the acronym for heating, ventilation, and air conditioning
"iBAS"	Integrated building automation systems
"ISO14001"	international standards of environment management
"ISO9001"	an international standard quality management system for quality assurance in production, inspection, installation, and servicing
"LEED"	the acronym for leadership in Energy Environmental Design, a green building Certification System
"QC08000(HSPM)"	handling of hazardous electronic and electronic components and products
"PCB"	Printed circuit board
"ROHS"	Restriction of Hazardous Substances Directive on electrical and electronic equipment

"UL"	Underwriters Laboratories of product safety certification
"yoy"	year-over-year
"3G"	third generation of mobile communication technologies that works over wireless air interfaces and which support broadband voice, data, and multi-media communications over wireless networks

This prospectus contains forward-looking statements, including, without limitation, words and expressions such as "expect", "believe", "plan", "intend", "estimate", "project", "anticipate", "may", "will", "would", and "could" or similar words or statements, in particular, in the sections headed "Business" and "Financial information" in this prospectus in relation to future events, the Group's future financial, business or other performance and development, the future development of the Group's industry, and the future development of the general economy of the Group's key markets and other markets globally.

These statements are based on numerous assumptions regarding the present and future business strategies of the Group and the environment in which it will operate in the future. These forward-looking statements, which reflect the current views of the Directors with respect to future events, are not a guarantee of future performance and are subject to certain risks, uncertainties, and assumptions, including the risk factors described in this prospectus, and the following:

- future developments in the general integrated building automation systems in the PRC, Canada, U.S. and Europe;
- the industry regulatory environment as well as the outlook of the industry generally;
- the amount and nature of, and potential for, future development of the Group's business;
- the Group's business strategy and plan of operation; and
- the Group's dividend policy.

Subject to the requirements of applicable laws, rules, and regulations, the Directors do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events, or otherwise. As a result of these and other risks, uncertainties, and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way the Directors expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section. In this prospectus, statements of or references to the intentions of the Company or any of the Directors are made as at the date of this prospectus. Any such intentions may potentially change in light of future developments.

You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below prior to investing in the Offer Shares. The business, financial condition and results of operations of the Group could be materially and adversely affected by the occurrence of any of the following risks. The trading price of the Shares could decrease due to any of these risks, and you may lose all or part of your investment.

Additional risks not currently known to the Group or that the Group currently deem immaterial may nevertheless have a material adverse effect on the business, financial condition, results of operations, and future prospects of the Group, or result in other events that could lead to a decline in the value of the Shares.

There are certain risks and uncertainties involved in the Group's operations, some of which are beyond the Group's control. These risks can be broadly categorised into: (i) risks relating to the business of the Group; (ii) risks relating to the industry in which the Group operates; (iii) risks relating to the countries in which the Group operates; and (iv) risks relating to ownership of the Shares.

RISKS RELATING TO THE BUSINESS OF THE GROUP

As the principal Shareholder, Tongfang has substantial influence over the Group and their interests may not be aligned with the interests of the Company's other shareholders

As at the Latest Practicable Date, Tongfang Group owned approximately 47.36% of the total number of issued Shares. Upon completion of the Share Offer (assuming the Over-allotment Option is not exercised), Tongfang Group is expected to own approximately 35.45% of the Company's total number of issued Shares. During the three years ended 31 December 2010 and the four months ended 30 April 2011, the Group's sales to Tongfang amounted to approximately US$6.4 million, US$8.7 million, US$5.3 million and US$2.3 million, representing approximately 20.9%, 18.0%, 7.1% and 9.7% of the Group's revenue respectively. The Group also made purchases from Tongfang during the three years ended 31 December 2010 and the four months ended 30 April 2011, which amounted to approximately US$1.4 million, US$0.4 million, US$1.6 million and US$0.3 million, representing approximately 5.9%, 1.4%, 3.6% and 1.9% of the Group's purchases respectively. Accordingly, Tongfang has substantial influence over the Group's affairs, and may be able to influence the outcome of any shareholders' resolutions, irrespective of how other shareholders may vote. In addition, the interests of Tongfang may not necessarily be aligned with that of the Company's other shareholders. This concentration of ownership may defer, delay, or prevent a change in control of the Company, which could deprive its Shareholders of an opportunity to receive a premium for their Shares as part of a sale of the Company and might reduce the price of its Shares. These actions may be taken even if they are opposed by the Company's other shareholders.

The Group's products and services are subject to inspection, certification, licenses, and qualification granted by government authorities in the PRC

Under the current regulatory regimes where the Group operates, the Group's products, including certain types of control security and fire alarm systems, are subject to certain approvals, permits, certificates, licenses or registrations in the PRC. The Group must also obtain certain qualifications in order to engage in the installation service business in the PRC. For details of the applicable approvals, permits, certificates, licenses or registrations in the PRC, please see the section headed "Regulatory overview" in this prospectus.

However, from time to time, there may be changes in the rules and regulations or the implementation thereof which may affect the business of the Group and the Group may need to obtain additional approvals, permits, certificates, licenses or registrations from the relevant government authorities. In such event, there can be no assurance that such approvals, permits, certificates, licenses or registrations will be granted to the Group promptly, or at all. Any failure to comply with these laws and regulations could subject the Group to substantial fines and potentially the loss of its licenses and the Group's operations which rely on those approvals, permits, certificates, license, registration or the equivalent will have to cease. Therefore, the business operation and financial performance of the Group may be adversely affected.

The Group has limited operating history and its past results may not be indicative of its future performance

There is limited historical information available about the Group upon which you may rely on when evaluating the business and future prospects of the Group. The business of the Group has grown and evolved rapidly since its incorporation in May 2005 and the acquisitions of Distech Controls in 2008, and Comtec and Acelia in 2010. As a result, the historical operating results of the Group may not provide a meaningful basis for evaluating its business, financial performance and future prospects, and the Group may not be able to achieve a similar growth rate in the future. In particular, the future success of the Group will require, among other factors, expansion of its customer base into new and emerging markets, a continuing increase in its ability to produce commercially viable and innovative building automation products, expansion of the manufacturing capacity of its facilities, and the maintenance or improvement of operating margin and cost efficiency. In order to sustain such growth, the Group would need to implement its business plans effectively, maintain a resilient workforce, manage its costs effectively, and exercise adequate control over reporting systems in a timely manner. You should consider the business and prospects of the Group in light of the risks and challenges that the Group will face as a company with a relatively short operating history in a competitive industry and seeking to develop and manufacture new products in a rapidly growing market. There is no assurance that the Group will continue to maintain such rapid business growth in the future.

The Group may need to invest resources in the design and production of equipment and systems in response to changes in market demand and government regulation

The continued improvement of energy management systems and development of new products and functions to cope with customers' needs require the Group's continued research and development efforts in respect of the improvement of functionality of its software and to launch new products to satisfy the requirement of the Group's existing and new customers. The Directors are of the view that the Group did not encounter any material negative impact due to the Group's incapability to improve its technology, the quality and/or functionality of its products and the Group's products have remained competitive against the Group's competitors during the Track Record Period. In the event that the Group fails to enhance its research and development capabilities to improve existing products or develop new products to meet the ever-changing demands of the customers, or if the Group fails to cope with latest technology developments, the Group may be surpassed by its competitors which may cause an adverse impact to the Group's operating results and future developments.

The Group is affected by and must comply with various government regulations that impact the Group's products and operating costs. From time to time, changes in the rules and regulations or the implementation thereof may require the Group to place additional efforts and resources and take further steps in order to comply with these rules and regulations. However, there can be no assurance that the Group will succeed in any of the research and development projects undertaken or complete the projects within the estimated timeframe. If the Group does not develop and introduce new products which are responsive to market demand and government regulations in a timely manner, the Group's competitive position, net sales and gross margins may be materially adversely affected.

The Group may have limited control over the timing of completion of projects

The time required for completion of the work depends on various factors such as the complexity of the project and the progress of other contractors working on the same project. Delay caused by other contractors may postpone the Group's completion schedule. As is customary in the Group's industry, an installment payment method may be adopted for some of the projects undertaken by the Group. Therefore, even if the Group completes its scheduled work in a timely manner, the Group may not receive the balance of the contract sum until the subject property in which the systems are installed has successfully passed the inspection by the relevant government authorities and received verification issued by those authorities. In general, depending on the overall process of the project, the average lead time for the completion of the installation of systems is approximately two months; and the period between the completion of the installation of systems by the Group to the issuance of the verification typically ranges from one to three months. As at 31 December 2010 and 30 April 2011, the gross amounts due from customers for contract work were approximately US$52,000 and US$305,000 respectively. As the Group lacks the ability to control the completion schedule of projects, there is no assurance that the revenue generated from projects will be recognized and reflected in the Group's accounts in a timely manner, which could adversely affect the Group's results of operation and financial position.

The Group faces certain risks associated with the geographical expansion of its sales and distribution network including possible mergers and acquisitions, and any failure to successfully implement any such merger or acquisition could have a material adverse effect on its business

In May 2008, the Company acquired a majority stake in Distech Controls which was and is based in Canada, a 56.7% owned subsidiary of the Company as at the Latest Practicable Date, which has been responsible for the sales and marketing of the Group's building automation products in the U.S. and European markets. Between May 2008 and February 2010, the Company held a majority stake of approximately 63.8% in Distech Controls which was reduced to 56.7% in February 2010 following the issuance of shares to Groupe Arcom. Furthermore, Distech France acquired Comtec and Acelia from Groupe Arcom, a competitor of Distech Controls, on 25 February 2010. Comtec and Acelia are primarily engaged in the manufacture and sales of integrated building automation systems. The locations of both companies are in France, which help enhance the Group's presence in Europe and reflect its strategic vision to continue developing in the European market and outreaching to the Middle East.

As part of the Group's strategy, the Directors intend to continue its presence in other developed and developing markets with growth opportunities. In doing so, the Group faces certain risks in its efforts to expand and maintain its business in international markets, including but not limited to:

- cultural differences and other difficulties in staffing and managing international operations;
- inherent difficulties and delays in contract enforcement and collection of receivables through the use of foreign legal systems;
- volatility in currency exchange rates;
- the risk that foreign countries may impose withholding taxes (or otherwise tax on foreign income or place restrictions on repatriation of profit);
- the risk of entry barriers, such as anti-dumping and other tariffs or other restrictions being imposed on foreign trade;
- changes in the political, regulatory, or economic conditions in a foreign country or region; and
- the burden of complying with foreign laws and regulations.

If the Group is unable to manage these risks effectively, its ability to expand its sales and distribution network globally would be impaired, which may in turn materially and adversely affect its business, financial conditions, results of operations and prospects.

In response to expanding the Group's sales and distribution network globally, the Directors will consider entering into strategic acquisitions and investments, and establishing strategic alliances with third parties in the building energy management industry for pilot energy projects. Strategic acquisitions of, investments in and alliances with third parties could subject us to a number of risks, including integration difficulties and diversion of management's attention from the normal daily operations of the business. In addition, any acquisitions, investments or alliances could result in increased expenses that may not be offset by increased revenue.

Acquisitions may also cause the Company to:

- issue Shares that would dilute the current Shareholders' percentage ownership;
- assume liabilities, some of which may be unknown at the time of the acquisitions;
- record goodwill and intangible assets that will be subject to impairment testing and potential periodic impairment charges;
- incur amortization expenses related to certain intangible assets;
- incur large and immediate write-offs of in-process research and development costs; or
- become subject to litigation.

The Group may not be able to implement future plans successfully

The Group has experienced considerable business growth during the Track Record Period. The Group's revenue increased from US$30.7 million during the year ended 31 December 2008 to US$48.2 million during the year ended 31 December 2009, and to US$74.1 million during the year ended 31 December 2010. The Groups' revenue increased from approximately US$15.0 million during the four months ended 30 April 2010 to US$24.0 million during the four months ended 30 April 2011. The future and continued success of the Group depends on, among others, its ability to expand its customer base, maintain its business relationship with Tongfang, increase both its manufacturing capacity and output while the implementation of green-related projects in markets where it operates also greatly affect our effectiveness of implementing the Group's future plans. Further details of the Group's relationship with Tongfang have been set out in the section headed "Relationship with Controlling Shareholders" in this prospectus.

The Group plans to expand its business to address the increase in demand for its products, as well as to capture new market opportunities. The ability of the Group to establish additional manufacturing capacity and increase output is subject to significant risks and uncertainties, including but not limited to:

- the Group's ability to successfully bid for Tongfang's (in particular its "Digital City" Division, details are set out in the section headed "Relationship with Controlling Shareholders" in this prospectus) projects where a tender process is involved;
- the Group's ability to obtain financing on reasonable terms, or at all;
- changes in the cost and availability of labor, raw materials, and components, many of which may be beyond the control of the Group;
- the Group's ability to manage the timing of equipment purchases so that equipment is available for production;
- the Group's ability to obtain the required approvals by relevant government authorities in a timely manner;
- diversion of significant management attention and other resources; and
- the Group's ability to execute the expansion plan of the Group effectively.

In order to manage the potential growth of its operations, the Group will need to continue to improve its operational and financial systems, procedures and controls, increase manufacturing capacity and output, and expand, train, and manage its growing employee base. Furthermore, the management of the Group will be required to maintain or improve its relationships with its customers, suppliers and other third parties for business growth. In particular, depending on the requirements of individual projects, Tongfang may or may not engage the Group to provide its products. Moreover, if a tender process is involved, it is not guaranteed that the Group will be awarded the tender. Also, there is no assurance that the Group's current and planned operations, personnel, systems, internal procedures and controls will be adequate to support its future growth.

Government policies and investments and willingness to implement green energy saving projects in markets where the Group operates will affect the business activities of the Group. In the event that the effort in implementing green energy saving projects is low, the Group may not be able to implement its future plans effectively.

Due to the risks noted above and other risks discussed in this section, many of which are beyond the control of the Group, the operating results may fluctuate and the Group may be unable to implement its future plans in relation to its business and revenue, reduce its costs, maintain its competitiveness, or improve its profitability. As such, the Group's business, financial condition, results of operations, and future prospects will be adversely affected.

The Group may not be able to secure additional funding or capital on acceptable commercial terms, or at all, to realize the Group's business plans in the future

The Group may require capital to fund future capital expenditure to implement future plans of the Group. In particular, the Group may require capital to fund the expansion of its facilities as well as research and development activities in order to remain competitive in the market. In addition, future acquisitions, expansions, or unanticipated market changes, unforeseen contingencies or other developments may cause the Group to require additional funds. There can be no assurance that the Group will be able to generate sufficient cash flow for such additional capital requirements. In the event that the Group does not generate sufficient operating cash flow, the Group will need to obtain alternative financing, which may or may not be readily available.

There is no assurance that the Group will be able to obtain adequate financing on acceptable terms, or at all. The ability of the Group to obtain external financing in the future is subject to a variety of uncertainties, including but not limited to:

- fluctuations in currency exchange rates of Renminbi, Canadian dollar, Singapore dollar, Euro, and other foreign currencies against the U.S. dollar;

- the Group's future financial condition, results of operations and cash flows;

- investor or lender perceptions of, and interest in, securities of manufacturers of building automation products;

- conditions in the capital and financial markets in which the Group may seek to raise further funds in the future; and

- economic, political and other conditions in Singapore, the PRC, the U.S., Canada, Europe and elsewhere.

In addition, the Group may decide to raise funds through the incurrence of debt which will increase the Group's obligations in interest and debt repayments, and the Group may be subject to additional covenants which may restrict the Group's business and operations. In the event that the

Group breaches any of these covenants, it may not be able to obtain waivers from its lenders. The Group's inability to raise additional funds in a timely manner and on terms favorable to it, or at all, may have a material adverse effect on its business, financial condition, results of operations, and future prospects.

The Group may face risks associated with the marketing, distribution and sale of its energy management systems internationally

During the Track Record Period, a significant portion of the Group's revenue was generated from sales to customers outside of the PRC in Singapore, Canada, the U.S. and Europe. During the three years ended 31 December 2010 and the four months ended 30 April 2011, the Group's revenue generated outside of the PRC amounted to approximately US$11.6 million, US$19.4 million, US$28.3 million and US$11.7 million, representing approximately 38.0%, 40.1%, 38.2% and 49.0% of the Group's revenue respectively. The marketing, distribution and sale of its energy management systems overseas expose the Group to a number of risks, including but not limited to:

- fluctuations in currency exchange rates of the Renminbi, Canadian dollar, Singapore dollar, Euro, and other foreign currencies against the U.S. dollar;
- the Group's ability to engage and retain distributors and agents who are knowledgeable about, and can function effectively in, overseas markets;
- increased costs associated with maintaining marketing and sales activities in various countries;
- the Group's ability and costs relating to compliance with different legal requirements in the jurisdictions in which the Group offers its products;
- the Group's ability to obtain, maintain, or enforce intellectual property rights; and
- trade barriers, such as export requirements, tariffs, taxes, other restrictions and expenses, which could increase the prices of the Group's products and cause the Group to be less competitive in some countries.

If the Group is unable to effectively manage these risks, its ability to conduct or expand its business abroad would be impaired, which may in turn have a material adverse effect on the business, financial condition, results of operations and future prospects of the Group.

Failure of the Group to protect its intellectual property rights may undermine its competitive position, and litigation to protect its intellectual property rights may be costly

The Group's business relies on the use of various intellectual property rights. The Group relies on a combination of patents, trademarks, trade secrets, copyrights and other contractual restrictions to protect its intellectual property rights. Nevertheless, the Group cannot be certain that the steps it has taken or will take to protect its intellectual property rights will adequately protect the Group's proprietary rights. In particular, third parties may infringe or misappropriate the Group's proprietary technologies or other intellectual property rights, which could have a material adverse effect on the Group's business, financial condition and results of operations. In addition, litigation may be necessary to enforce the Group's intellectual property rights, protect its trade secrets, or determine the validity and scope of the proprietary rights of others.

The success of the Group depends, in large part, on its ability to use and develop its technologies and know-how without infringing the intellectual property rights of third parties. The Group's current or potential competitors, many of which have substantial resources and have made substantial investments in competing technologies, may have or may obtain patents that will prevent, limit or interfere with the Group's ability to make, use or sell its products in Singapore, the PRC, the U.S., Canada, Europe or other countries.

The Group may face claims by others that the Group is improperly using intellectual property rights owned by them or otherwise infringing their intellectual property rights. The validity and scope of claims relating to building automation technology patents involve complex, scientific, legal, and factual questions and analysis and, therefore, may be highly uncertain.

Furthermore, an adverse determination in any such litigation or proceeding to which the Group may become a party could cause it to:

- pay damages;
- seek licenses from third parties;
- pay ongoing royalties;
- redesign the Group's products; or
- be restricted by injunctions,

each of which could effectively prevent the Group from pursuing some or all of its business and result in its customers or potential customers deferring or limiting their purchase or use of its products, which could have a material adverse effect on the Group's financial condition and results of operations.

The occurrence of any of the foregoing could have a material adverse effect on the business, financial condition and results of operations of the Group. Any litigation, regardless of its outcome, would likely be time consuming and expensive to resolve and would divert management attention. An adverse determination in any such litigation will impair its intellectual property rights and may harm the business, future prospects, and reputation of the Group.

Fluctuation in exchange rates may adversely affect the business of the Group as well as result in foreign currency losses

During the Track Record Period, the Group's revenue, costs and expenses were denominated in Renminbi, U.S. dollar, Canadian dollar, Euro and Singapore dollar depending on the jurisdiction in which its operating subsidiaries, Technovator Beijing, Distech Controls, Comtec or Acelia conducted business in. Under each operating subsidiary, revenue, costs and expenses were principally denominated in the functional currency of such subsidiary, and the Group does not have any hedging policy in place as the Group's sales and purchase activities are mostly conducted in relevant local currency. As a result, the Group was not exposed to material adverse effects from foreign currency gains or losses. The Group incurred a net foreign currency loss of approximately US$87,000, gain of approximately US$70,000, loss of approximately US$167,000 and loss of approximately US$63,000 during the three years ended 31 December 2010 and the four months ended 30 April 2011 respectively on its financial statements.

The Directors cannot assure you, however, that the Group may not denominate its revenue, costs and expenses in different currencies under the same operating jurisdiction in the future, and as the Directors cannot predict the impact of future exchange rate fluctuations on the financial conditions and results of operations of the Group, net foreign currency losses may be incurred in the future that may have an adverse impact on the Group's financial profitability.

There may be limited hedging transactions available to the Group in certain regions where it operates to reduce the Group's exposure to exchange rate fluctuations. To date, the Group has not entered into any hedging transactions in an effort to reduce its exposure to foreign currency exchange risk. While the Group may enter into hedging transactions in the future, the availability and effectiveness of these transactions may be limited and it may not be able to successfully hedge its exposure at all. In addition, the Group's foreign currency exchange losses may be magnified by PRC exchange control regulations that restrict its ability to convert Renminbi into foreign currencies.

The Group's business depends substantially on the continuing efforts of its key personnel

The future success of the Group depends substantially on the continued services of the group of its directors and senior management of each of its operating subsidiary and the Group as a whole. In particular, the Group is highly dependent upon its directors and senior management members. Should any of them leave the Group, the Group may not be able to replace them readily, if at all, with suitable or qualified candidates, and may incur additional expenses to recruit and retain new directors and senior management members, particularly those with a significant mix of both international and PRC-based energy management systems industry experience similar to its current directors and senior management members, which could negatively impact the management and growth of the business. Each of these directors and senior management members has entered into an employment agreement with the Group, which contains confidentiality and non-competition provisions.

Furthermore, as the Group expects to continue to expand its operations and develop new products, it will need to continue attracting and retaining experienced management and key research and development personnel. In particular, the Group competes to attract and retain qualified research and development personnel with other building automation technology companies, universities and research institutions. There is no assurance that the Group will be able to retain or hire qualified management and research and development personnel at all times in the future. If the Group encounters any difficulty in recruiting or retaining competent personnel to manage its business operation as well as to market and sell its products, its financial condition and results of operations may be adversely affected.

The operations of the Group are subject to environmental regulations

Although the Group is in compliance with all the current environmental and compliance regulations to conduct its current business, new regulations could require the Group to install costly equipment or to incur other significant expenses. As such, any failure to comply with any future regulations could result in the assessment of damages or imposition of fines against it, suspension of production, or a cessation of its operations. Also, any failure by the Group to control the use of, or to adequately restrict the discharge of, hazardous substances could subject it to potentially significant monetary damages and fines or suspension of its business, as well as its financial condition and results of operations.

The Group may not have comprehensive insurance coverage

The Group may become subject to liabilities against which it has not insured adequately or at all or liabilities against which cannot be insured. Should any significant property damage or personal injury occur to the Group's facilities or employees due to accidents, natural disasters, or similar events, the Group's business may be adversely impacted, potentially leading to a loss of assets, lawsuits, employee compensation obligations, or other forms of economic loss. Consistent with customary practice in the PRC, the Group does not have certain types of insurance, such as business interruption insurance, third party liability insurance for personal injury, environmental damage, or product liability insurance. The Group's insurance policies also may not continue to be available at economically acceptable premiums, or certain types of insurance may not be obtained at a reasonable cost, or at all. For example, insurance covering losses from acts of war, terrorism, or natural catastrophes is either unavailable or cost prohibitive. Any losses that the Group may incur for which it is uninsured may adversely affect the Group's business, financial condition and results of operations.

The Group may be exposed to payment delays and/or defaults by its customers

The Group implemented a change in product mix from primarily in the selling and distribution of products to the promotion of the Group's systems to project-based clients, in particular in late 2008 after the integration of Distech Controls given the technology advantage that the Group possesses. Sales contracts of the Group's systems on long term contracts, as "Contract revenue", have comparatively longer receivable contract periods due to the longer time period required to complete systems installation in longer-term projects. Further, the average trade receivable turnover days of Distech Controls was relatively higher than other Group members during the Track Record Period. As such, the account receivable turnover days was approximately 44 days, 56 days, 67 days and 94 days during the three years ended 31 December 2010 and the four months ended 30 April 2011 respectively. With the exception of new customers or those without a proven credit history, the Group generally offer its customers for relatively large system sale credit periods of up to 180 days following the date of the issuance of invoice/invoice for each installment payment. There is no assurance that the Group's customers will meet their payment obligations on time or in full or that the Group's average trade receivables turnover days will not increase. Any inability on the part of the Group's customers to settle or settle promptly the amounts due to the Group may adversely affect the Group's financial performance and operating cash flows, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Fluctuation in effective tax rate, and there is no assurance that the Group will continue to receive preferential tax treatments

During the three years ended 31 December 2010 and the four months ended 30 April 2011, the Group's effective tax rate was approximately 17.9%, 21.9%, 16.9% and 17.0% respectively. Technovator Beijing was recognized as a high and new technology enterprise in 2008 for a period of three years to 31 December 2010 and is eligible to enjoy a preferential tax rate of 15% for the years ended 31 December 2009 and 2010 which Technovator Beijing was entitled to and adopted for such periods. The preferential tax rate under the high and new technology enterprise status of Technovator Beijing expired on 1 January 2011 which will be due for renewal by the end of 2011. The PRC tax authorities provide further guidance on the extension of high and new technology enterprise status during 2011. Technovator Beijing is in the process of renewing its high and new technology enterprise status based on the guidance provided by Beijing Municipal Science & Technology Commission* (北京市科學技術委員會), Beijing Municipal Bureau of Finance* (北京市財政局), Beijing Municipal Office of State Administration of Taxation* (北京市國家稅務局) and Beijing Local Taxation Bureau* (北京市地方稅務局). The renewal of such status will entitle Technovator Beijing to the preferential tax rate of 15% from 2011 to 2013. In the event that Technovator Beijing fails to obtain such recognition, the applicable tax rate of Technovator Beijing will be 25%. For the purpose of the preparation of the financial results for the four months ended 30 April 2011, the Directors have assumed that Technovator Beijing will continue to enjoy such preferential tax rate at 15%. There can be no assurance that the renewed certificate will be granted and in such event, the applicable tax rate of Technovator Beijing will be 25% instead of 15%. Moreover, there can be no assurance that the PRC government will not revise taxation rules or regulations in the future. If any such changes occur and are not favorable to the Group, its profitability and financial position may be adversely affected.

The applicable tax rate for the other major subsidiary, Distech Controls, was approximately 30.9%, 29.9% and 28.4% for the two years ended 31 December 2010 and the four months ended 30 April 2011 respectively. In addition, the revenue contribution from Technovator Beijing increased from approximately 58% of the Group's revenue for the year ended 31 December 2009 to 61% of the Group's revenue for the year ended 31 December 2010. During the four months ended 30 April 2011, the revenue contribution from Technovator Beijing represented approximately 51% of the Group's revenue. The above factors resulted in a decrease in the Group's effective tax rate from approximately 21.9% in 2009 to 16.9% in 2010. Further, there was no transfer pricing implications between the Group companies. Any change in the tax rate of each operating subsidiary and/or the effective tax rate of the Group could have an impact on the Group's profitability.

Acts of God, acts of war, and other disasters may disrupt the Group's operations

The Group's products are manufactured/assembled (as the case may be) at its facilities located in the PRC, Canada and France. Natural disasters, epidemics and other acts of God which are beyond the Group's control may adversely affect the economy, construction projects and livelihood of the people of the PRC, Canada and France. Material damage to, or the loss of, the facilities due to fire, severe weather, flood, earthquake, or other acts of God or cause may not be adequately covered by proceeds of the Group's insurance coverage and could materially and adversely affect its business and operating results. In addition, any interruptions to the business of the Group caused by such disasters could harm its business and operating results. Acts of war and terrorist attacks may cause damage or disruption to the Group, its employees, and its markets, any of which could adversely impact the Group's business and operating results.

An outbreak of severe communicable disease, if uncontrolled, may, directly or indirectly, adversely affect the Group's operating results

The outbreak of any severe communicable disease, if uncontrolled, could have an adverse effect on the business environment in the countries in which the Group operates, which in turn may have an adverse impact on domestic consumption and, possibly the overall GDP growth of the countries in which the Group operates. Any slow down in the growth of domestic consumption and the GDP may adversely affect the Group's operations, which could affect the Group's financial position and future prospects. In addition, if any of the Group's employees is affected by any severe communicable disease outbreak, the Group may be required to quarantine the employees that have been suspected of becoming infected, as well as others that have come into contact with those employees to prevent the spread of the disease. The Group may also be required to disinfect its affected premises, which could cause a temporary suspension of its manufacturing capacity, thus adversely affecting its operations. In such event, the disruption to the Group's production could impact its financial condition, operational results, and future prospects.

The Group relies on construction projects which may be adversely affected by the recent global financial crisis

The demand for the energy management systems of the Group is dependent upon the existence of construction projects and service requirements within the markets in which it operates. Any period of economic recession affecting a market or industry in which the Group transacts business is likely to adversely impact the Group's business. Many of the projects that the Group participates in are relatively long in duration and the bulk of the Group's performance generally occurs later in construction projects. The Group may experience the results of economic trends well after an economic cycle begins. Unfavorable financial or economic conditions, such as those caused by the recent global financial and economic crisis, including the current Europe debt crisis, have adversely affected consumer confidence, which may cause declines in sales. Accordingly, the Directors cannot assure you that the business of the Group has yet experienced all or most of the adverse effects of the recent global financial crisis.

The Directors cannot predict the severity or length of the recent global financial crisis. The Directors believe that economic conditions caused by any financial crisis/recession means that the Group's customers may postpone expenditures while credit markets remain, largely, closed to funding commercial and industrial developments. The industries and markets that the Group operates in have always been and will continue to be vulnerable to these general macroeconomic factors. Further, if there is any drop in the demand for projects within the Group's markets and industries, it will likely lead to greater price competition as well as decreased revenue and profit. In addition, it may increase economic instability with the Group's vendors, subcontractors, developers and general contractors, which could cause the Group to be exposed to greater liability as well as decreased revenue and profit. In the event that the business of the Group's vendors, subcontractors, developers or general contractors decline due to the global financial crisis/recession and affect the demand of the Group's products, the Group's business, financial position and results of operations may be adversely affected.

RISKS RELATING TO THE INDUSTRY IN WHICH THE GROUP OPERATES

The Group is dependent on growth in the green energy savings industry

The performance of the Group is reliant on the demand for green energy saving projects globally, which is in turn significantly affected by the policies of governments, the economic environments and level of "intelligent building" construction worldwide. Governments worldwide have in recent years increased their support for green energy savings projects and renewable energy, emphasizing the development of the "intelligent building" industry, with the introduction of various favorable laws and regulations. For details of the laws and regulations governing the "intelligent building" industry, please refer to the section headed "Regulatory overview". However, there can be no assurance that the demand for green energy savings projects will continue to grow globally, and if there is a substantial decrease in the demand and implementation of green energy savings projects, the business of the Group could be adversely affected.

The Group may face competition from other energy management systems or solution providers

The market for energy management systems is competitive. The competitors of the Group include international enterprises with substantially greater resources than the Group, as well as new domestic and foreign market entrants. The competitors of the Group may develop and introduce new products sooner, or provide more attractively priced, enhanced, or better quality products and systems, than the Group does. In addition, competition may intensify if the energy management industry expands as demand increases and governments worldwide strengthen their support for green energy savings projects.

Nonetheless, the markets for energy management systems in the PRC is fragmented, and the Group faces intense competition from domestic and international providers of those products. Therefore, there can be no assurance that the Group will be able to maintain its position as a leading provider of these products in the future. While the Directors believe that the Group's established design, manufacturing and distribution capabilities will enable it to become a leading provider of energy management systems, there is no assurance that the Group will be able to compete successfully against its current and future competitors.

Fluctuation in market demand may affect the demand of the Group's products

The profitability of companies in the Group's industry depends on the performance and business of the industry's customers. During the Track Record Period, most of the Group's revenue was generated from the sale of its products and services to customers in the PRC, North America and Europe. For the three years ended 31 December 2010 and the four months ended 30 April 2011, approximately 62.0%, 59.9%, 61.8% and 51.0% of the Group's revenue was generated in the PRC, approximately 21.6%, 29.2%, 22.5% and 26.9% of the Group's revenue was generated in North America (U.S. and Canada) and approximately 1.7%, 1.4%, 13.2% and 16.3% of the Group's revenue was generated in Europe respectively. Demand for the Group's products is dependent on capital expenditure of building construction companies, which in turn is largely dependent on market demand for energy-saving projects. A prolonged decline in market demand could directly or indirectly reduce the demand for the Group's building automation, control security, and fire alarm systems and have an adverse effect on the business, financial condition and results of operations of the Group.

Demand for renewable energy and green energy savings projects is dependent upon the cost of conventional energy

Demand for green energy savings projects is dependent upon the cost of conventional energy to customers, including petroleum, coal and natural gas. Recent volatility in the prices of conventional fuels, in particular, oil and natural gas, have enhanced the demand for renewable energy such as solar, hydro, wind and nuclear energy, which reduce the cost of energy. However, technological progress in the exploitation of other energy sources or discovery of large new deposits of oil, gas or coal may result in a decline in the price of those fuels, could increase the competitiveness of energy generated from conventional sources. As the Group's products, in particular the integrated building automation systems and energy management systems, are designed and manufactured to achieve energy-saving, which end-customers will be able to save their costs on energy consumptions, whether such energy is produced by conventional energy or renewable energy, or a combination of both. A reduction in the cost of conventional energy to customers could result in the demand for renewable energy and green energy saving projects, which will have a material adverse effect on the Group's business, financial condition or results of operations.

RISKS RELATING TO THE COUNTRIES IN WHICH THE GROUP OPERATES

Risks relating to the PRC

Changes in the economic, political and social conditions in the PRC, and policies adopted by the government may adversely affect the business, operating results and financial condition of the Group

The economy of the PRC differs from the economies of most countries belonging to the Organization for Economic Cooperation and Development in such respects as structure, government involvement, level of development, growth rate, capital reinvestment, allocation of resources, rate of inflation and balance of payments position. Prior to 1978, the economy of the PRC was a planned economy. Since 1978, increasing emphasis has been placed on the utilization of market forces in the development of the PRC economy. Annual and Five-Year Plans (中國五年計劃) are adopted by the PRC government in connection with the development of the economy. In general, the PRC government is reducing the level of direct control which it exercises over the economy through State Plans and other measures. Further, there is an increasing level of freedom and autonomy in areas such as allocation of resources, production, pricing and management, and a gradual shift in emphasis to a "market economy" and enterprise reform. Price reforms have been undertaken, with the result that prices for certain commodities are principally determined by market forces. Many of the reforms are unprecedented or experimental and may be subject to revision, change or abolition based upon the outcome of such experiments. There can be no assurance that the PRC government will continue to pursue a policy of economic reform. The Group may not, in all cases, be able to capitalize on the economic reform measures adopted by the PRC government.

The Group's operations and financial results could be adversely affected by changes in PRC political, economic, and social conditions or the relevant policies of the PRC government, such as changes in laws and regulations (or the interpretation thereof), measures which might be introduced to control inflation, changes in the rate or method of taxation, imposition of additional restrictions on currency conversion, and the imposition of additional import restrictions. Furthermore, a significant portion of the economic activity in the PRC is export-driven and, therefore, is affected by development in the economies of the PRC's principal trading partners and other export driven economies.

Uncertainty in the PRC legal system may limit the legal protections available to the Group

The PRC legal system is based on the PRC Constitution and consists of written laws, regulations, circulars and directives. Furthermore, precedents on the interpretation, implementation and enforcement of PRC laws and regulations are limited and are not binding in the law courts of the PRC. The PRC government is still in the process of developing a comprehensive system of commercial laws and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade. However, owing to the non-binding nature of these precedents, interpretation and enforcement of these precedents involve uncertainties and outcomes of dispute resolutions may not be consistent or predictable as in the other more developed jurisdictions. Such uncertainties could limit the legal protections available to the Group.

PRC regulations may delay or prevent the Group's ability to make additional capital contributions or loans to Technovator Beijing

As an offshore entity, any capital contributions or loans the Group makes to Technovator Beijing, including but not limited to the proceeds from the Share Offer, are subject to PRC regulations. For example, any capital contributions to Technovator Beijing must be approved by the competent commerce authority. In addition, the size of any offshore loans to Technovator Beijing cannot exceed the difference between Technovator Beijing's registered capital and total investment, and such loans must be registered with the SAFE or its authorized organization. The Directors cannot assure investors that the Group will be able to obtain these approvals on a timely basis, or at all. If the Group fails to obtain such approvals in a timely manner or at all, its ability to capitalize Technovator Beijing or fund its operations or to utilize the proceeds of the Share Offer in the manner described in the section headed "Future plans — Use of proceeds" in this prospectus may be negatively affected, which could adversely affect the liquidity of Technovator Beijing and the Group's ability to expand its businesses in the PRC.

Payment of dividends by Technovator Beijing is subject to restrictions under PRC law

Under PRC law, dividends may be paid only out of distributable profits. Distributable profits with regards to the subsidiaries of the Group incorporated in the PRC means their after-tax profits as determined under PRC GAAP, less any recovery of accumulated losses and allocations to statutory funds that it is required to make. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years. The calculation of distributable profits under PRC GAAP differs in many respects from the calculation under HKFRSs. As a result, Technovator Beijing may not be able to pay any dividend in a given year to the Group to the extent that it does not have distributable profits as determined under PRC GAAP, even if it has profits for that year as determined under HKFRSs. Accordingly, since the Group derives a significant portion of its profits from Technovator Beijing, the Group may not receive sufficient distributable profits to pay dividends to its shareholders, even if there is such amount as shown in its accounts prepared under HKFRSs.

If the Company is considered a PRC resident enterprise for PRC income tax purposes, the Group's worldwide income may be subject to the PRC enterprise income tax

Under the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法) which became effective on 1 January 2008 (the "PRC EIT Law"), enterprises established outside of the PRC whose "de facto management bodies" are located within the PRC are considered "resident enterprises" and will generally be subject to the enterprise income tax at the rate of 25% on their worldwide income. According to a recent circular promulgated by the State Administration of Taxation titled Circular regarding Matters on Determination of Tax Residence Status of PRC-controlled Offshore Incorporated Enterprises under Rules of Effective Management (國家稅務總局關於境外注冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知) which took effect on 1 January 2008, an enterprise which is incorporated offshore while controlled by PRC domestic enterprise will be regarded as "resident enterprise" for PRC enterprise income tax purposes if their "de facto management body" is regarded to be based in the PRC for meeting all of the following criteria: (1) both its management in charge of the day-to-day operations and the premises where its management discharge duty are mainly based in the PRC; (2) its financial and personnel decisions are or need to be made or approved by bodies or personnel located in the PRC; (3) its major assets, account books, company seal, board, and shareholder meeting minutes and such kind of other files are preserved in the PRC; and (4) no less than half of its directors or management with voting rights habitually reside within the PRC. While the Directors do not believe the Company should be considered a resident enterprise as currently it does not meet all of the above criteria, there is no assurance that it will continuously not meet all of these criteria in the future and not be considered a PRC resident enterprise by the PRC tax authorities. The Directors also cannot assure that the PRC authorities will not amend the relevant rules or promulgate new tax rules in the future to the effect that the Company meets all the relevant criteria and is thus treated as a PRC resident enterprise which shall be subject to PRC enterprise income tax at the rate of 25% on its worldwide income. Should any of these occur, the financial condition of the Group may be materially adversely affected.

If the Company is considered a non-PRC resident enterprise for PRC income tax purposes, dividends payable by the Company's PRC subsidiary to the Company may not qualify to enjoy the preferential tax treatment under the Tax Treaty

The Company is incorporated under the laws of Singapore with a substantial part of its operation conducted through the Company's PRC subsidiary, Technovator Beijing. Under the PRC EIT Law, dividends, interests, rents, and royalties payable by a foreign invested enterprise in the PRC to its foreign investor who is a non-resident enterprise, as well as gains on transfers of shares of a foreign-invested enterprise in the PRC by such a foreign investor, will be subject to a 10% withholding tax, unless such non-resident enterprise's jurisdiction of incorporation has a tax treaty with the PRC that provides for a reduced rate of withholding tax. Under the Treaty between Singapore and the PRC for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (中華人民共和國政府和新加坡共和國政府關於對所得避免雙重徵稅和防止偷漏稅的規定) executed on 11 July 2007 (the "Tax Treaty"), the withholding tax rate for dividends paid by a PRC resident enterprise to a Singapore resident enterprise shall not exceed 5% if the Singapore enterprise owns at least 25% equity interest of the PRC enterprise; otherwise the dividend withholding tax rate is 10%. According to the Notice of the State Administration of Taxation on Issues regarding the Administration of the Dividend Provision in Tax Treaties (國家稅務總局關於執行稅收協定股息條款有關問題的通知) (the "Notice 81") promulgated on 20 February 2009, to apply the Tax Treaty, certain requirements shall be satisfied, among which: (1) the taxpayer shall be the beneficiary owner of the relevant dividends; (2) for corporate recipients that enjoy the tax treatment under the Tax Treaty as direct owners of a certain proportion of the equity interest of a PRC enterprise (usually such certain proportion shall be 25% or 10%, and under the Tax Treaty, it is 25%), such corporate recipients must satisfy the direct ownership thresholds at all times during the 12 consecutive months preceding the receipt of the dividends. On 24 August 2009, the State Administration of Taxation issued the Administrative Measures for Non-resident Enterprises to Enjoy Treatments under Tax Treaties (For Trial Implementation) (非居民企業享受稅收協定待遇管理辦法) (the "Administrative Measures"), which became effective on 1 October 2009 and requires that the non-resident enterprises obtain the approval for enjoying the treatments under tax treaties from the competent tax authority. Further, the State Administration of Taxation promulgated the Notice on How to Understand and Recognize the "Beneficiary Owner" in Tax Treaties (國家稅務總局關於如何理解和認定稅收協定中"受益所有人"的通知) on 27 October 2009, which limited the "Beneficiary Owner" to individuals, enterprises or other organizations normally engaged in substantive operations, and set forth certain adverse factors on the recognition of such "Beneficiary Owner". Given the various PRC tax regulations providing more and more strict requirements for enterprises to apply preferential withholding tax rate under tax treaties, the Directors can not assure you that the Company can satisfy all these requirements and obtain necessary approval to enjoy the preferential treatment under the Tax Treaty.

The enforcement of the Labor Contract Law and other labor-related regulations in the PRC may adversely affect the Group's business and results of operations

On 29 June 2007, the National People's Congress of the PRC enacted the PRC Labor Contract Law (中華人民共和國勞動合同法) ("Labor Contract Law"), which was implemented on 1 January 2008. Compared to the Labor Law of the PRC (中華人民共和國勞動法), the Labor Contract Law establishes more restrictions and increases an employer's costs when reducing its workforce. The Labor Contract Law includes specific provisions related to fixed-term employment contracts, temporary employment, probation, consultation with labor unions and employee general assemblies, employment without a contract, dismissal of employees, compensation upon termination and overtime work, and collective bargaining. According to the Labor Contract Law, an employer is obligated to enter into a labor contract without fixed term with an employee if the employer continues to employ the employee after two consecutive fixed term labor contracts. The employer also has to pay compensation to employees if the employer terminates an unlimited term labor contract for any reason other than those set out under the Labor Contract Law. Further, under the Regulations on Paid Annual Leave for Employees (職工帶薪年休假條例), which was implemented on 1 January 2008, employees who have served more than one year with an employer are entitled to paid vacation ranging from five to 15 days, depending on their length of service. Employees who waive such vacation entitlement at the request of employers shall be compensated at three times of their normal salaries for each waived vacation day. As a result of these protective labor measures, the Group's historical labor costs may not be indicative of its labor costs going forward. Compliance with the relevant laws and regulations may substantially affect its operating costs and thus may have a material adverse effect on its results of operations.

Restriction on currency conversion may affect the value of your investment and limit the Group's ability to utilize its cash effectively

A significant portion of the turnover of the Group is denominated in Renminbi. The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of the PRC. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade related transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, approval from or registration with SAFE or its local branch is required where Renminbi is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions.

Risks relating to the Group's operations outside of the PRC

Changes in the economic, political and social conditions at places where the Group operates may adversely affect the business, operating results and financial condition of the Group

The Group's operations and financial results could be adversely affected by changes in the political, economic and social conditions in their respective principal place of operations, changes in laws and regulations (or the interpretation thereof) or the rate or method of taxation in such jurisdiction(s), or imposition of restrictions on currency conversion or restrictions on imports and exports in such jurisdiction(s).

Singapore taxes may differ from tax laws of other jurisdictions, including Hong Kong

Prospective investors should consult their tax advisors concerning the overall tax consequences of acquiring, owning, or selling the Shares. Singapore tax law may differ from the tax laws of other jurisdictions, including Hong Kong. Please refer to the section headed "Regulatory overview" and Appendix IV to this prospectus for more information.

RISKS RELATING TO OWNERSHIP OF THE SHARES

Marketability and possible price and trading volume volatility of the Shares

Prior to the Share Offer, there was no public market for the Shares. The Offer Price was the result of negotiations among the Company and the Underwriters, and the Offer Price may differ significantly from the market price for the Shares following the Share Offer. The Group has applied to list and deal in the Shares. However, a listing does not guarantee that an active trading market for the Shares will develop following the Share Offer or in the future.

Upon listing of the Shares, the price and trading volume of the Shares may be affected by various factors such as the Group's revenues, earnings and cash flows, announcements of new investments, strategic alliances and/or acquisitions, fluctuations in market prices for its products, or fluctuations in market prices for companies in its industry. All such changes could cause the market price and transaction volume of the Shares to change substantially. There is no assurance that these developments will not occur in the future.

No guarantee that dividends will be declared in the future

The Company has not declared and paid any dividend during the Track Record Period. Going forward, the Directors may declare dividends after taking into account, among others, the Group's results of operations, cash flows and financial condition, operating and capital requirements, the amount of distributable profits based on HKFRSs, its memorandum of association and the Articles of Association, the Singapore Companies Act, applicable laws and regulations, and other factors that the Directors deem relevant.

The future declaration of dividends, if any, may or may not reflect the historical dividend track record and will be at the discretion of the Board. There is no assurance that the Company will pay dividends in the future.

Ability to raise capital in the future

The Directors believe that the existing cash and cash equivalents of the Group together with the net proceeds from the Share Offer will be sufficient to meet the anticipated cash requirements of the Group for at least the next 12 months from the date of this prospectus. The timing and amount of the working capital and capital expenditure requirements may vary significantly depending on a number of factors, including but not limited to market acceptance of the Group's products and the existence of opportunities for expansion.

If the Group's capital resources are insufficient to satisfy the liquidity requirements, the Company may seek to sell additional equity securities or debt securities, or obtain debt financing. The sale of additional equity securities or convertible debt securities would result in additional dilution to the Shareholders. Also, additional indebtedness would result in, among others, increased expenses and may result in covenants that would restrict the Group's operations. Currently, the Group has not made arrangements to obtain additional financing, and there is no assurance that financing, if required, will be available in amounts or on terms acceptable to the Group. Any inability to raise capital in the future could have an adverse effect on the Group's further business development and ability to fulfill its future plans and objectives.

Future sales of substantial amounts of the Shares in the public market could have a material adverse effect on the prevailing market price of the Shares

The market price of the Shares could decline as a result of future sales of substantial amounts of the Shares or other securities relating to the Shares in the public market or the issuance of new Shares, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of the Shares could also materially and adversely affect the Company's ability to raise capital in the future at a time and at a price the Directors deem appropriate. In addition, the Shareholders may experience dilution in their holdings to the extent the Company issues additional securities in future offerings.

The Company is a Singapore-incorporated company governed by Singaporean laws and regulations

The Company is incorporated in Singapore and is subject to the Singapore Companies Act. Singapore laws and regulations may differ in some respects from comparable Hong Kong laws and regulations, as outlined in Appendix V to this prospectus.

The Company's corporate affairs are governed by its Memorandum of Association and the Articles, the Singapore Companies Act and common law of Singapore. The laws of Singapore relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes or judicial precedents in existence in Hong Kong and other jurisdictions. The Company's minority Shareholders should be aware of the differences which may mean that there are different remedies than they would have under the laws of Hong Kong or other jurisdictions. Furthermore, potential investors should be aware that there is a risk that the provisions of the Singapore Companies Act may not offer the same protection as the Companies Ordinance and the SFO and that they may have more difficulty in protecting their interests in connection with actions taken by the management or members of the Board or the principal Shareholders than they would as shareholders of a company incorporated in Hong Kong. Please refer to Appendix IV to this prospectus for more information on the protection of minority rights in Singapore. In addition, the corporate governance practices in Singapore may operate differently from the corporate governance practices in Hong Kong. Obtaining independent legal advice on the implications of investing in foreign-incorporated companies is advised.

There are risks associated with forward-looking statements

This prospectus contains certain statements and information that are "forward-looking" and uses forward-looking terminology such as "anticipate", "believe", "could", "expect", "estimate", "may", "ought to", "should" or "will". Those statements include, among other things, the discussion of the Group's growth strategy and expectations concerning its future operations, liquidity, and capital resources. Purchasers of the Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that, although the Directors believe the assumptions on which the forward-looking statements are based are reasonable, any or all of those assumptions could prove to be incorrect and as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include, but are not limited to, those identified in this "Risk Factors" section, many of which are not within the Group's control. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by the Group that its plans or objectives will be achieved, and investors should not place undue reliance on such forward-looking statements. The Directors do not undertake any obligation to update publicly or release any revisions of any forward-looking statements in this prospectus, whether as result of new information, future events, or otherwise. These forward-looking statements speak only as at the Latest Practicable Date.

Certain facts and statistics contained in this prospectus have come from official sources whose reliability cannot be assumed or assured

Certain facts and statistics in this prospectus are derived from official sources and other industry sources. The Directors believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. The Directors have no reason to believe that such information is false or misleading, or that any fact has been omitted that would render such information false or misleading. As the information has not been independently verified by the Directors and therefore the Directors make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information and may not be complete or up-to-date. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable from period to period or to statistics produced for other economies and should not be unduly relied upon. Further there can be no assurance that they are stated or compiled on the same basis or with the same degree or accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should place on all such facts and statistics.

In preparation for Listing, the Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE

Rule 8.12 of the Listing Rules requires that a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong.

The Group carries on a significant part of its business operations in Singapore, the PRC, North America and Europe and all of its production/assembly (as the case may be) facilities are located in the PRC, Canada and France. The Group's head office is located in Singapore and its Directors and senior management members are, and will continue to be based in Singapore, the PRC, North America or Europe. The Group does not carry on any business nor does it have any other form of presence in Hong Kong. Mr. Leung Lok Wai, a joint company secretary of the Company, is the holder of a Hong Kong permanent identity card and will be ordinarily resident in Hong Kong upon the proposed Listing, but none of the executive Directors are Hong Kong residents or are based in Hong Kong. For the reasons set out above, the Directors consider that it would be practically difficult and commercially not feasible for the Company to appoint another person who is ordinarily resident in Hong Kong as executive Director or to relocate any of the other existing executive Directors to Hong Kong merely for the purpose of complying with Rule 8.12 of the Listing Rules.

An application has been made to the Stock Exchange for a waiver from strict compliance with requirements set out in Rule 8.12 of the Listing Rules and such waiver has been granted by the Stock Exchange. The arrangements proposed by the Company for maintaining at all times regular, adequate and effective communication with the Stock Exchange for the purpose of Rule 8.12 of the Listing Rules are as follows:

(a) The Company has appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules who will act as the Company's principal communication channel with the Stock Exchange and will ensure that they comply with the Listing Rules at all times. The two authorized representatives to be appointed are Mr. Zhao Xiaobo and Mr. Seah Han Leong, both executive Directors. Each of the authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable timeframe upon request and will be readily contactable by mobile or residential telephone, facsimile or email. Each of the two authorized representatives has been duly authorized to communicate on behalf of the Company with the Stock Exchange;

(b) The Company has appointed a compliance advisor, Guotai Junan Capital Limited, pursuant to Rule 3A.19 of the Listing Rules who will also act as the Company's alternate communication channel with the Stock Exchange for the period commencing on the Listing Date and ending on the date on which the Company distributes the annual report for the first full financial year after the Listing Date in accordance with Rule 13.46 of the Listing Rules;

(c) Both the authorized representatives have means to contact all members of the Board (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the Board for any matters;

(d) The Company will implement a policy whereby (a) each Director (including the independent non-executive Directors) will provide his or her respective mobile phone number, residential phone number, fax number and email address to the authorized representatives; (b) each Director (including the independent non-executive Directors) will provide valid phone numbers or means of communication to the authorized representatives when he or she travels; and (c) each Director (including the independent non-executive Directors) and each authorized representative will provide his or her mobile phone number, office phone number, fax number and email address to the Stock Exchange; and

(e) All of the executive Directors, non-executive Directors and independent non-executive Directors who are not ordinarily resident in Hong Kong have confirmed that they hold valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange in Hong Kong within reasonable period of time, when required.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Members of the Group have entered into certain transactions, which would constitute non-exempt continuing connected transactions of the Company under the Listing Rules after the Listing. The Company has applied to the Stock Exchange for a waiver from strict compliance with the relevant announcement and/or independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules for such non-exempt continuing connected transactions. Further details of such waiver are set out in the section headed "Continuing connected transactions" of this prospectus.

QUALIFICATION OF JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, the secretary of the Company must be a person who is ordinarily resident in Hong Kong, and who has the requisite knowledge and experience to discharge the functions of a company secretary and is either (i) a member of the Hong Kong Institute of Chartered Secretaries, a solicitor or barrister or a professional accountant; or (ii) an individual who, by virtue of his academic or professional qualifications or relevant experience, is in the opinion of the Stock Exchange capable of discharging those functions.

The Companies Act (Cap. 50) of Singapore requires all companies incorporated in Singapore to appoint a company secretary who must be a resident residing in Singapore. Two joint company secretaries of the Company, Mr. Luk Chiew Peng and Mr. Koh Kok Ong, who are residents residing in Singapore, do not possess the qualifications or experience required under Rule 8.17(2) of the Listing Rules.

As such, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements set out in Rule 8.17 of the Listing Rules for an initial period of three years from the Listing Date subject to the following conditions:

(a) the Company has appointed (i) Mr. Zhao Xiaobo and Mr. Seah Han Leong as authorized representatives of the Company, and (ii) Guotai Junan Capital Limited as the compliance advisor of the Company to act as the Company's additional communication channel with the Stock Exchange;

(b) the Company has appointed Mr. Leung Lok Wai as a joint company secretary of the Company, who meets all requirements under Rule 8.17 of the Listing Rules to assist Mr. Luk Chiew Peng and Mr. Koh Kok Ong so as to enable them to acquire the relevant experience in order to discharge the duties of a company secretary under Rule 8.17(3) of the Listing Rules. This waiver will be revoked immediately when Mr. Leung Lok Wai ceases to be a joint company secretary of the Company or the Company does not have a joint secretary who meets all requirements under Rule 8.17 of the Listing Rules to assist Mr. Luk Chiew Peng and Mr. Koh Kok Ong during such three-year period;

(c) Mr. Luk Chiew Peng and Mr. Koh Kok Ong will take external training courses provided by the Law Society of Hong Kong or any other professional bodies in order to acquire and understand the updated requirements and developments of the Listing Rules. Furthermore, the Company will engage legal advisors with appropriate qualification and experience to provide a series of training courses to Mr. Luk Chiew Peng and Mr. Koh Kok Ong for any update of the Listing Rules as well as other relevant laws and regulations during such three-year period; and

(d) upon the expiry of such three-year period, the Stock Exchange may re-visit the situation in the expectation that the Company should then be able to demonstrate to the Stock Exchange's satisfaction that, Mr. Luk Chiew Peng and Mr. Koh Kok Ong, having had the benefit of Mr. Leung Lok Wai's assistance for such three-year period, would have acquired the relevant experience within the meaning of Rule 8.17(3) of the Listing Rules such that a further waiver will not be necessary.

Mr. Luk Chiew Peng and Mr. Koh Kok Ong have provided valid phone numbers and email addresses to the Stock Exchange and will inform the Stock Exchange promptly in the event of any change of means of communications. Furthermore, in order to ensure effective communication between the Company's company secretaries and the Stock Exchange, the Group has appointed Mr. Zhao Xiaobo and Mr. Seah Han Leong as the authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as the principal communication channel with the Stock Exchange. Each of the authorized representatives will be available to meet with the Stock Exchange within a reasonable time frame upon request by the Stock Exchange and will be readily contactable by telephone or facsimile or email. The Group has also appointed Guotai Junan Capital Limited as the compliance advisor pursuant to Rule 3A.19 of the Listing Rules, who will act as the principal communication channel with the Stock Exchange, in addition to the authorized representatives. The contact persons of the compliance advisor have provided their contact details to the Stock Exchange and will also be fully available to answer queries from the Stock Exchange.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters and the omissions of which would make any statement herein or this prospectus misleading.

UNDERWRITING

This prospectus is published solely in connection with the Public Offer, which forms part of the Share Offer, which is sponsored by the Sole Sponsor and managed by the Joint Lead Managers. The Public Offer is fully underwritten by the Public Offer Underwriters (subject to the terms and conditions of the Public Offer Underwriting Agreement). For further information about the Underwriters and the underwriting arrangements, please refer to the section headed "Underwriting" in this prospectus.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined by the Joint Bookrunners (on behalf of the Underwriters) and the Company at or before 5:00 p.m. on Thursday, 20 October 2011, and in any event no later than at or before 5:00 p.m. on Tuesday, 25 October 2011.

If the Joint Bookrunners (on behalf of the Underwriters) and the Company are unable to reach an agreement on the Offer Price at or before 5:00 p.m. on Tuesday, 25 October 2011, or such later date or time as may be agreed between the Joint Bookrunners (on behalf of the Underwriters) and the Company, the Share Offer will not proceed.

RESTRICTIONS ON OFFER OF THE OFFER SHARES

No action has been taken to permit a public offer of the Offer Shares or the general distribution of this prospectus and/or the related Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. Each person acquiring the Public Offer Shares under the Public Offer will be required to confirm, or be deemed by his acquisition of Public Offer Shares to confirm, that he is aware of the restrictions on offers and sales of the Offer Shares described in this prospectus.

The Offer Shares are offered to the public in Hong Kong for subscription solely on the basis of the information contained and representations made in this prospectus and the Application Forms, and on the terms and subject to the conditions set out herein and therein. No person is authorized in connection with the Share Offer to give any information, or to make any representation, not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorized by the Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors or any other persons or parties involved in the Share Offer.

PRC

This prospectus has not been and will not be circulated or distributed in the PRC and the Offer Shares may not be offered or sold directly or indirectly to any resident of the PRC, or offered or sold to any person for re-offering or re-sale, directly or indirectly, to any resident of the PRC except pursuant to applicable laws and regulations of the PRC. For the purposes of this paragraph, PRC does not include Hong Kong, Macau and Taiwan.

Taiwan

The Offer Shares have not been and will not be registered with the Securities and Futures Bureau of Taiwan and are not being offered for subscription or sold and may not be offered for subscription or sold, directly or indirectly, in Taiwan otherwise to, or for the benefit of, any resident of Taiwan except (a) pursuant to the requirements of the securities related laws and regulations in Taiwan and (b) in compliance with any other applicable requirements of Taiwanese laws.

United Kingdom

This prospectus does not constitute an offer document or an offer of transferable securities to the public in the United Kingdom (the "UK") to which section 85 of the Financial Services and Markets Act 2000 of the UK (as amended, the "FSMA") applies, and should not be considered as a recommendation that any person should subscribe for or purchase any of the Offer Shares. The Offer Shares will not be offered or sold to any person in the UK save in the circumstances which have not resulted and will not result in an offer to the public in the UK in contravention of section 85(1) of the FSMA.

This prospectus is not being distributed by, nor has it been approved for the purposes of section 21 of the FSMA by a person authorized under the FSMA. This prospectus is being communicated in the UK only to, and is directed only at persons, (i) who are outside the UK; or (ii) who have professional experience in matters relating to investments falling with article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "FSMA Order"); or (iii) falling within article 49(2)(a) to (d) of the FSMA Order (together, the "Relevant Persons"). The Offer Shares are available only to, and any invitation, offer or agreement to purchase will be engaged in only with relevant persons. No part of this prospectus should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without prior written consent of each of the Company, the Joint Bookrunners and other international underwriters. Any investment or investment activity to which this prospectus relates is available in the UK only to relevant persons and will be engaged in only with relevant persons and persons who do not fall within (i), (ii) or (iii) above should not rely on or act upon this communication.

Singapore

This prospectus has not been and will not be lodged with and registered as a prospectus with the Monetary Authority of Singapore.

The Offer Shares are offered by the Company pursuant to exemptions invoked under sections 274 and 275 of the securities and future act (chapter 289) of Singapore (the "SFA"). Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Offer Shares may not be circulated or distributed, nor may the Offer Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor pursuant to section 274 of the SFA; (ii) to a relevant person, and in accordance with the conditions, specified in section 275 of the SFA or (iii) pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Offer Shares are subscribed or purchased under section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in section 4a of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the offer shares pursuant to an offer made under section 275 of the SFA except:

(1) to an institutional investor (for corporations, under section 274 of the SFA) or to a relevant person defined in section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in section 275 of the SFA;

(2) where no consideration is or will be given for the transfer; or

(3) where the transfer is by operation of law.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

An application has been made to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue, the Offer Shares and the Shares to be issued as described in this prospectus on the Stock Exchange (including any Shares to be issued pursuant to the exercise of options granted under the Technovator Employee Share Option Scheme 2009).

No part of the Shares or loan capital of the Company is listed, traded, or dealt in on any stock exchange. As at the Latest Practicable Date, the Company was not seeking or proposing to seek listing of, or permission to deal in, the securities of the Company on any other stock exchange.

ELIGIBILITY FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the Shares on the Stock Exchange and the Company's compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance, and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date as HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS. If investors are unsure about the details of CCASS settlement arrangement and how such arrangements will affect their rights and interests, they should seek the advice of their stockbroker or other professional advisor.

HONG KONG REGISTER AND STAMP DUTY

All of the Offer Shares will be registered on the Company's branch register of members to be maintained in Hong Kong by the Company's Hong Kong share registrar, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

The Company's principal register of members will be maintained by the Company's principal share registrar, Tricor Barbinder Share Registration Services at 8 Cross Street #11-00, PWC Building, Singapore 048424.

Dealings in the Shares registered in the branch register of members of the Company in Hong Kong will be subject to Hong Kong stamp duty. No stamp duty is payable by applicants in the Share Offer.

Unless determined otherwise by the Company, dividends payable in Hong Kong dollars in respect of the Shares will be paid to the Shareholders listed on the Company's Hong Kong branch register of members to be maintained in Hong Kong, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder or if joint Shareholders, to the first-named therein in accordance with the Articles.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors for the Offer Shares are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of holding and dealing in the Shares. It is emphasized that none of the Company, the Sole Sponsor, the Joint Bookrunners, any of the Underwriters, any of their respective directors, officers, representatives, or affiliates of any of them or any other person or party involved in the Share Offer accepts responsibility for any tax effects or liabilities of holders of the Shares resulting from the subscription for, purchasing, holding or disposing of or dealing in the Offer Shares.

OVER-ALLOTMENT AND STABILIZATION

In connection with the Share Offer, Piper Jaffray Asia Securities, its affiliates or any person acting for it, as the stabilizing manager, on behalf of the Placing Underwriters, may over-allot or effect transactions with a view to preventing a decline in the market price of the Shares for a limited period after the issue date. However, there is no obligation on the Stabilizing Manager, its affiliates or any person acting for it to do this. Such stabilization action, if taken, may be discontinued at any time and is required to be brought to an end after a limited period. In Hong Kong and certain other jurisdictions, activity aimed at reducing the market price is prohibited, and the price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Share Offer, the Company intends to grant to the Joint Bookrunners (on behalf of the Placing Underwriters) the Over-allotment Option such that the Stabilizing Manager may over-allocate or effect any other transactions with a view to stabilizing or maintaining the market price of the Shares at a level higher than that which might otherwise prevail in the open market. The option will be exercisable in full or in part by the Joint Bookrunners (on behalf of the Placing Underwriters) up to Saturday, 19 November 2011, being 30 days after the last day for the lodging of applications under the Public Offer. Pursuant to the Over-allotment Option, the Company may be required to allot and issue up to 18,300,000 additional new Shares (representing 15% of the number of the Offer Shares initially available under the Share Offer), in connection with over-allocations in the Share Offer, if any.

Further details with respect to stabilization and the Over-allotment Option are set out in the sections headed "Structure of the Share Offer — Over-subscription and the Over-allotment Option" and "Structure of the Share Offer — Stabilization" of this prospectus.

PROCEDURES FOR APPLICATION FOR SHARES

The procedures for applying for the Public Offer Shares are set out in the section headed "How to apply for the Public Offer Shares" and on the relevant Applications Forms.

STRUCTURE OF THE SHARE OFFER

Details of the structure of the Share Offer, including its conditions, are set out in the section headed "Structure of the Share Offer" in this prospectus.

EXCHANGE RATE CONVERSION

In this prospectus, unless otherwise stated, amounts denominated in Renminbi have been translated into US dollars at the rate of US$1 to RMB6.36, amounts denominated in HK dollars have been translated into U.S. dollars at the rate of US$1 to HK$7.78, amounts denominated in Canadian dollars have been translated into U.S. dollars at the rate of US$1 to CAD$1.0297, amounts denominated in Euro have been translated into U.S. dollars at the rate of US$1 to Euro0.7372, and amounts denominated in Singapore dollars have been translated into U.S. dollars at the rate of US$1 to S$1.2850 for figures as at the Latest Practicable Date and any future periods. For the avoidance of doubt, the then applicable exchange rates were used for historical periods, including but not limited to the financial information for the Track Record Period. Such conversions are for illustration purpose only and shall not be construed as representations that amounts in Renminbi, HK dollars, U.S. dollars, Canadian dollars, Euro and Singapore dollars were or could be converted to Renminbi, HK dollars, U.S. dollars, Canadian dollars, Euro and Singapore dollars at such rates or any other exchanges rates on such date or any other date.

ROUNDINGS

Any discrepancies in any table between totals and sums of individual amounts listed in any table are due to rounding.

DIRECTORS

Name	Residential address	Nationality
Executive Directors		
Mr. Zhao Xiaobo (趙曉波)	15-4-303, House 9 An Ning Zhuang Xi Road Haidian District Beijing, PRC	Chinese
Mr. Seah Han Leong (謝漢良)	46 Li Hwan Close Golden Hill Estate Singapore (557169)	Singaporean
Non-executive Directors		
Mr. Lu Zhicheng (陸致成) *(Chairman)*	Room 101, Unit 3 No.12 Building Lan Qi Ying Haidian District Beijing, PRC	Chinese
Dr. Li Jisheng (李吉生)	Unit 141 No.2 Building M+North West Tsinghua University Haidian District Beijing, PRC	Chinese
Mr. Liu Tianmin (劉天民)	No.11, Xuan Ren Fu Wang Fu Garden Chang Ping District Beijing, PRC	American
Mr. Ng Koon Siong (黃坤商)	160 Jalan Batalong East Singapore 509648	Singaporean
Ms. Shi Shanshan (施珊珊)	No. 267, Lane 555 Hong Xu Road Min Hang District Shanghai, PRC	Chinese

Name	Residential address	Nationality
Independent non-executive Directors		
Mr. Fan Ren Da Anthony (范仁達) *(Chairman of audit committee of the Company)*	9A, Haddon Court 41C Conduit Road Hong Kong	Chinese
Mr. Chia Yew Boon (謝有文)	47 Bedok Road #04-17 Country Park Singapore 469566	Singaporean
Ms. Chen Hua (陳華)	Room 24H, Block 2 No. 48, Lane 610 Yananxi Road Changning District Shanghai, PRC	Chinese

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor	**Piper Jaffray Asia Limited** Unit 1308, 13/F Two Pacific Place 88 Queensway Admiralty Hong Kong
Joint Bookrunners	**Piper Jaffray Asia Securities Limited** Unit 1308, 13/F Two Pacific Place 88 Queensway Admiralty Hong Kong
	Guotai Junan Securities (Hong Kong) Limited 27th Floor, Low Block, Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Joint Lead Managers	**Piper Jaffray Asia Securities Limited** Unit 1308, 13/F Two Pacific Place 88 Queensway Admiralty Hong Kong
	Guotai Junan Securities (Hong Kong) Limited 27th Floor, Low Block, Grand Millennium Plaza 181 Queen's Road Central Hong Kong
	ABCI Securities Company Limited Rooms 701-702 & 709-712, 7/F One Pacific Place 88 Queensway Admiralty Hong Kong
Placing Underwriters	**Piper Jaffray Asia Securities Limited** Unit 1308, 13/F Two Pacific Place 88 Queensway Admiralty Hong Kong
	Guotai Junan Securities (Hong Kong) Limited 27th Floor, Low Block, Grand Millennium Plaza 181 Queen's Road Central Hong Kong

	ABCI Securities Company Limited Rooms 701-702 & 709-712, 7/F One Pacific Place 88 Queensway Admiralty Hong Kong
	CMB International Securities Limited Units 1803-04, 18/F Bank of America Tower 12 Harcourt Road Hong Kong
	China Merchants Securities (HK) Co., Limited 48/F, One Exchange Square Central Hong Kong
	SBI E2-Capital (HK) Limited Unit A2, 32/F, United Centre 95 Queensway Hong Kong
	Ample Orient Capital Limited Unit A, 14/F, Two Chinachem Plaza 135 Des Voeux Road Central Hong Kong
Public Offer Underwriters	**Piper Jaffray Asia Securities Limited** Unit 1308, 13/F Two Pacific Place 88 Queensway Admiralty Hong Kong
	Guotai Junan Securities (Hong Kong) Limited 27th Floor, Low Block, Grand Millennium Plaza 181 Queen's Road Central Hong Kong
	ABCI Securities Company Limited Rooms 701-702 & 709-712, 7/F One Pacific Place 88 Queensway Admiralty Hong Kong
	CMB International Securities Limited Units 1803-04, 18/F Bank of America Tower 12 Harcourt Road Hong Kong

China Merchants Securities (HK) Co., Limited
48/F, One Exchange Square
Central
Hong Kong

SBI E2-Capital (HK) Limited
Unit A2, 32/F, United Centre
95 Queensway
Hong Kong

Ample Orient Capital Limited
Unit A, 14/F, Two Chinachem Plaza
135 Des Voeux Road
Central
Hong Kong

Legal advisors to the Company

As to Hong Kong law:
Orrick, Herrington & Sutcliffe
43rd Floor, Gloucester Tower
The Landmark, 15 Queen's Road Central
Hong Kong

As to PRC law:
Jingtian & Gongcheng
34th Floor, Tower 3
China Central Place 77 Jianguo Road
Chaoyang District
Beijing 100025
The PRC

As to Singapore law:
TSMP Law Corporation
6 Battery Road Level 41
Singapore 049909

As to Canadian law:
BCF LLP
1100 René-Lévesque Blvd. West, 25th Floor
Montréal (Québec) H3B 5C9
Canada

As to French law:
BIGNON LEBRAY
2 Grôlée Street
Lyon France
69289

Legal advisors to the Sponsor and the Underwriters

As to Hong Kong law:
K&L Gates
44th Floor, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

	As to PRC law: **Global Law Office** 15th Floor, Tower 1 China Central Place No.81 Jianguo Road Chaoyang District Beijing 100025 The PRC
Auditors and reporting accountants to the Company	**KPMG** Certified Public Accountants 8th Floor, Prince's Building 10 Chater Road Central Hong Kong
Property valuer	**Jones Lang LaSalle Sallmanns Limited** 6th Floor, Three Pacific Place 1 Queen's Road East Hong Kong
Receiving bank	**The Hongkong and Shanghai Banking Corporation Limited** 1 Queen's Road Central Hong Kong

Registered office	66 Tannery Lane #04-10/10A Sindo Industrial Building Singapore 347805
Headquarters and principal place of business in Singapore	66 Tannery Lane #04-10/10A Sindo Industrial Building Singapore 347805
Principle place of business in Hong Kong	43rd Floor, Gloucester Tower The Landmark, 15 Queen's Road Central Hong Kong
Company's website	***www.technovator.com.sg*** (information contained in this website does not form part of this prospectus)
Joint company secretaries	Mr. Luk Chiew Peng, CPA (Singapore) Mr. Koh Kok Ong, CPA (Singapore) Mr. Leung Lok Wai, HKICPA
Authorized representatives	Mr. Zhao Xiaobo 15-4-303, House 9 An Ning Zhuang Xi Road Haidian District Beijing, PRC Mr. Seah Han Leong 46 Li Hwan Close Golden Hill Estate Singapore (557169)
Audit committee	Mr. Fan Ren Da Anthony *(Chairman)* Mr. Chia Yew Boon Ms. Chen Hua
Nomination committee	Mr. Seah Han Leong *(Chairman)* Mr. Fan Ren Da Anthony Mr. Chia Yew Boon
Remuneration committee	Mr. Ng Koon Siong *(Chairman)* Mr. Chia Yew Boon Mr. Fan Ren Da Anthony
Compliance advisor	Guotai Junan Capital Limited 27th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong

Principal bankers

Standard Chartered Bank
67 Serangoon Garden Way, Singapore 555963

Bank of China (Beijing Zhongguancun Science and Technology Park sub-branch)
1/F, Tower B
Tsinghua Tongfang Science and Technology Plaza
15 Wangzhuang Road
Haidian District, Beijing, The PRC

Bank of Beijing (Tsinghua Park sub-branch)
Tower A, Tongfang Mansion
Xiwangzhuang, Shuangqing Road
Haidian District, Beijing, The PRC

China CITIC Bank (Beijing Tsinghua Park sub-branch)
1/F, Weixin International Mansion
Tsinghua Science and Technology Park
1 East Zhongguancun Road
Haidian District, Beijing, The PRC

China Construction Bank (Huairou sub-branch)
22 Nanda Street
Huairou District, Beijing, The PRC

Agriculture Bank of China (reception branch office, Huairou sub-branch)
Nanda Street branch office
Agriculture Bank of China
Huairou District, Beijing, The PRC

China CITIC Bank (Shanghai Gubei sub-branch)
1088 Gubei Road
Changning District, Shanghai, The PRC

The Hongkong and Shanghai Banking Corporation Limited
2001 McGill College Avenue
Suite 300, Montreal, Québec
H3A 1G1, Canada

The Hongkong and Shanghai Banking Corporation Limited
70 Place Jules Grandclément
69100, Villeurbanne
France

Rabobank PEEL NOORD
Postbus 11, 5420 AA GEMERT
The Netherlands

Singapore principal share registrar	Tricor Barbinder Share Registration Services 8 Cross Street #11-00 PWC Building Singapore 048424
Hong Kong share registrar	Tricor Investor Services Limited 26/F, Tesbury Centre 28 Queen's Road East Wanchai, Hong Kong

The information and statistics set out in this section have been extracted from various publicly available official sources and other industry sources. The information and statistics set out in this section may not be consistent with other information compiled by other official or unofficial sources within or outside the PRC or Hong Kong. The Directors believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. The Directors have no reason to believe that such information and data relating to future periods up to 2014 as stated in the report prepared by Frost & Sullivan is false or misleading or that any fact has been omitted that would render such information false or misleading. The information and data relating to future periods up to 2014 as stated in the report prepared by Frost & Sullivan has not been independently verified by the Directors, the Sponsor, the Underwriters or any other party involved in the Share Offer and no representation is given as to its accuracy.

Frost & Sullivan is an international research house and global growth consulting company that partners with clients to support the development of innovative growth strategies. Frost & Sullivan has leveraged on its comprehensive market expertise to offer industry research and market strategies, provide growth consulting training, and support clients to help them grow their businesses. Frost & Sullivan is an Independent Third Party. The Group has appointed Frost & Sullivan to conduct a research on energy management systems and paid a fee of US$55,000.

BACKGROUND OF CERTAIN SOURCES AS SET OUT IN THIS SECTION

Frost & Sullivan and its research report

Frost & Sullivan is an international research house and global growth consulting company that partners with clients to support the development of innovative growth strategies. Frost & Sullivan has leveraged on its comprehensive market expertise to offer industry research and market strategies, provide growth consulting training, and support clients to help them grow their businesses. Frost & Sullivan is an Independent Third Party. The Group has appointed Frost & Sullivan to conduct a research on energy management systems and paid a fee of US$55,000.

Research methodology for the market study adopted

Based on the understanding of the market study in energy management systems conducted by Frost & Sullivan, it sourced data and information from its own data and information libraries, publications from governmental bodies, and trade associations as well as via detailed primary research, which involved discussing the status of the industry with leading industry participants and industry experts. Quantitative market information could be sourced from interviews by way of primary research and therefore, the information is subject to fluctuations due to possible changes in the business and industry climate. Frost & Sullivan believes that this report presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purports to be exhaustive. This research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in the industry.

Frost & Sullivan adopted its proprietary market engineering forecasting methodology which integrates several forecasting techniques with the market engineering measurement-based system. It relies on the expertise of the analyst team in integrating the critical market elements investigated during the research phase of the project. These elements include (i) expert-opinion forecasting; (ii) Delphi forecasting methodology; (iii) integration of market drivers and restraints; (iv) integration with the market challenges; (v) integration of the market engineering measurement trends; (vi) integration of econometric variables; and (vii) integration of customer demographics.

Other reports

This section also contains information sourced from BSRIA Proplan Limited ("**BSRIA Proplan**"), International Monetary Fund ("**IMF**"), Hui Dian Market Research Website (慧典市場研究報告網) ("**HDCMR**") and Pike Research which are not commissioned by the Group but rather publications prepared by the institutes themselves. BSRIA Proplan is a global market research and market intelligence focused entirely on intelligent infrastructures in buildings, and has analysed markets and technologies for over 25 years and in over 40 different countries, providing authoritative information on market developments and trends. IMF is an organization of over 180 countries and focuses on, among others, the provision of economic analysis reports and financial issues on various regional economies and the global economy. HDCMR is a website operated by Beijing Beifuyuan Information Consulting Co. Ltd. (北京北福源信息咨詢有限公司) which provides industry research and consulting services covering over 20 industries. HDCMR focuses on the provision of annual market research report, data analysis reports, monthly industry operation, import and export reports to Chinese companies. Pike Research is a market research and consulting firm that provides in-depth analysis of global clean technology markets.

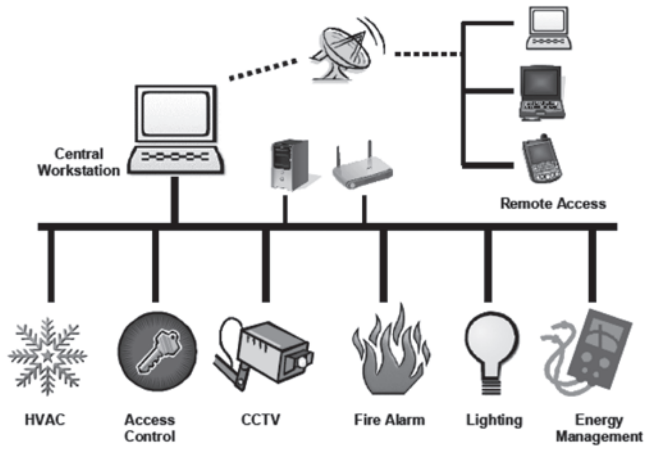
The Directors confirm that the information quoted form the abovementioned sources, namely Frost & Sullivan, BSRIA Proplan, IMF, HDCMR and Pike Research, and China Statistical Yearbook are the latest information available to the Group (which some of the information was last updated to 2008) as at the Latest Practicable Date. Further, to the best of the knowledge of the Directors and the Sponsor, there was no material adverse change to the industry that the Group participates in during the Track Record Period.

OVERVIEW OF THE BUILDING AUTOMATION SYSTEM INDUSTRY

A building automation system ("BAS") is a central control system that controls, monitors and records the functions of building services systems.

Within the control system of a building is a building automation system which comprises a computerized network of electronic devices, designed to monitor and control the climate, lighting, energy, access to, and security of a building. Building automation systems optimize a building's performance by keeping track of several factors such as air quality or occupancy within a single building or multi-site facility in order to adjust lighting, temperature, and energy control, amongst others. Several independent controlling systems, such as heating, ventilating and air conditioning control systems (HVAC) which form the core and ancillary components including lighting, fire alarm, and security systems, are typically in place to control energy applications such as lighting, heating, and air conditioning. Building automation systems add value to these technologies by integrating them on a centralized platform for oversight and remote control. All information collected is typically available in real-time in order to facilitate flexible decision-making for the management of the building. Building automation systems can be accessed online to provide for remote control of the facility to facilitate even further distribution of information.

The scale of BAS varies from basic applications in HVAC controls to integrated and centralized monitoring for all building service systems in a building, such as fire detection and alarm system, security systems, energy management and lighting systems. The user interface of a BAS ranges from keypad type liquid-crystal display to smart thermostat. Further, remote access over internet protocols is also applicable to BAS. The diagram below demonstrates a typical BAS:



Source: BSRIA Proplan

A BAS system comprises of intelligent building environmental control ("IBC(e)") products (which includes all types of direct digital control (DDC) controllers plus LCD based display panels, supervisory software and hardware, communication elements, programmable logic controls and sensors), conventional controls, valves, actuators and variable speed drives ("BAS products") and installation service of all components with electrical panels to integrate as a complete BAS system.

A BAS system can be provided through four different routes:

(1) direct BAS system sales;

(2) sales of BAS products to system integrators to produce control systems;

(3) BAS product manufacturers' product sales to original equipment manufacturers which then being used to build into HVAC equipment; and

(4) sales made by third party value-added resellers.

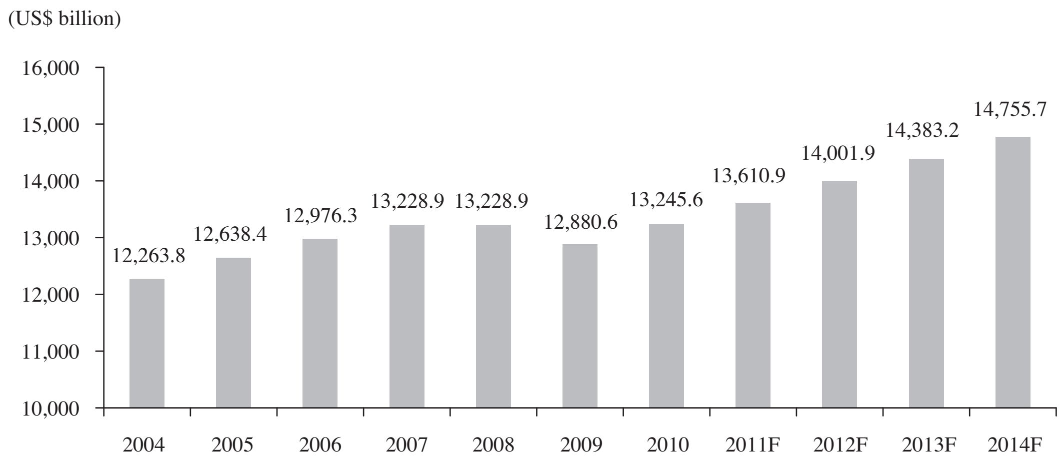
The Group is focused on manufacturing of IBC(e) products, which main products include DDC controllers, LCD based display panels, supervisory software and hardware, communication elements and sensors.

THE BUILDING AUTOMATION SYSTEM INDUSTRY IN NORTH AMERICA

Overview of the Economy of North America

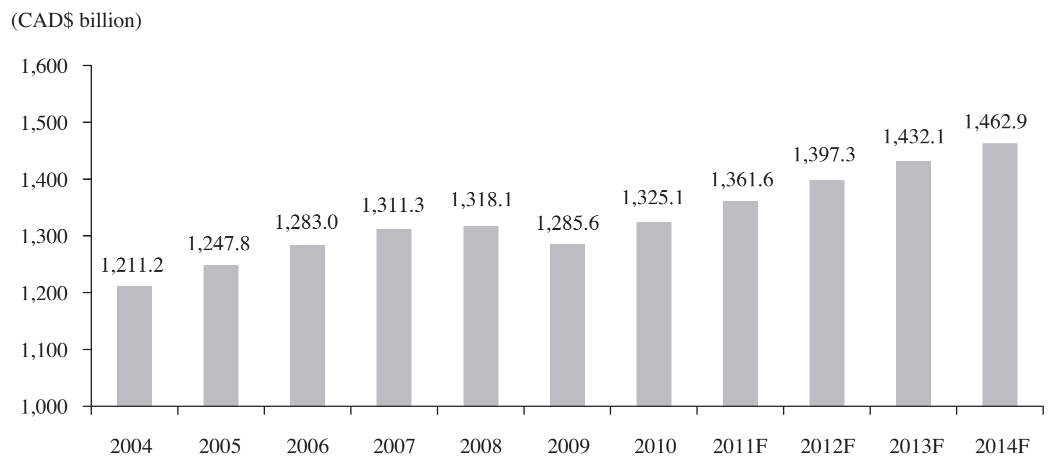
According to IMF, the GDP of the United States grew at a CAGR of 1.9% from US$12,263.8 billion in 2004 to US$13,228.9 billion in 2008 and then decreased by 2.6% and bottomed at US$12,880.6 billion in 2009. The GDP of the United States is forecasted to reach US$14,755.7 billion in 2014, representing a CAGR of approximately 2.8% from 2009. Similarly, according to IMF, the GDP of Canada grew at a CAGR of 2.1% from CAD$1,211.2 billion in 2004 to CAD$1,318.1 billion in 2008 and then decreased by 2.5% and bottomed at CAD$1,285.6 billion in 2009. The GDP of Canada is forecasted to reach CAD$1,462.9 billion in 2014, representing CAGR of 2.6% from 2009. The following charts illustrate the historical and forecasted GDP of the United States and Canada from 2004 to 2014:

GDP of the United States, 2004-2014



Source: IMF

GDP of Canada, 2004-2014



Source: IMF

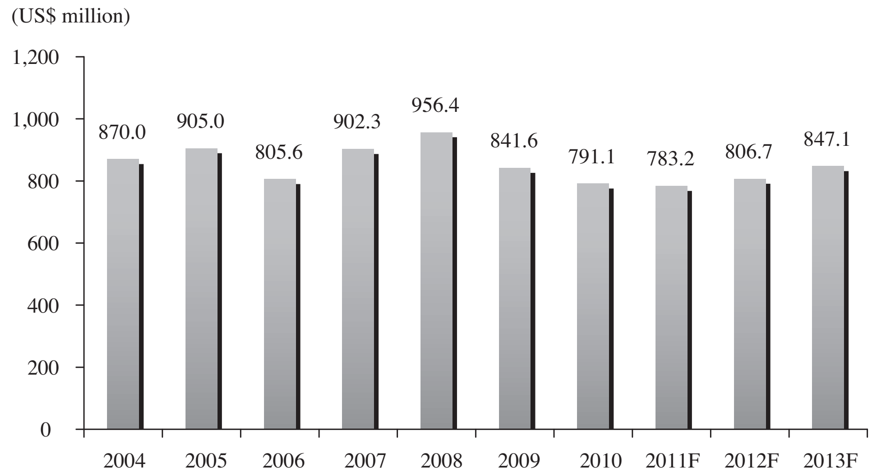
Overview of Building Automation System Industry in North America

According to BSRIA Proplan, the market size of BAS product grew at a CAGR of 5.9% from US$1,292.9 million in 2005 to US$1,536.9 million in 2008 and is forecasted to fall back to US$1,361.2 million in 2013 due to the impact of the financial crisis in 2008 resulting in fall of construction output since 2009. BAS product market represents the sales of IBC(e) products plus conventional controls, valves, actuators and variable speed drivers. In 2008, the market size of the IBC(e)product market was US$956.4 million, representing 62.2% of the BAS product market.

The IBC(e) product market grew at a CAGR of 2.4% from US$870.0 million in 2004 and reached the peak of US$956.4 million in 2008. The significant growth observed during 2006 to 2008 was mainly attributable by the overall increase in the non-residential construction activities, which include sectors such as lodging, office, health care, education, transportation and manufacturing. Secondly, the growth was also driven by the increased awareness and demand for energy conservation, which resulted in implementation of BAS in building design and upgrading of the legacy system in facilities refurbishment and retrofitting plans. The penetration rate of BAS products in HVAC systems has also increased since 2006 and as of 2009, almost all HVAC plants and equipment have automatic controls and are integrated to the main BAS.

According to BSRLA Proplan, the IBC(e) product market is expected to drop in 2009 and 2010 due to the overall decline in the construction market in North America. The IBC(e) product market is expected to show a minimal reduction and a 3% to 5% growth starting from 2012 and recover to US$847.1 million by 2013. The following diagram illustrates the historical and forecasted market size of IBC(e) product in North America from 2004 to 2013.

Market size of IBC(e) Products in North America 2004 to 2013

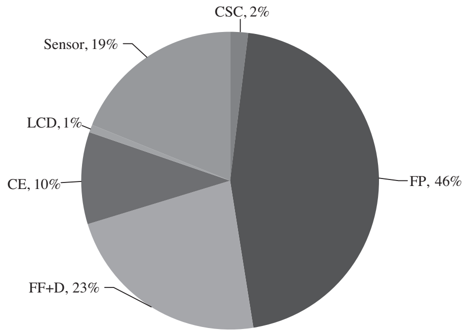


Source: BSRIA Proplan

The IBC(e) product market is comprised on different product segments including central supervisory computer (CSC), freely programmable outstations (FP), fixed function and dedicated controllers (FF+D), file server, network controller and interface hardware and software communication elements including software gateways (CE) and liquid crystal display panels (LCD).

Freely programmable outstations segment had the largest market size, representing 46% of the IBC(e) product sales in North America in 2008. The following diagram illustrates the IBC(e) product sales by product types in North America.

IBC(e) product sales by product type in North America in 2008



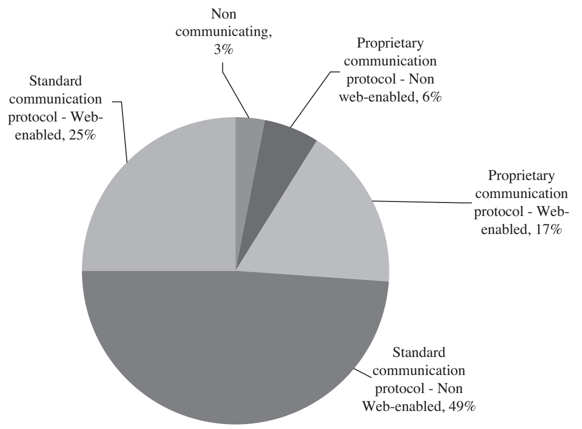
Source: BSRIA Proplan

Controllers and sensors are the largest segments within the BAS product market, of which the sales account for US$770.8 million and US$185.6 million in 2008 respectively, representing 51% and 12% of the sales of BAS products. Controllers and sensors are the main products of the Group for its BAS business. Sales of BAS products of the Group accounted for US$10.4 million, US$20.2 million, US$20.3 million and US$7.1 million for the three years ended 31 December 2010 and the four months ended 30 April 2011 respectively.

Controllers Market

Controllers are divided into types such as non communicating, proprietary or standard communication protocols. Both proprietary or standard communication protocols have web-enabled version and non-web-enabled version. According to BSRIA Proplan, due to the increasing end-users demand for open system, standard communication protocol controllers are expected to be the market trend and the market share of standard communication protocol controllers with web-enabled capability is expected to increase in the future. The following diagram illustrates the BAS controllers by type and web-enabled capability in North America in 2008.

IBC(e) controllers by type & web-enabled capability in North America in 2008



Source: BSRIA Proplan

According to BSRIA Proplan, the BAS market is gaining momentum towards the open communication protocols. In 2008, proprietary communication protocol represented 23% of the total communication protocol market, which is mainly used at field level communication to communicative automation level controllers. BACnet and LON are the two dominating open protocols in North America, with market share of 46.5% and 29.2% of the total communication protocols used in IBC(e) products in 2008 respectively. LON is more commonly used at field level and BACnet is widely available at automation level. According to BSRIA Proplan, BACnet is more popular in North America and is highly supported by the HVAC industry in North America. The competitiveness of LON over BACnet is diminished as LON users need to pay license fee whereas BACnet standard is free to use. The Group is offering both web-enabled and non web-enabled BACnet and LON protocols, which are considered to the most commonly used types in the BAS controllers market.

Wireless Sensor

According to BSRIA Proplan, wireless building controls market is still at its infancy stage, demonstrated by wireless products contributing to less than 5% of the sensor market. The wireless product market is driven by the reduction of installation cost and physical constraints so that wireless systems are the only building controls solution. On the other hand, wireless sensor is perceived as unreliable, having powering and battery life issue and with data transmission constraint. Nevertheless, wireless sensor market is still expected to have great potential as most of the major manufacturers are providing wireless sensors.

Market drivers in North America

The growth in BAS product market in North America is mainly due to the following drivers:

Overall construction spending

IBC(e) product market is mainly impacted by overall construction spending. As compared to 2007, the construction spending in non-residential market in the United States in 2008 increased by 8.9% and reached US$709.8 billion which was then offset by the decrease of 28.5% in construction spending in residential market to US$357.7 billion, resulting in total construction spending reduction of 7.4% to US$1,067.5 billion in 2008. The decrease was mainly due to the residential market downturn which triggered the reduce in market confidence and investment, and thus affecting the IBC(e) product market since then. In 2009 and 2010, the total construction spending in United States decreased by 15.0% and 10.3% on a year on year basis in 2009 and 2010 respectively. According to BSRIA Proplan, the IBC(e) product market was expected to shrink in 2009 and 2010 due to the overall decline in the construction market in North America. The IBC(e) product market is expected to show a minimal reduction in 2009 and 2010 and a 3 to 5% growth starting from 2012.

Awareness and demand for energy conservation

Building owners have increasing demand in green, low energy building design and energy efficiency. BAS has become an essential system as building owners recognize the investment in BAS can be paid back by saving in energy cost. As such, demand for BAS has been increased to support on energy and emission reduction and to facilitate effective energy management strategy. In addition to the new constructions, there are also increased awareness in upgrading of legacy system in facilities refurbishment and retrofitting plans.

Government stimulus

Similar to the energy management system market in North America, the BAS market in North America is also driven by government stimulus. Please refer to section headed "The energy management systems industry in North America — Market drivers in North America" for the details of government stimulus policies which drive the BAS market in North America.

Competitive landscape in BAS product market in North America

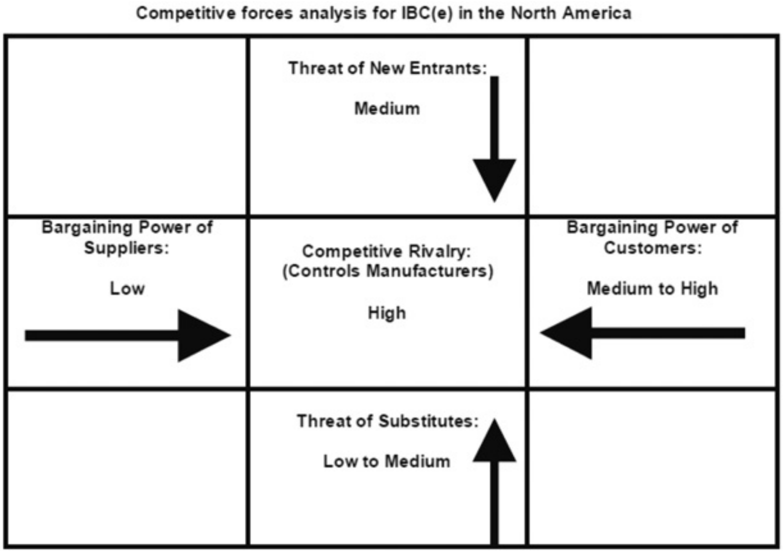
Major competitive forces

The BAS market is highly competitive among the existing players in North America. According to BSRIA Proplan, major market players are competing with smaller manufacturers in North America on pricing as the technology is comparatively mature and product sales may not be able to achieve high margin. According to BSRIA Proplan, it is expected that players will have to compete on having competitive edge by possessing more knowledge and to be value adding in solution provision through practical applications which help in operation cost reduction. The maturity of standard protocol and integration also increase the intensity of competition.

Secondly, customers for BAS products has high bargaining power as the average scale of new construction and refurbishment can be completed by most of the BAS suppliers, resulting in intense competition among the first tier and second tier manufactures. However, if the BAS products are for existing building renovation, extension of existing system to new building and connection to central BAS, the competition may be lower as the chance of selecting two different suppliers will be lower to avoid additional engineering time and cost of integration. For special type building or very large scale projects, the competition will be lower as those projects can only be done by capable suppliers.

There are also threat of new entrants which are IT companies such as Cisco, IBM, who have been partnering with leading manufacturers and have being more active in BAS product market. Such IT players are appeared to be more focused in offering integrated IT converged solutions to improve energy management and engaged in research and development of smart grid which is expected to be a major potential threat to the BAS product market.

The following diagram illustrates the competitive forces analysis for IBC(e) product market in North America.

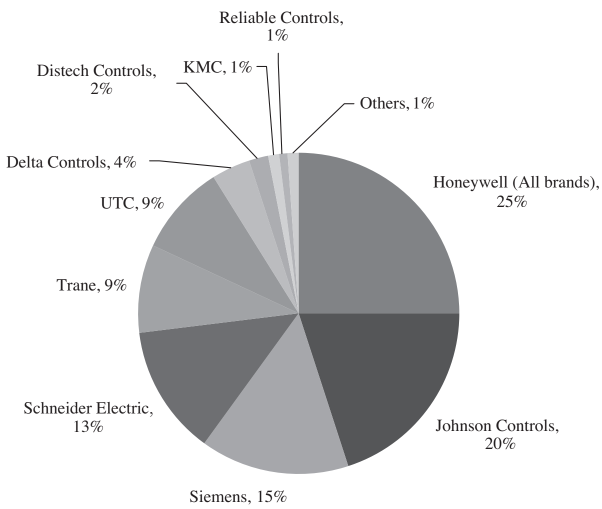


Source: BSRIA Proplan

Major players in the IBC(e) product market in North America

A few major manufacturers dominate the IBC(e) product market in North America. According to BSRIA Proplan, the first tier manufactures include Honeywell International Inc. ("Honeywell"); Johnson Controls Inc. ("Johnson Controls"), Siemens AG ("Siemens") and Schneider Electric S.A. ("Schneider Electric"), which have total market shares of 73% of the total BAS product market in North America. Second tier control manufacturers include Trane Inc. ("Trane"), Automated Logic Control which is held by United Technologies Corporation ("UTC"), Delta Controls, Distech Controls, a subsidiary of the Group, Reliable Controls and KMC Controls Inc. ("KMC"). The following diagram illustrates the players and their respective market share of the IBC(e) products in North America in 2008.

IBC(e) products market in North America, 2008



Source: BSRIA Proplan

According to BSRIA Proplan, the major manufacturers such as Honeywell, Johnson Controls, Siemens and Schneider Electric all engage in both IBC(e) products business as well as other control products businesses such as actuators and field devices. Honeywell and Schneider Electric have stronger IBC(e) product business than the other control products business while Siemens has similar strength in both businesses and Johnson Controls is stronger in other control products business than IBC(e) products in North America. Trane is a market leader in HVAC equipment and packages its control products and solutions into its HVAC products. Automated Logic Control and Carrier are held by UTC, which operates in IBC(e) products and other control products business. Delta Controls and Distech Controls both offer controllers and solution and have minimal supply of control valves, actuators and sensors. Delta has been the largest privately own control manufacturer in North America and has been challenged by Distech Controls in the recent years.

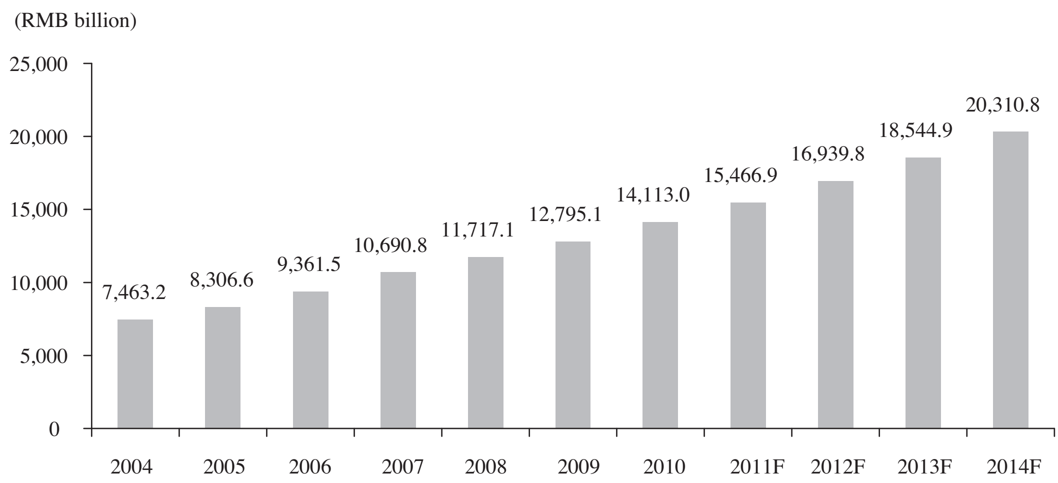
As compared to the Group, the major players of the BAS products industry in North America are large multinational companies with longer operating histories and wider brand recognition. However, the Directors believe the Group has experienced strong growth in the past few years as Distech Controls achieved market share of 2% in the BAS product industry in North America in 2008 given its short operating history. Per BSRIA Proplan, Distech Controls has been challenging Delta Controls' position, which is the largest privately owned BAS player in North America. The Directors believe that with the Group's research and development capability and strategically located manufacturing base in the PRC, the Group is able to provide high quality and innovative products at a competitive price.

THE BUILDING AUTOMATION SYSTEM INDUSTRY IN CHINA

Overview of the economy of China

According to IMF, the GDP of China grew at a CAGR of 11.2% from RMB7,463.2 billion in 2004 to RMB14,113.0 billion in 2010, and is forecasted to reach RMB20,310.8 billion in 2014, representing CAGR of 9.5% from 2010. The following diagram illustrates the historical and forecasted GDP of China from 2004 to 2014.

GDP of China, 2004-2014

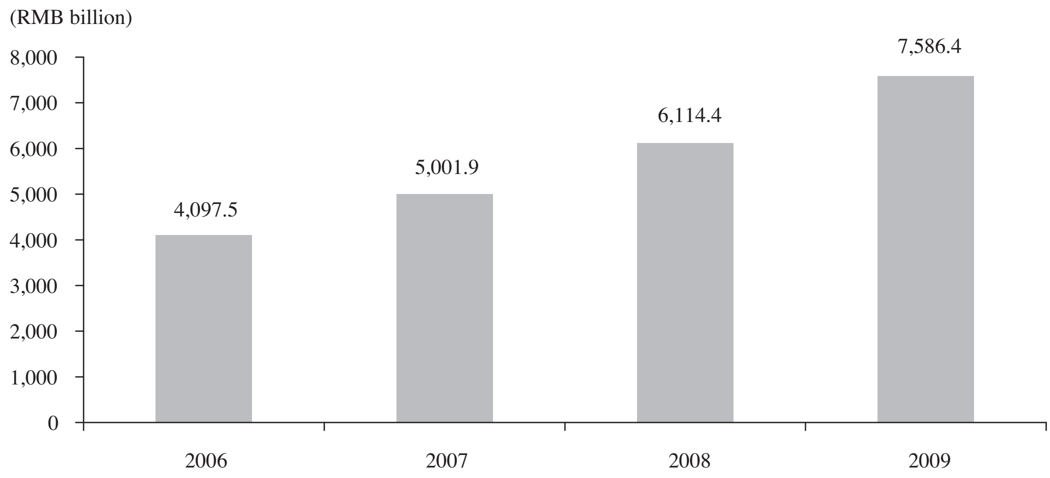


Source: IMF, April 2011

In the last decade, economic boom in China resulted in migration of population from rural areas to urban areas. According to Frost & Sullivan, the urbanization rate grew from 37.7% (representing 459.1 million urban populations) in 2000 to 46.6% (representing 622.0 million urban populations) in 2009. Growth in GDP and urbanization resulted in growth in gross production of construction in China.

According to Frost & Sullivan, the gross production of construction increased at a CAGR of 22.8% from RMB4,097.5 billion in 2006 to RMB7,586.4 billion in 2009. The following diagram illustrates the gross production of construction in China from 2006 to 2009.

Gross production of construction in China, 2006-2009



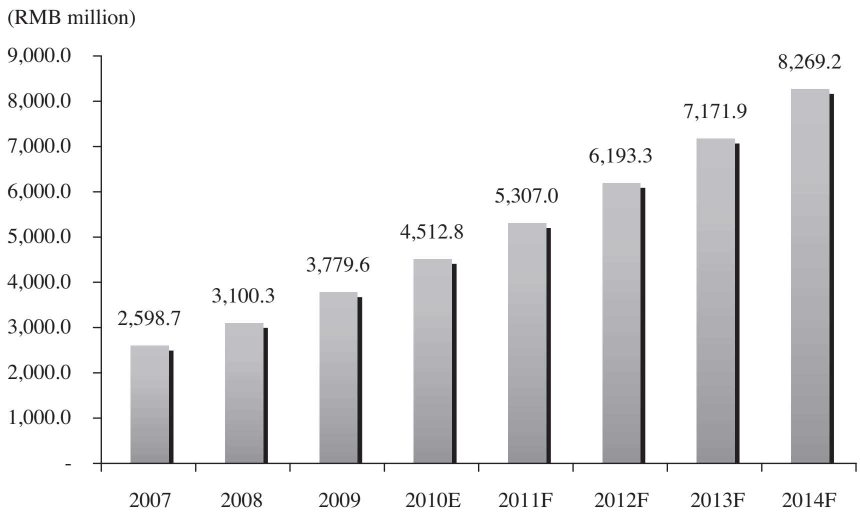
Source: Frost & Sullivan

Overview of Building Automation System Industry in China

Building Automation System Industry in China is booming primarily due to the large amount of fixed assets investment on building construction, especially in tier 1 and tier 2 cities and the increasing demand for improving comfort and consciousness of efficient mechanical and electrical equipment operation.

According to Frost & Sullivan, the market size of BAS products in China grew at a CAGR of approximately 20.6% from RMB2,598.7 million in 2007 to RMB3,779.6 million in 2009. This was mainly attributable to the booming of commercial building industry and larger investment on public constructions. The market size is forecasted to increase to RMB8,269.2 million in 2014, representing a CAGR of 17.0% from 2009, which is expected to be resulted from emphasis on the development of medium mid-western cities which promotes the development of BAS industry in China in mid and long terms.

China BAS industry market size by revenue



Source: Frost & Sullivan

According to Frost & Sullivan, the BAS product market in China is dominated by the commercial buildings BAS, which accounted for nearly 68.4% of the market share of BAS market in China in 2009. Commercial building are often equipped with large-scale HVAC system, which helps to increase the occupancy rate or sales of commercial buildings. The share of commercial buildings is expected to increase during the forecast period as commercial building is expected to maintain rapid growth and dominate the boom in the construction industry. The BAS market in public buildings in the past few years are driven by the wave of urbanization and actuated by 2008 Olympics and 2010 World Expo. The share of public buildings is expected to decrease slightly during the forecast period.

Market drivers of BAS industry in China

Similar to the energy management system industry, BAS industry in China is primarily driven by China energy policies and programs, growth in China's property market and commercial and "intelligent" building construction, urbanization in tier 2 and tier 3 cities and rising energy cost. Please refer to section headed "The energy management systems industry in China — Market drivers in China" of the industry overview section for details for market drivers of BAS industry in China. In addition, BAS industry is also driven by increasing demand for high-quality indoor environment. BAS could provide a comfortable environment in the buildings, which along with the economy development, building with advanced automation technology, climate control technology are more preferred in China.

Competitive landscape of BAS industry in China

Key Restraints for BAS market

BAS market in China is facing several key restraints which are affecting the growth of the BAS market in China. For example, BAS is expected to provide long term advantage, but many building developers are cost sensitive which may concern about short term benefits instead of long term returns. In addition, there is no specific industry standard for BAS in China yet to regulate the BAS businesses in China, which created short-term impact on BAS market in China.

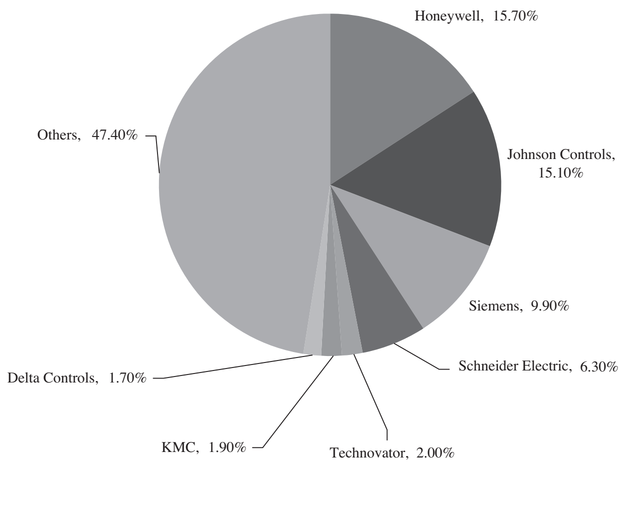
Entry Barrier

New entrant in BAS industry in China is required to obtain compulsory Intelligent Building Design and Construction Qualification to be granted by relevant municipal commission of urban planning and construction committee. Secondly, high initial capital investment is also needed and customers expect BAS players to have extensive experience, which are the major barrier for new entrants in the BAS industry in China.

Major players in BAS industry in China

The BAS market is highly competitive among the existing BAS players in China. A few major manufacturers dominate the BAS product manufacturing market in China. According to Frost & Sullivan, first tier players include multinational companies such as Honeywell, Johnson Controls, Siemens, Schneider Electric, KMC and Delta Controls and local players such as Technovator and Supcon, which total market shares accounts for 52.6% of the BAS product market in China in 2009. Second tier BAS players in China include multinational companies such as Kieback & Peter, Reliable Controls, Airtek Technologies, Sauter, and local players like GST Holdings Limited ("GST") and Advantech Co., Ltd. ("Advantech") medium, which have sales revenue no more than RMB40 million, and have total market share of 27.4% of the BAS product market in China in 2009. Third tier BAS players are mostly local players which have sales revenue no more than RMB15 million and contributing to 20.0% market share of the BAS product market in China. The following diagram illustrates the major players and their respective market share of the BAS product industry in the China in 2009.

BAS Industry in China, 2009



Source: Frost & Sullivan

According to Frost & Sullivan, it is expected that tier 1 market players will retain market share out of total market size in predicted period, as these players have competitive advantages such as full product line, nationwide distribution network, sufficient project experience, abundant capital, powerful personnel forces, advanced product technology and solid research and development capability. It is also expected that revenue growth rate of tier 2 and 3 market players will maintain at lower level than that of tier 1 players, as the tier 2 and 3 players have not fully expanded business throughout China and lack of formidable research and development innovation capability.

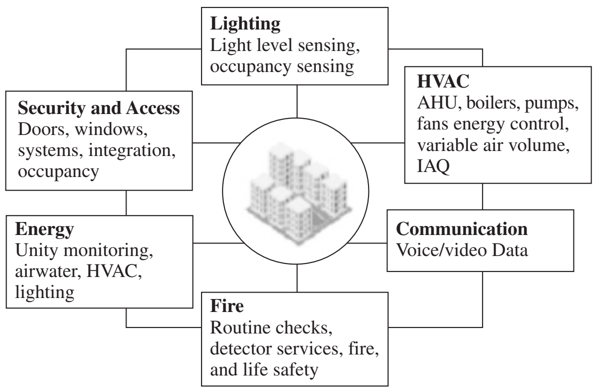
Similar to the BAS product industry in North America, major players of the BAS product industry in China are large multinational companies with longer operating histories and wider brand recognition. The Directors believe the Group has experienced strong growth in the past few years as given the short operating history of its BAS business in China and achieved position as tier 1 BAS players with market share of 2.5% in 2009, per Frost & Sullivan.

OVERVIEW OF THE ENERGY MANAGEMENT SYSTEMS INDUSTRY

An energy management system is defined as the combination of a building automation system with energy analytics solutions and services, that are utilized to achieve improved energy efficiency within a single building or a multi-site facility while providing comfort to the occupants.

Energy management systems, which typically combine building automation systems with energy analytics solutions and services, are employed to optimize the energy consumption within the single building or multi-site facility by automatically monitoring, analysing and controlling energy consumption in buildings. A building equipped with an energy management system is typically referred to as an "intelligent building".

A Typical Energy Management System



Source: Frost & Sullivan

Advantages of energy management systems

Energy management systems lower the costs of maintaining a building in addition to lowering the environmental impact on its surroundings, which leads to optimum energy consumption and cost-effective building operations.

The following outlines key advantages of energy management systems:

(1) Create a safe, comfortable, efficient, and convenient building environment

An energy management system provides centralized supervision, control and management of the electrical and mechanical facilities of the building by regulating indoor temperature, humidity, provision of fresh air, lighting, multi-media systems, and security for the personal safety of its occupants as well as general security of the facility.

(2) Provides an energy-saving, environmental-friendly, and healthy environment

An energy management system implements comprehensive and effective scheduled and automatic control over a building's performance so as to reduce energy consumption and provide a safe, comfortable, healthy, and environmental-friendly environment for its occupants. Energy costs can represent up to 40% of a building's operating cost, and this energy consumption level can be reduced by up to 10% to 20% when using energy management systems. In contrast to the cost of installing energy management systems, it is estimated that an "intelligent building" will only cost 2% to 5% more than a standard building in the PRC.

(3) Reduce operation and maintenance costs of equipment

Labor costs and maintenance costs can be lowered by regulated automation and remote control of the operations, management, repair, and general maintenance of a building.

(4) Provides modern communication facilities and information service

An energy management system is a combination of information technology and building technology which covers a wide range of advanced, professional, and diversified technologies. By providing real-time information, the powerful computer network and database of an energy management system facilitates efficient administration and business work flow in an intelligent building.

Growth drivers for energy management systems

Demand for energy management systems is generally driven by global long-term macroeconomic factors which include the following:

(1) Energy efficiency awareness

Largely driven by environmentally-friendly building regulations, the emergence of environmentally-friendly building retrofitting represents a comprehensive approach to improving efficiency and sustainability, typically with a focus on energy use, air quality, and water consumption. Rising standards of quality, energy conservation, comfort, and management convenience for buildings are also a key market growth driver for energy management systems in the PRC. Related activities in enhancing environmentally-friendly buildings include equipment upgrades, better fitting of existing equipment, improved controls and metering systems, and more efficient management and operational policies.

(2) New policies promulgated by governments worldwide

Recognizing the importance of rising standards of quality, energy conservation, comfort, and management convenience for buildings, governments worldwide have begun to implement government regulations and strict enforcement of those regulations, serving as an important factor driving the market growth and product development in global building automation systems industry. Relevant laws, administrative regulations, national standards, and industry standards in the recent years surrounding the implementation of building automation systems include global environmentally-friendly initiatives such as the Montreal Protocol and Clinton Climate Initiative, National Appliance Energy Conservation Act (NAECA) and Waxman-Markey American Clean Energy and Security Act (ACES) in the U.S., Directive on Waste Electrical and Electronic Equipment (WEEE) in the European Union, and the Security Technology Product Management Measures (安全技術防範產品管理辦法) in the PRC.

(3) Growth in global demand for environmentally-friendly "intelligent buildings"

As environmental consciousness grows, demand for environmentally-friendly intelligent buildings will follow. According to Pike Research (www.pikeresearch.com), this trend is being borne out as green certifications have increased considerably and cumulative green building certified space will grow over eight times from approximately 6 billion square feet in 2010 to approximately 53 billion square feet in 2020. The Directors believe this trend will benefit the Group as "intelligent buildings" with energy management systems must obtain green certifications.

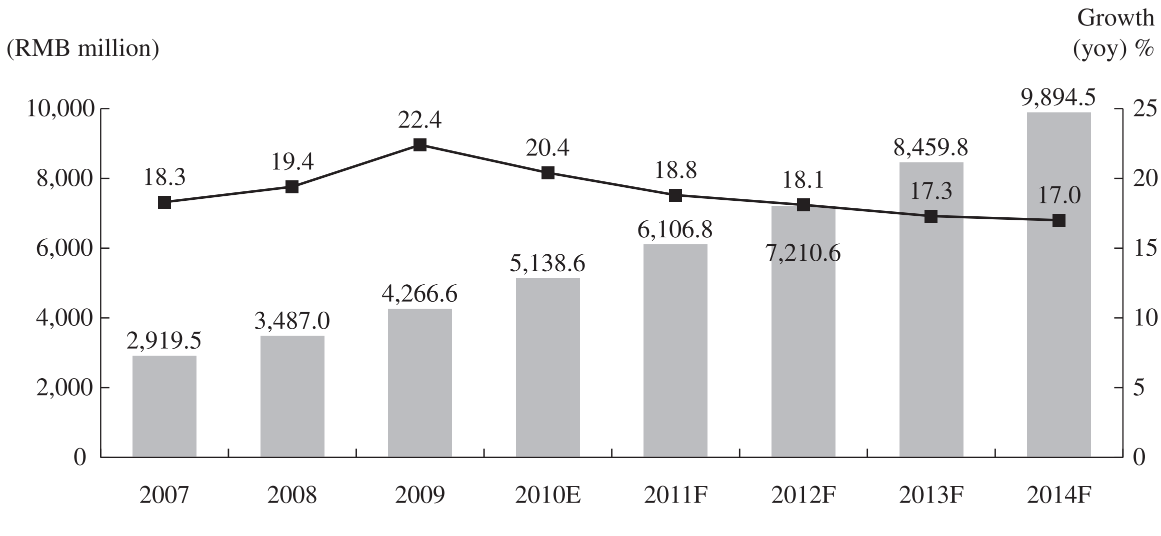
THE ENERGY MANAGEMENT SYSTEMS INDUSTRY IN CHINA

In recent years, increasing environmental awareness, social advocating and government promulgation of energy efficiency have been spurring a growing demand for energy management systems in "intelligent buildings" in the PRC. The growth of energy management systems has been positively correlated with the growth of the construction industry in the PRC. Total market size of energy management systems in the PRC grew from approximately RMB2,919.5 million in 2007 to RMB4,266.6 million in 2009, representing a CAGR of approximately 20.9% over the period.

The growth in expenditure was mainly attributed to the booming commercial building construction industry and large investment in public constructions and buildings. Traditionally, public constructions and buildings dominated the majority of market share for energy management systems as a result of a push for property urbanization and the occurrence of world events such as the 2008 Olympics and 2010 World Expo in the PRC. Recently, commercial buildings became the major market segment for energy management systems, accounting for nearly 68.4% of the total market share in the PRC and is expected to continue into the future.

The chart below sets forth the market size by revenue in China's energy management industry from 2007 to 2009 and estimated expenditure growth to 2014:

The PRC Energy Management Systems Market Size by Revenue, 2007-2014



Source: Frost & Sullivan

The energy management industry in the PRC is further expected to grow from approximately RMB5,138.6 million in 2010 to RMB9,894.5 million by 2014, representing a CAGR of approximately 17.8%. The stabilizing in growth trend from 2010 to 2014 is expected to be attributed to the gradual stability of the overheated construction activities in the PRC. To fulfill its pledge of improving energy efficiency and reducing greenhouse gas emission, the Chinese government has been promoting the use of energy management systems through energy policies and regulations while creating awareness in energy savings to the public. This growth is further fueled by the construction growth for "intelligent buildings", increasing development of emerging tier 2 and tier 3 cities. In all consideration, energy management systems is a booming industry in the PRC with positive prospects such as significant focus on fixed assets investment in the building construction, market demand for "intelligent buildings", and increasing awareness on energy efficiency.

Market drivers in China

Energy policies and programs

In recent years, energy conservation has become one of the key agenda in China's Five-Year Plan for sustainable socio-economic development. As part of the Eleventh Five-Year Plan (第十一個五年規劃) (2006-2010), the National Development and Reform Commission (國家發展和改革委員會) and other government departments developed the Comprehensive Working Program on Energy Saving and Emission Reduction in 2007. The goals of this program are to cut down energy consumption per unit of GDP by 20.0% and discharge of major pollutants by 10.0% during the period of the Eleventh Five Year period. The following outlines specific energy saving targets for the building sector:

- New buildings should be 50% more energy-efficient than existing buildings. For tier 1 cities such as Beijing, the target is 65% energy conservation.

- For existing residential and public buildings, energy saving retrofitting investment is expected to improve by 25%, 15% and 10% in large, medium, and small cities respectively.

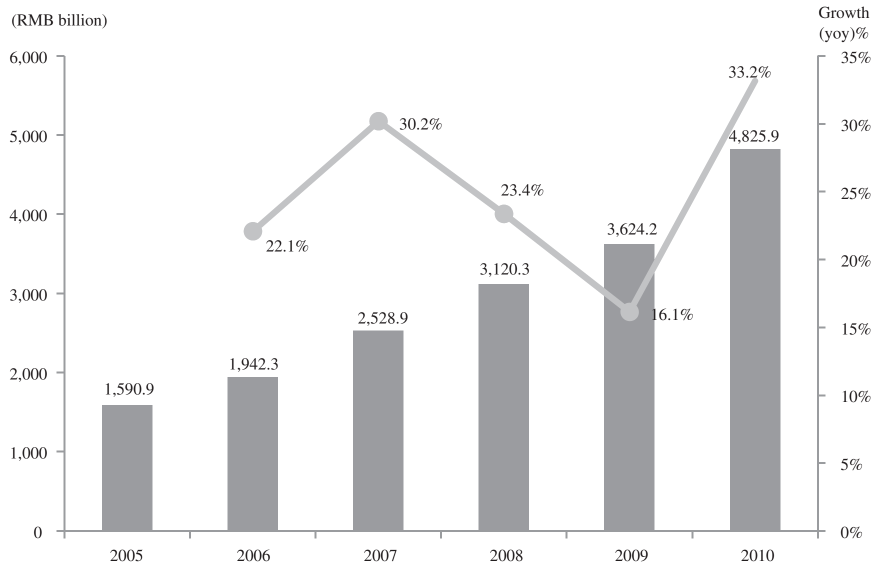
Investment in energy efficiency technologies by the Chinese government reached RMB49.6 billion in 2007 and further increased to RMB89.8 billion in 2008, representing an increase of approximately 81.0%. In the most recent Twelfth Five-Year Plan (第十二個五年規劃) (2011-2016), the Chinese government has announced more aggressive green building targets, emphasizing focus beyond basic energy saving to include other crucial environment issues such as water conservation goals for green buildings. The goal is to build awareness of the economic argument for green buildings and align the interests of property developers, owners and tenants. The Ministry of Finance (中華人民共和國財政部) has further recommended the implementation of carbon tax during the five-year period, whereby revenue collected from the carbon tax will be used to fund environmentally friendly industries and companies and emission reductions.

Growth in China's property market and construction of commercial and "intelligent building"

The PRC represents an attractive volume opportunity for the building automation systems industry. The growth of the global building automation systems industry has traditionally been closely linked to increases in new building construction as well as property development projects worldwide. As one of the fastest growing energy management systems markets globally, the growth in China's property development and building construction market contributes significantly to the growth of the global energy management systems market. According to the National Bureau of Statistics of China* (中華人民共和國國家統計局), real estate investment in the PRC increased from approximately RMB1,590.9 billion in 2005 to RMB4,825.9 billion in 2010, representing a CAGR of approximately 24.9%.

The chart below sets forth the expenditure in real estate investment in the PRC between 2005 and 2010:

Real Estate Investment in the PRC, 2005-2010



Source: China Statistical Yearbook 2011

The property market in the PRC has shown a significant upward trend between 2005 and 2008. However, this growth slowed temporarily in 2008 with an increase of 23.4% due to a series of government austerity measures and an increased cost of financing since 2007. The fast development of the real estate market in the PRC has also been underpinned by strong demand, which is primarily driven by economic growth and improved income of residents.

The growth in expenditure was mainly attributed to the booming commercial building construction industry and large investment in public constructions and buildings. Traditionally, public constructions and buildings dominated the majority of market share for energy management systems as a result of a push for property urbanization and the occurrence of world events such as the 2008 Olympics and 2010 World Expo in the PRC. Recently, commercial buildings became the major market segment for energy management systems, accounting for nearly 68.4% of the total market share in the PRC and are expected to continue into the future.

Commercial buildings accounted for 5.4% of the total energy consumption worldwide and is expected to increase to 5.6% by 2015. Main growth in energy consumption and demand for energy management systems are expected to be derived from the growth in commercial building construction as well.

Urbanization in tier 2 and tier 3 cities

China's urbanization level is expected to exceed 50% in the forthcoming Twelfth Five-Year period with growth mainly in tier 2 and tier 3 cities in the PRC as the Chinese government continues to develop these cities through urban planning, investment on public constructions, and development of special trade zone.

Building construction spending, and consequently demand for energy management systems in tier 1 cities, including Beijing and Shanghai, has declined as a result of the global economic downturn. Although tier 2 and tier 3 cities were affected as well, the economic growth rates and the Chinese government's development plans have still attracted foreign investment and companies to expand their businesses in these emerging markets. The Group has established its track record and presence in the PRC, which the Directors believe this enables the Group to enjoy a relatively better market position than its international competitors as a result of an earlier market entry.

Rising energy cost

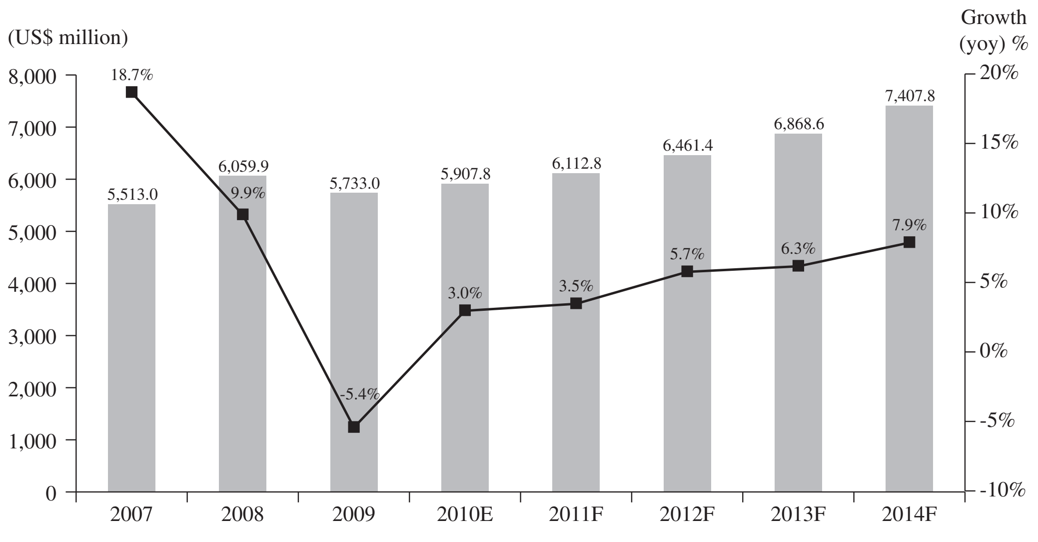
According to China's National Energy Administration (NEA)* (國家能源局), China's electricity consumption grew 5.9% year on year to 3.643 trillion kilowatt hours in 2009. Growing energy consumption has led to a rise in the price of electricity. To balance the supply and demand for electricity, the Chinese government has been lobbying the building sector to improve energy efficiency and to utilize renewable energy for new and existing buildings.

THE ENERGY MANAGEMENT SYSTEMS INDUSTRY IN NORTH AMERICA

The global economic downturn in 2008 impacted the building construction industry in North America, leading to a decline in commercial building investment by 5.4% from 2008 to 2009. As a result, the contraction affected the energy management systems market, where energy management systems contributed 1.5% to 3.0% during the same period to the overall investment in commercial building construction. Based on Frost & Sullivan research, North America has began to show signs of recovery in 2010, which send positive indicators to the energy management systems market as new building construction investment is poised to recover albeit cautiously. Investment in energy management systems for the retrofitting of existing buildings is expected to drive demand in the meantime.

The energy management systems market in North America has reached a relatively mature stage in 2009, generating US$5,733.0 million during the year which represents a three-year CAGR of 2.0% from US$5,513.0 million in 2007. The global financial crisis in 2008 and 2009 caused the energy management systems market to dip from US$6,059.9 million in 2008 to US$5,733.0 million in 2009. Due to credit tightening and lower consumer confidence, there were over 1,200 office, retail and industrial projects being deferred or abandoned during the second quarter of 2009. Based on the analysis of the Institute of Building Efficiency, capital expenditures for energy efficiency were declining from 56% in 2008 to 46% in 2009. Hence, energy management systems revenue was mainly generated from retrofitting the existing buildings in 2008 and 2009. The chart below sets forth the total amount of expenditure in North America's energy management industry from 2007 to 2009 and estimated expenditure growth to 2014:

North America Energy Management Systems Market Size by Revenue, 2007-2014



Source: Frost & Sullivan

The energy management systems market size in North America is estimated to grow from US$5,907.8 million in 2010 to US$7,407.8 million in 2014, representing a five-year CAGR of approximately 5.8%.

According to Frost & Sullivan, the energy management systems market growth in 2010 and 2011 will be relatively slow due to the limited access to working capital and the cautious approach taken by financial institutions and organizations amidst the financial uncertainty. The energy management systems revenue in these two years will primarily be generated from the institutional and government sectors due to the public funding; as well as the retrofitting of existing buildings. The opportunity in retrofitting existing building is tremendous as buildings that exist today will need regular maintenance and upgrading in the future. This market will be further stimulated by the economic stimulus funds as well as the government's coordinated programs in ramping up the retrofit of existing public buildings. The commercial sector is expected to restore in 2012 as the economy stabilizes. The increasing awareness of energy efficiency and environmental sustainability will also help in fuelling the growth of the energy management systems market.

Market drivers in North America

Stimulus package and the U.S. and Canadian government's policies and establishments

The U.S. and Canadian governments each enacted economic stimulus packages in 2009 to weather the aftereffects from the global economic downturn, which included job creation, building, and plans for improvement in energy efficiency. The following outlines key details covering energy efficiency in the stimulus packages:

- The U.S. government allocated US$22 billion of a total stimulus budget of US$787 billion for energy efficient projects, where US$346 million of the US$22 billion allocation was for the advancement and support of energy efficient building technologies.
- The Canadian government allocated US$7.5 billion out of a total stimulus package of US$32 billion to protect jobs, support industry sectors including auto, forestry, and manufacturing and to fund energy related technologies.

In addition to encouraging energy efficiency through the stimulus packages, the U.S. and Canadian governments enacted in parallel the following policies and establishments:

- In 2009, the U.S. government amended the Expanding Building Efficiency Incentives Act to reduce the tax for energy efficient commercial buildings. This amendment encourages the commercial building owners to upgrade the existing building management system and to build new commercial buildings with energy efficiency in mind.
- In 2006, Canada amended the Energy Efficiency Act to raise the energy efficiency standards for energy related appliances such as lighting and HVAC. The government also established the Office of Energy Efficiency under Natural Resources Canada to expand the adoption of energy efficient technologies in industrial and commercial sectors.

Under the economic stimulus packages from the U.S. and Canadian governments, US$6 billion was allocated for federal buildings to become more energy efficient to improve energy efficiency in approximately 75% of federal buildings by 2015.

Initiatives by non-profit organizations

A main target for energy management practices by both governmental and non-profit organizations is to lower carbon dioxide emission in commercial buildings in North America. In particular, the World Green Building Council (WGBC), was established by the coalition of eight nations including the U.S., Canada, and Australia, as a non-profit organization in 2002 with the aim to accelerate the transformation of buildings towards sustainability. The following outline initiatives completed by the WGBC's councils in North America:

- The U.S. Green Building Council (USGBC) developed Leadership in Energy & Environmental Design (LEED), a green building certification system, in 1998. According to USGBC, the inception of LEED is to provide building owners and operators with a framework to identify and implement practical and measurable green building design, construction, operations and maintenance solutions. To improve the reduction of GHG emission, USGBC enacted a requirement for the building industry in 2006 to establish LEED certifications for 100,000 commercial buildings and 1 million homes by 2010.

- The Canada Green Building Council (CaGBC) was established in 2003. With the permission of USGBC, it created its own version of LEED called LEED Canada-NC v1.0. CaGBC supports the improvement of energy efficiency in 100,000 building and 1,000,000 homes across Canada with the aim to achieve a 50% reduction of energy and water use by 2015 as compared to 2005 levels.

Investment in institution infrastructure

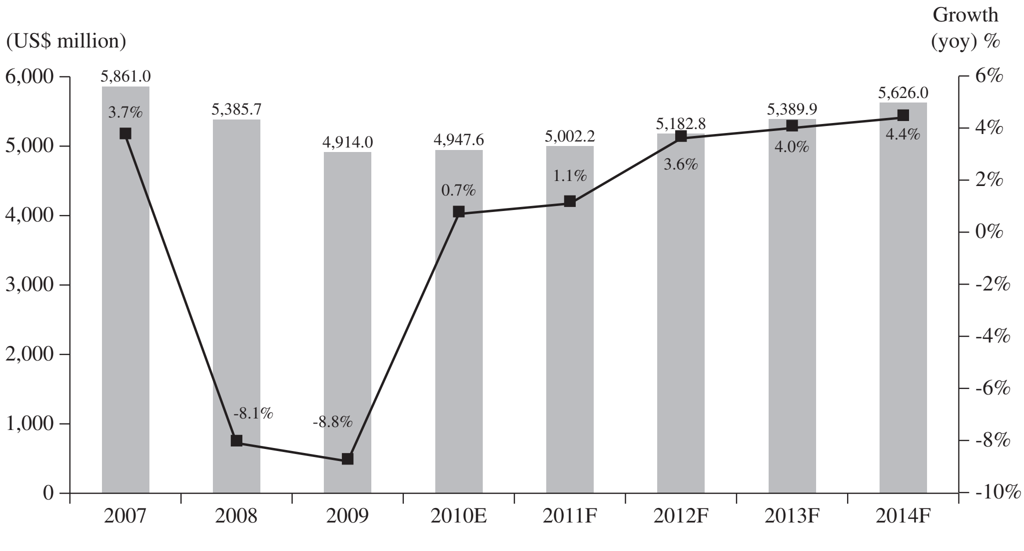
The market for commercial buildings is getting saturated and healthcare, education, and public buildings is gaining momentum as the next area of growth for infrastructure investment. The education, healthcare and public building accounted for 33.0% of total global construction floor space only in 2009.

THE ENERGY MANAGEMENT SYSTEMS INDUSTRY IN EUROPE

The growth rate for energy management systems in Europe has traditionally been slower than in other regions, and after the global economic downturn and recent debt crisis, the market for energy management systems is further expected to decrease and is unlikely to pick up within the next one to two years according to Frost & Sullivan. The European economy has traditionally played a significant role in the investment of construction activities where the energy management system market has a certain degree of dependency on.

According to Frost & Sullivan, the energy management systems market in Europe generated approximately US$4,914.0 million in 2009, representing a three-year CAGR of -8.4% from US$5,861.0 million in 2007. Corresponding to the global financial crisis in 2008 and 2009, and subsequently the decline of construction output, the market size dipped 8.1% in 2008 and 8.8% in 2009. The chart below sets forth the total amount of expenditure in Europe's energy management industry from 2007 to 2009 and estimated expenditure growth to 2014:

Europe Energy Management Systems Market Size by Revenue, 2007-2014



Source: Frost & Sullivan

The energy management systems market size in Europe is estimated to grow from US$4,947.6 million in 2010 to US$5,626.0 million in 2014, representing a five-year CAGR of approximately 3.3%.

According to Frost & Sullivan, Europe's debt crisis will result in slower growth in 2010 and 2011, foreseeing struggle in the second half of 2010 and first quarter of 2011. The market development in Europe will vary between the advanced economies and developing economies in the coming years.

There will be an expected reduced public spending on energy management systems in developing economies as the funds will be channeled to cover sovereign debts. The reduction will affect the uptake of energy management systems in education, health care and government sectors. On the other hand, the market in advanced economies is expected to fare slightly better. However, getting the energy management systems contracts from the commercial sector will be difficult as companies become more cautious about capital spending.

There will be a slow upswing in 2012, where advanced economies such as Germany and France are expected to lead the recovery. The energy management systems market will grow slowly in subsequent years with the assumption that the economy will be stable.

Market drivers in Europe

Energy efficiency and building regulations

The European Commission has set out a 20-20-20 target to be achieved by 2020, which is aptly coined as Europe 2020 goals outlined as below:

- Increase energy efficiency by 20%
- Reduce greenhouse gas emission by 20%
- Enable 20% renewable energy consumption

These goals will be achieved through the National Energy Efficiency Action Plans (NEEAP) under the Energy Services Directive (ESD) which covers three key sectors including buildings, transport, and industrial sectors. The aim of NEEAP is to create the conditions for the development and promotion of markets for energy services through financial instruments, institutional, and legal frameworks. Under the NEEAP, the European Commission established the Energy Performance of Buildings Directive (EPBD) in 2002 requiring all European countries to implement the directive at a national level.

Complimentary and voluntary green establishments by European Commission and Non Profit Organization

The Green Building Program was established by the European Commission under the Joint Research Centre on a voluntary basis in 2005. The objective of the program is to help non-residential owners to reduce energy consumption in their refurbished or new buildings by adopting energy efficient technology and renewable energy in a cost effective manner. The goals are to improve energy efficiency by 20% in refurbished buildings; and to build new buildings that are 25% more energy efficient than 2005 levels. Due to the initial success of the Green Building Program, a second phase Green Building Plus was enacted in 2007 to 2010.

ClimateWorks (United States) and the European Climate Foundation further established the Building Performance Institute Europe (BPIE), a non-profit organization, in February 2010. BPIE will act as the center of excellence for the European region on the best practices of energy efficiency in the new and existing buildings. Complimenting the implementation of the Energy Performance of Building Directive (EPBD), BPIE also will focus on the development and enforcement of the national building energy codes and energy efficiency standards for appliances. This will ensure that the developers and manufacturers create products and services according to the codes and standards; in turn, achieving the Europe 2020 goals in improving energy efficiency and reducing greenhouse gas emission in buildings.

Besides the Green Building Program and Building Performance Institute Europe, there are other complimentary and voluntary green establishments, such as the European Alliance for Companies for Energy Efficiency (EuroACE). Though the establishments drive the implementation of EPBD in different ways, the common goals are to improve energy efficiency and to reduce greenhouse gas emission in Europe.

Retrofit of existing private and public sector buildings

In November 2008, the European Commission announced the European Economic Recovery Plan which proposed the joint investment by the private and public sectors in the research and development of energy efficient technologies in three key sectors, which are the construction, manufacturing, and automobile sectors. The purpose of the plan is to prevent the global recession affecting the strategic long term goal of transforming the European Union's economy into a sustainable, competitive, and green economy.

In particular, the European Energy Efficient Building (EeB) was enacted for the construction sector whereby the European Commission and the European construction industry will jointly invest approximately US$3.0 billion to promote the development of energy efficient technologies and materials in new and existing buildings. The mandate of achieving energy efficiency and reducing carbon footprints in buildings has since shifted towards the refurbishment of existing buildings, with public buildings such as government buildings, hospitals, and schools as priority.

INDUSTRY LANDSCAPE AND COMPETITION IN ENERGY MANAGEMENT SYSTEM MARKET IN CHINA

Industry landscape

Reducing the impact of urban development and building construction on the environment remains a priority of the Chinese government, where the Ministry of Construction plays a significant role in driving the energy management systems market in the PRC. The energy management systems market in the PRC comprises product manufacturers who produce building automation systems components, and energy analytics solutions providers. In addition to complying with the relevant laws and regulations, the energy management systems market players face risks and challenges in the aspect of macroeconomics, social awareness, and business model. Barriers to entry are high considering that mandatory certification, high capital investment, building reputable brands, and project experience are required to enter the energy management systems market in the PRC.

Industry lifecycle

Based on the market size, forecasted growth rate, and degree of technology development in the PRC, the energy management systems industry remains at a growth stage. The Chinese government's determination to reduce energy consumption per unit of GDP, the urbanization in tier 2 and tier 3 cities, the market demand for "intelligent buildings" and rising energy costs have created a lucrative market for energy management systems with intensified competition.

Industry barriers to entry

Mandatory certifications

Solution providers of energy management systems are required to obtain necessary certifications prior to entering the market. Compulsory certifications include *Intelligent Building Design and Construction* Qualification granted by relevant municipal commission for urban planning and construction committee for building automation systems manufacturers and systems integrators.

Large amount of initial capital

Energy management systems businesses require high capital investment which is often a barrier for new entrants. Obtaining external financing from banks is difficult as energy management systems are considered as non-assets based investments unless they are large scale projects backed by reputable and experienced solution providers. As a result, energy management systems solution providers, especially start-up companies, have to compete for scarce working capital in the market.

In addition, new entrants need adequate cash flow capacity. The turn around time between the turnkey of energy management systems projects and receiving payment from the customer is typically long. In order to attract property developers or building owners to install energy management systems, solution providers will propose energy performance contracts whereby the systems are installed by the solutions provider first, prior to receiving payment that is on a results-based agreed performance. The risk of failure to fulfill the agreed-upon performance will hence result in a loss of revenue. As a result, energy management systems solution providers generally need to manage the cash flow without being cash-strapped.

Scalability and project experience

The majority of building owners in the PRC prefer to engage vendors who are reputable and have experience in large scale projects and government projects. Chinese building owners generally perceive that reputable energy management systems solution providers have better scalability, reliability, and quality control. As energy management systems require a certain level of capital investment, Chinese building owners in general are less willing to take the risk of employing a new entrant.

Competition in Energy Management System Market in China

China's energy management systems market has a relatively high degree of competition intensity. According to Frost & Sullivan, the total market size for energy management systems reached approximately RMB4,266.6 million in 2009, of which the product manufacturing segment accounted for 88.6% and energy analytics segment accounted for the remaining 11.4%.

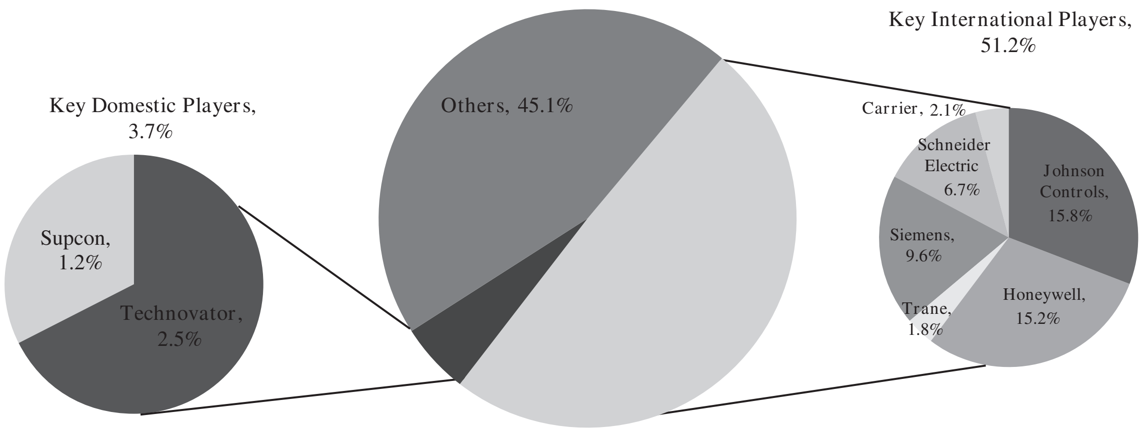
The energy management systems industry in the PRC is competitive with foreign and local players participating at different levels of the value chain. Branding and track record, understandings of the legal and customer requirement, and strategic partnership with the building developers or contractors are the key attributes to obtaining energy management systems projects in the PRC. The Directors believe these are the competitive advantages of local players such as the Group, and competing factors are primary on the basis of:

- competitive price,
- long-term customer relationships,
- quality, timeliness, and reliability of services provided,
- an organization's perceived stability based on years in the building automation business,
- financial strength,
- range of services provided, and
- scale of operations.

According to Frost & Sullivan, large foreign players such as Honeywell, Johnson Controls, Siemens, Schneider Electric, Carrier and Trane occupied more than half of the total energy management systems market in the PRC with a total market share of 52.3%, while Technovator ranked as the largest domestic player with a sizeable total market share of 2.5%. The following graph illustrates the players and their respective market shares of the energy management systems market in the PRC in 2009.

Competitive Analysis of the Energy Management Systems Market in the PRC, 2009

Total Market in the PRC, 2009



Source: Frost & Sullivan

Although many of the Group's international competitors have longer operating histories and enjoy wider brand recognition, the Directors believe that the Group remains competitive in the markets as a result of its research and development, strategically located manufacturing base in the PRC, more knowledge of the local PRC customer market requirements, flexibility in responding to market developments, high quality and innovative products, and the relationships it has established with its customers over the years. According to Frost & Sullivan, Technovator is one of the leading local energy management systems players with proven capabilities in offering energy management systems solution that are energy efficient and sustainable.

Technovator has a strong distribution channel with quality performance products and large network of sales teams across the PRC, North America and Europe which is critical in the establishment of a linkage with customers around the world. In addition, Technovator has established upstream and downstream integration where its energy management systems software-based products and solutions are integrated into its building automation systems, complemented by its non-core control security systems and fire safety systems. The Directors believe the Group's competitive advantage in the integration of software development and hardware provide it with a strong platform in the energy management systems market and flexibility in adjusting its business strategies in accordance with the demands of the green energy savings market.

THE CONTROL SECURITY SYSTEM INDUSTRY IN CHINA

Overview of the control security system industry in China

Electronic security system is the largest segment representing over 67% of the control security system market in China, and majority of the Chinese security system players are engaging in production of digital video surveillance systems, representing 53.4% of the total number of Chinese control security system players. Video surveillance system industry grew at rate of 34.8% in 2009 and is expected to grow at a slower pace of 17% after 2011. The control security systems provided by the Group mainly comprises of digital video urban surveillance systems. Sales of such digital video urban surveillance systems of the Group amounted US$7.9 million in 2010, representing 0.03% of the market share of control security system industry in China.

Market drivers of the control security system industry in China

The key market drivers of the control security system in China including the following:

- *Governmental stimulus.* In 2008, China's State Council approved a RMB4,000 billion plan to invest in infrastructure and social welfare. Part of the spending under the stimulus plan is expected to provide local governments with resources to fund their public security projects. Governmental policies such as the "Safe City" initiative and large scale construction projects such as the Olympic game in China are the main growth drivers of the control security system market in China. Government is also focusing on the promotion of safety measures in schools, which further stimulate the growth in control security system industry in China.

- *Growing demand from corporations and private sector.* With continuing growth in the Chinese economy and rapid development of the control security system, growing demand for safety solutions is observed in various industries. There is increasing demand for video surveillance and alarm systems in newly constructed or renovated residential communities due to ongoing urbanization and growth in GDP and the Chinese real estate sector. Further more, according to the China Security Industry Website, growing demand in video surveillance systems is also noticed in sectors such as finance, government entities, transportation, utility, hospitals, banks, airports and museums.

THE ELECTRONIC FIRE ALARM SYSTEMS INDUSTRY IN CHINA

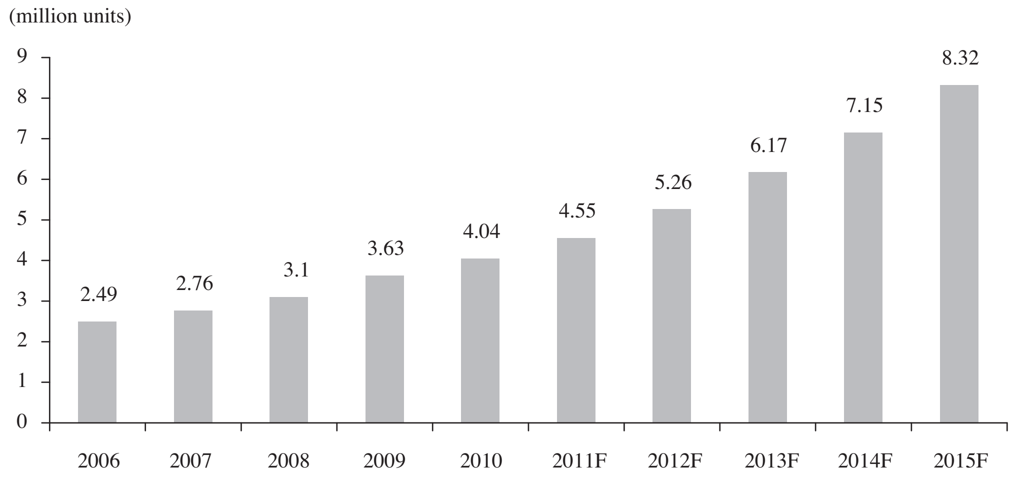
Overview of the electronic fire alarm system industry in China

Electronic fire alarm systems industry comprises of electronic products including control panels, detectors, modules and network which monitors the operation of individual fire alarm systems and connects individual systems to the relevant local fire bureaus. The electronic fire alarm systems industry in China has been growing in last decades due to the growth in awareness for fire safety and related laws and regulations in China and the growth in China's property and industrial infrastructure development market.

According to HDCMR, the current annual output of the electronic firm alarm systems industry in China exceeded RMB1.2 billion. The installation of electronic fire alarm systems in China grew at a CAGR of 12.5% from 2.5 million units in 2006 to 4.0 million units in 2010, and is expected to grow at CAGR of 15.7% to 8.3 million units in 2015. The electronic fire alarm systems market in China is highly fragmented with approximately 130 domestic players in the market.

The following diagram illustrates the historical and forecasted installation market of electronic fire alarm system in China from 2006 to 2015.

Installation Market of Electronic Fire Alarm System in China, 2006-2015



Source: HDCMR

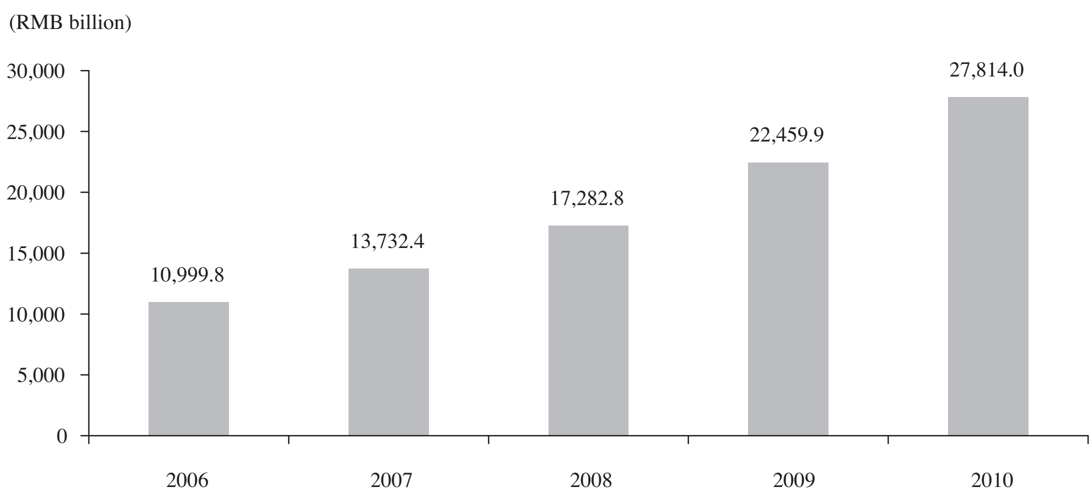
Market drivers of the electronic fire alarm and network systems industry in China

The key drivers for the fire alarm systems industry include the following:

Growth of China's property and industrial infrastructure development market

The growth of the electronic fire alarm systems industry in China has been closely affected by the increase in property and industrial infrastructure development in China. According to HDCMR, fixed asset investment in China increased at a CAGR of 26.1% from RMB10,999.8 billion in 2006 to RMB27,814.0 billion in 2010.

Fixed Assets Investment, 2006-2010



Source: HDCMR

Increasing government awareness of the importance of fire safety

New fire safety regulations and stricter enforcement of those regulations are important factors driving the market growth and product development in the electronic fire alarm systems industry in China. The Chinese government has imposed increasingly stringent regulatory requirements on fire protection, strengthened enforcement of fire alarm systems installation and regular inspections, and increased penalties for failure to observe these enhanced fire security standards.

For example, the Ministry of Public Security of the PRC amended the Fire Supervision and Inspection Provisions in June 2004 to require the installation of automatic sprinkler and fire alarm systems for buildings capable of holding large numbers of people or used for the production and storage of flammable or explosive chemicals. The Production Safety Commission of the State Council, in August 2004, promulgated regulations to focus efforts nationwide on scheduled inspections rectifying fire hazards.

In addition, there are increasing number of regional fire safety bureaus encouraging the connection of building fire alarm network systems to city networks to allow for the central monitoring of individual fire alarm systems and for the operation of emergency services by regional fire bureaus, which further stimulates the growth of fire alarm and network systems industry in China.

Competition in the Electronic Fire Alarm Systems Industry in China

According to HDCMR, the current electronic fire alarm systems market in China is highly fragmented with approximately 130 domestic players in China, of which the total market share of top 20 domestic players being 80% of the total electronic fire alarm system market in China. The sales of fire alarm systems products of the Group in 2008, 2009 and 2010 and the four months ended 30 April 2011 accounted for US$281,000, US$201,000, US$545,000 and US$86,000 respectively, representing approximately 0.9%, 0.4%, 0.7% and 0.3% of the Group's total revenue in 2008, 2009 and 2010 and the four months ended 30 April 2011 respectively.

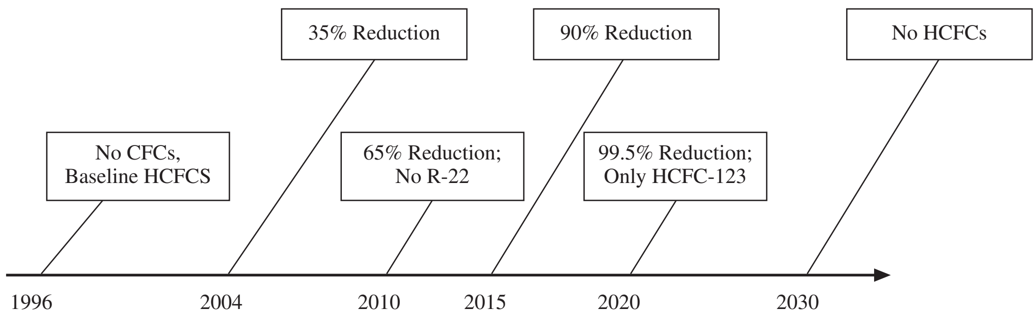
This section of the prospectus contains a summary of certain laws and regulations currently relevant to the Group's operations. Laws and regulations are subject to changes and as such, it is difficult to predict the possible impact of such changes on the Group's operations and the resulting costs for compliance.

Global Laws and Regulations Relating to the Group's Operations

Montreal Protocol

Ozone, or O3, is the fundamental chemical base of the ozone layer, part of the earth's stratosphere. Ozone is naturally created and destroyed by chemical reactions, and when chlorine is present, the balance is upset, destroying O3 faster than it is naturally replaced.

The Montreal Protocol is an international treaty, adopted by many developed countries and intended to phase out production of substances which contribute to this ozone depletion by setting firm deadlines of certain milestones. On 31 December 1995, the hydrochlorofluorocarbons (HCFCs) phase-out management plan (HPMP) was enacted with an initial baseline annual allowable amount of HCFCs set. targeting ozone depletion products such as refrigerants, solvents, blanning agents for plastic foam manufacture, and fire extinguishers. By 1 January 2004, that level was further reduced by 35%. On 1 January 2010, the annual allowable amount of HCFCs was reduced by 65%, and no new R-22 equipment is allowed to be manufactured. By 2020, the allowance will be reduced by 99.5%, and no new HCFCs equipment will be manufactured. An exception is HCFC-123, which can be manufactured until 2030 to service large chillers under the remaining 0.5% allowance. By 2030, HCFCs will no longer be able to be manufactured. The chart below shows the Montreal protocol timetable:



Source: Montreal Protocol

Clinton Climate Initiative

The Clinton Climate Initiative's global Energy Efficiency Building Retrofit Program was formed in 2007 by several of the world's largest cities, banks, and energy service companies. Under the program, cities will retrofit existing buildings with more energy efficient products and technologies, focusing on heating, cooling, and lighting systems and roofing materials, as well as increased application of renewable energy sources such as solar and biomass technologies. Urban areas are responsible for approximately 75% of all global energy use and greenhouse gas emissions, according to the CCI. Buildings account for nearly 40% of global greenhouse gas emissions, according to the International Energy Agency, and in major mature cities like New York and London, CCI believes that number can reach 70-80%. These actions are expected to yield savings in energy consumption of up to 20-50%, which should more than pay for the upgrade investments in a matter of years.

PRC REGULATORY OVERVIEW

Regulations on Building Automation System Industry

China Construction Industry Association (中國建築協會) was founded in 1986. Its business supervisory department is the Ministry of Housing and Urban-Rural Development of the People's Republic of China (中華人民共和國住房和城鄉建設部), and its branch, the Intelligent Building Committee (中國建築業協會智能建築委員會) of China Construction Industry Association, is responsible for the registration of products for intelligent buildings.

Construction Law of the People's Republic of China (中華人民共和國建築法)

The Construction Law was enacted by the Standing Committee of the Eighth National People's Congress (第八屆全國人民代表大會常務委員會) in 1997 with the following aims:

- To enhance the supervision and administration over building operation
- To support the development of the building industry
- To encourage energy economy and environmental protection

According to the Construction Law, building operations cover the construction of all types of residential and commercial buildings, the construction of the ancillary facilities and the installation of wiring, piping, and equipment, which includes integrated building automation systems, thereby stating that the integrated building automation industry should ensure that the quality and safety of all building installations conform to the PRC safety standards for construction projects.

Standard for Design of Intelligent Building (智能建築設計標準) (GB/T 50314-2006)

The Standard for Design of Intelligent Building was established by Ministry of Construction in 2006 with the following aims:

- To regulate the engineering design of "intelligent buildings"
- To improve the engineering design quality of "intelligent buildings"
- To ensure national guidelines and policies on energy conservation and environmental protection are carried out in the engineering design of "intelligent buildings"
- To ensure the engineering design of "intelligent buildings" taking into account of economic feasibility, practicality, reliability, and new technology

The standard is applicable to the design of energy management systems in the construction of new buildings and the renovation and upgrade of existing buildings.

Code for Acceptance of Quality of Intelligent Building Systems (智能建築工程質量驗收規範) (GB 50339-2003)

The Code for Acceptance of Quality of Intelligent Building Systems was established by Ministry of Construction in 2003 with the following aims:

- To manage the quality of construction of "intelligent buildings"
- To develop specifications for an acceptable level of quality in constructing "intelligent building systems"

The specifications are based on the Unified Standard for Construction Quality Acceptance of Building Engineering GB 50300-2001 national standard with the specifications also applicable to the construction of new buildings and the renovation and upgrade of existing buildings.

Intelligent Building Construction Specification

The development of the specification further standardizes the quality management of "intelligent building" construction with the following aims:

- To standardize the management of "intelligent" systems and equipments
- To support open platform for scalability and flexibility

The standards are formulated according to engineering and management requirements and investment standard on construction projects.

The specifications divide "intelligent buildings" into three classes:

- Class A - High standard of intelligent building system configuration with comprehensive facilities
- Class B - Basic configuration of an integrated "intelligent building" system
- Class C - Configuration of some key "intelligent building" systems

Regulations on Energy Management System Industry

Energy Conservation Law of the People's Republic of China (中華人民共和國節約能源法)

The Energy Conservation Law was amended by the National People's Congress in 2007 officially instating energy conservation as a basic national policy. The aims of the Law are:

- To facilitate energy savings in society
- To improve economic benefits of energy efficient use
- To protect the environment
- To ensure national economic and social development meeting the needs of people

According to the Law, energy refers to coal, crude oil, natural gas, electricity, coal gas, thermal power, oil and gas, biomass, and other resources that provide useful energy. In particular, the third chapter of the Law refers to energy conservation in buildings outlining the obligations of different participants in building construction.

Design Standard for Energy Efficiency of Public Buildings (公共建築節能設計標準) (GB50189 - 2005)

The Design Standard for Energy Efficiency of Public Buildings was established by Ministry of Construction in 2005 as a national standard. The aims of the Standard are:

- To execute relevant national laws, regulations, guidelines, and policies
- To improve the indoor environment of public buildings
- To improve energy efficiency of public buildings

The Standard is applicable to the energy efficiency design of new buildings and in the renovation and upgrade of existing buildings. The Standard outlines specific energy conservation guidelines for the building construction such as:

- The HVAC design and installation shall reduce total energy consumption by 50%
- The lighting design and installation of public buildings shall meet the current national standard — "GB 50034-2004 Design Standard for Architectural Lighting" (建築照明設計標準)

Medium and Long Term Plan for Energy Conservation (節能中長期專項規劃)

The Medium and Long Term Plan for Energy Conservation was stipulated by National Development and Reform Committee (國家發展和改革委員會) in 2005 with the following aims:

- To drive the society towards energy conservation
- To remove energy bottlenecks
- To promote sustainable social and economic development

The Plan outlines specific energy conservation targets divided by Five-Year Plan periods stretching from 2005 to 2020, with the core objectives of reducing energy consumption per capita by 40%-45% by 2020.

Regulations on the Control Security Systems Industry

The Notice Regarding the Enhancement of Supervision and Management of Quality of Products for Safety and Prevention (《關於加强安全防範產品質量監督管理的通知》) was jointly promulgated by the Ministry of Public Security (中華人民共和國公安部) and the former State Administration of Technical Supervision (國家技術監督局) of the PRC on 16 March 1995. Under the guidance of the State Administration of Technical Supervision, the Ministry of Public Security conducted supervision and management of the quality of products for safety and prevention for the industry in the PRC. The products for safety and prevention, which are under the safety certification management and the license system of the PRC government, shall be managed according to relevant requirements stipulated by the PRC government and the Ministry of Public Security.

The Notice Regarding the Enhancement of Supervision and Management of Quality of Technological Products for Safety and Prevention (《關於加强安全技術防範產品質量監督管理的通知》), which was promulgated by the Ministry of Public Security of the PRC on 23 April 1999, requires that 19 types of products for safety and prevention, including intrusion detector and crime alarm controller, shall pass the examination for launch before obtaining the approval for sale in the market.

The Administrative Measures for Technological Products for Safety and Prevention (《安全技術防範產品管理辦法》), which was jointly promulgated by the State Bureau of Quality and Technical Supervision* (國家質量技術監督局) and the Ministry of Security of the PRC on 16 June 2000, introduces the three management systems for the approvals for product launch in the market, including industrial product license, safety certification and production registration, according to the type of safety and protective products. The State Quality Technology Supervision Bureau and the Ministry of Public Security jointly formulated and announced the "Catalogue of Security Technology Products" (安全技術防範產品目錄) in the Administrative Measures for Technological Products for Safety and Prevention. Video entry systems are specialized products listed in the Catalogue of Security Technology Products. Companies producing and selling such products are required to adhere to the Management Measures.

Production registration system is implemented for safety and protective products which are not included in the production license system, safety certification system. Management of technological products for safety and prevention under the production license for industrial products shall be conducted according to the production license system of industrial products. Technological products for safety and prevention, which are under the management of production license for industrial products, are prohibited from production and sale without obtaining the production license for industrial products. Management of the technological products for safety and prevention under the safety certification system shall be conducted according to relevant requirements of the safety certification system of the PRC. Technological products for safety and prevention, which are under compulsory supervision and management of safety certification, are prohibited from sale and usage without obtaining the safety certification. Technological products for safety and prevention, for which production registration system is implemented, are prohibited for production and sale without obtaining the approval of production registration from the security authorities.

On 3 December 2001, the General Administration of Quality Supervision, Inspection, and Quarantine of the PRC (中華人民共和國國家質量監督檢驗檢疫總局) and the Certification and Accreditation Administration of the PRC (中國國家認証認可監督管理委員會) jointly announced the Product Catalogue for the First Batch of Products under Compulsory Implementation of Product Certification (《第一批實施强制性產品認證的產品目錄》). The products listed in the catalogue under the compulsory implementation of product certification included intrusion detectors (indoor Doppler microwave detector, active infrared intrusion detector, indoor passive infrared detector, integrated microwave, and passive infrared intrusion detector).

On 29 June 2004, the State Council issued the State Council's Decision on Administrative Licensing for Approval of Necessarily Reserved Administrative Project (Order No. 412 of the State Council)《國務院對確需保留的行政審批項目設定行政許可的决定》((國務院令第412號)) and announced 4 reserved administration licensing projects regarding the safety and prevention industry, namely, the approval of production and sale of technological products for safety and prevention, approval for the design of prevention facilities and construction examination of the post office, determination of risk level and approval for the construction of technological prevention plan and construction examination for storage for military industrial products, approval for designs for prevention facilities, and construction examination for agencies of financial institutions and gold treasury. On 3 August 2004, the Ministry of Public Security issued the Notice Regarding Some Issues of Standardising the Management of Safety and Prevention Technology Industry (Gong Ke [2004] No. 50) (《關於規範安全技術防範行業管理工作幾個問題的通知》(公科[2004]50號)) which provides the specific requirements in respect of the standardisation of the management for the safety and technology industry for ensuring the openness, fairness, and justification for reserved administration licensing.

On 26 May 2009, the General Administration of Quality Supervision, Inspection, and Quarantine of the PRC promulgated the Provision on Compulsory Product Certification Management (《强制性產品認證管理規定》). 132 types of products under the 19 categories listed in the product catalogue for compulsory product certification are implemented with compulsory certification management based on the principle of "standardised catalogue, logo, assessment procedures and fees".

Regulations on Fire Prevention Industry

The Fire Prevention Law of the PRC (中華人民共和國消防法) (the "Fire Prevention Law") promulgated in 1998 which requires specific certification for the manufacture. The promulgation of the Fire Prevention Law led to an increase in related regulations and standards which in turn contributed to the development of fire prevention products in the PRC. Currently, the PRC has national and industry standards for many fire prevention and safety products. The legal framework ensures a regulated environment of the market for fire prevention and safety products in the PRC. Pursuant to the Fire Prevention Law, all municipal governments must incorporate fire prevention facilities into their overall municipal planning. The Fire Prevention Law also encourages to strengthen science research and to use advanced fire prevention equipment. Each organization, including government institutions and companies, are required to formulate fire prevention systems and fire safety systems and procedures, schedule fire prevention inspections to eradicate fire hazards and adhere to relevant state regulations in installing fire prevention facilities and equipment. The quality of fire prevention and safety products adopted by such entities must conform to national or relevant industry standards. Production, sale or use of fire prevention and safety products, which are neither tested nor approved by a testing agency accredited under the Product Quality Law of the PRC (the "Product Quality Law") (產品質量法), is prohibited under PRC law.

The regulations governing the Chinese fire prevention and safety products market mainly comprise three systems, namely (a) market access; (b) supervision and examination; and (c) quality supervision and management. Brief descriptions of these three systems are as follows:

- **Market access**

  All fire prevention and safety products distributed in the PRC are subject to (i) compulsory product certification; (ii) product type approval; and (iii) mandatory testing. The "Catalogue of the First Batch Products under Compulsory Product Certification" (第一批實施强制性產品認證的產品目錄) (the "Compulsory Product Certification Catalogue") issued on 3 December 2001 by the State Administration for Quality Supervision, Inspection and Quarantine (國家質量監督檢驗檢疫總局) ("SAQSIQ") and the State Certification and Conformity Supervision and Management Commission (國家認證認可監督管理委員會) (the "State Certification Commission") includes fire prevention and safety products, such as fire alarm equipment, fire hoses, sprinkler fire extinguishing equipment. All fire prevention and safety products listed in the Mandatory Product Certification Catalogue are subject to the compulsory product certification system. These fire prevention and safety products must obtain certification after certified by the certification organization designated by the State prior to being distributed and used in the PRC.

- **Fire Prevention and Safety Supervision and Examination**

The Ministry of Public Security issued the "Fire Prevention and Safety — Supervision and Inspection Regulations" (消防監督檢查規定) ("FSI Regulations") on 9 June 2004. Public security fire services authorities are responsible for conducting the supervision and examination of fire prevention and safety in accordance with the FSI Regulations. Prior to organizing supervision and examination, the public security fire services authority may make public announcements of the scope, contents, requirements and timing.

When conducting supervision and examination, the public security fire services authority shall determine whether the buildings or premises inspected comply with the FSI Regulations based on several factors, such as:

(i) if the building being tested has passed the fire prevention design audit conducted by the relevant public security fire services authorities;

(ii) if the use of the building is in accordance with laws and regulations;

(iii) if the passages, safety exits, evacuation instructions and signages, emergency lightings, etc, comply with relevant laws and regulations; and

(iv) if the operation of fire services facilities, conditions of fire hydrants and distribution of fire extinguishing equipment comply with relevant laws and regulations.

Violations of inspected units are subject to the penalties imposed by the public security fire services authority in accordance with the relevant provisions of the Fire Prevention Law.

- **Quality Supervision and Management**

Public security fire services authorities, quality control authorities and the entry-exit inspection on quarantine authorities are responsible for the overall quality, supervision and testing management of all fire prevention and safety products in the PRC.

Companies manufacturing, selling or importing fire prevention and safety products not in accordance with the relevant laws and regulations or evading inspection will face similar penalties. Serious violators could have their business licenses revoked and may be subject to criminal sanctions.

Policies on Fire Alarm Systems Industry

On 18 November 1996, the Ministry of Public Security promulgated the "Notice regarding the accelerated construction of urban fire prevention and safety communications and deployment command system" (關於加快城市消防通信調度指揮系統建設的通知) which encouraged the construction of urban fire prevention and safety command centres and the installation of the necessary facilities. As at 31 December 2004, 53 cities, including Shanghai, Tianjin, Shenzhen, Guangzhou and Qingtao, have installed urban fire alarm network systems and urban fire prevention and safety command centers.

PRC Laws and Regulations Relating to Foreign Investment

Under the updated Industrial Guidance Catalogue for Foreign Investment (《外商投資產業指導目錄(2007年修訂)》), jointly issued by the National Development and Reform Commission of the

PRC (中華人民共和國國家發展和改革委員會) and the Ministry of Commerce of the PRC (中華人民共和國商務部) on 30 November 2004 and revised on 31 October 2007, effective on 1 December 2007, foreign investment in the building automation control security and fire alarm systems products is categorised as an industry permitted for foreign investment.

Environmental Law

Manufacturing businesses are subject to PRC environmental laws and regulations, which include the PRC Environmental Protection Law (《中華人民共和國環境保護法》), PRC Law on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), PRC Law on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), PRC Law on the Prevention and Control of Pollution From Environmental Noise (《中華人民共和國環境噪聲污染防治法》), and the PRC Law on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》) (collectively as the "Environmental Laws"). The Environmental Laws govern a broad range of environmental matters, including air pollution, noise emissions, sewage, and waste discharge.

According to the Environmental Laws, all business operations that may cause environmental pollution and other public hazards are required to incorporate environmental protection measures into their plans and establish a reliable system for environmental protection. These operations must adopt effective measures to prevent and control pollution levels and harm caused to the environment in the form of waste gas, liquid and solid waste, dust, malodorous gas, radioactive substances, noise, vibration, and electromagnetic radiation generated in the course of production, construction, or other activities.

Labour and Safety Law

The PRC has many labour and safety laws, including the PRC Labour Law (《中華人民共和國勞動法》), the PRC Labour Contract Law (《中華人民共和國勞動合同法》), the Social Insurance Law (《社會保險法》), the Regulation of Insurance for Work-Related Injury (《工傷保險條例》), the Unemployment Insurance Law (《失業保險條例》), the Provisional Measures on Insurance for Maternity of Employees (《企業職工生育保險試行辦法》), the Interim Provisions on Registration of Social Insurance (《社會保險登記管理暫行辦法》), the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), and other related regulations, rules and provisions issued by the relevant governmental authorities from time to time for operations in the PRC.

According to the PRC Labour Law (《中華人民共和國勞動法》) and the PRC Labour Contract Law (《中華人民共和國勞動合同法》), labour contracts in written form shall be executed to establish labour relationships between employers and employees. Wages cannot be lower than local minimum wage. The company must establish a system for labour safety and sanitation, strictly abide by state standards, and provide relevant education to its employees. Employees are also required to work in safe and sanitary conditions meeting state rules and standards, and carry out regular health examinations of employees engaged in hazardous occupations.

As required under the Regulation of Insurance for Work-Related Injury (《工傷保險條例》), the Provisional Measures on Insurance for Maternity of Employees (《企業職工生育保險試行辦法》), the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), and the Interim Provisions on Registration of Social Insurance (《社會保險登記管理暫行辦法》), companies are obliged to provide employees in the PRC with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, injury insurance, and medical insurance.

Intellectual Property

Registered trademarks in the PRC are protected under the Law of the PRC on Trademarks (中華人民共和國商標法) and the Implementary Rules for the Law of the PRC on Trademarks (中華人民共和國商標法實施條例). The period of validity of a registered trademark is 10 years from the date of registration, renewal is allowed thereafter and the period of validity of each renewal of registration is 10 years. The SAIC and its local branches have the power to investigate and handle any act of infringement of the exclusive right to use a registered trademark according to law. Where the case is so serious as to constitute a crime, it shall be transferred to the judicial authority for handling.

The PRC allows patents for the protection of proprietary rights, as set forth in the Law of the PRC on Patents (中華人民共和國專利法), patents relating to inventions are effective for 20 years from the initial date the patent application was filed. Patents relating to utility model and design are effective for ten years from the initial date the patent application was filed. Any persons and entities using a patent in the absence of authorization from the patent owner or conducting other activities which infringe upon patent rights will be held liable for compensations to the patent owner, and subject to fines charged by relevant administrative authorities and even criminal punishments.

Regulations on the Software Industry

Software Copyright

The State Council promulgated the Regulations on the Protection of Computer Software（《計算機軟件保護條例》）on 20 December 2001 and effective on 1 January 2002.

According to the Regulations on the Protection of Computer Software, protected software shall be developed independently by the creator and fixed on certain tangible object. Protection over software copyright shall not be extending to ideas, procedures, operation methods, or mathematical concepts used in software development. Software created by Chinese citizens, legal persons, or other organizations shall have copyright, regardless of whether or not it is published. While software created by foreigners or stateless person which is first published in the PRC shall have copyright. The software created by foreigners or stateless person shall have copyright in accordance with the agreement entered into with China by the residence country or regular residence of the creator, or international treaty in which China was involved. Such copyright is protected under the Regulations on the Protection of Computer Software.

According to the Regulations on the Protection of Computer Software, the holder of software copyright shall enjoy the right to publish, right of signature, right of duplication, right of amendment, right to issue, right to lease, right to spread the software in the information network, and right of translation. The copyright in the software shall be commenced from the date on which the software is created. Natural person enjoys protection period for his/her software copyright throughout his/her life and 50 years after his/her death. For the software copyrights of legal persons, the term of protection for the software copyright is 50 years, ending on 31 December of the fiftieth year after the first publication of the software. However, software which has not published within 50 years since the date on which the software is created, is not subject to protection.

Registration of Software Copyright

On 20 February 2002, the State Bureau of Copyright (國家版權局) promulgated the Measures for Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), which was amended by the Decision on Revocation of Relevant Rules and Guidelines by Implementing Administrative Permission Law of the People's Republic of China (關於實施《中華人民共和國行政許可法》清理有關規章、規範性文件的決定), is applicable to registration of software copyright, patent license contract and transfer contract of software copyright. According to the Measures for Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), the applicant for registration of software copyright shall be the holder of copyright of that software and natural person, legal person, or other organisations of the software copyright through inheritance, transfer, or grant. Applicant for registration of patent license contract of software copyright shall be a party to the patent license contract or transfer contract of software copyright. Software under application for registration shall be (i) self-developed, or (ii) software with significant improvement in its function or performance after amendments to the original software upon consent of the original copyright holder.

Registration of Software Products

On 1 March 2009, the Ministry of Industry and Information Technology of the People's Republic of China (中華人民共和國工業和信息化部) promulgated the Software Product Management Regulations (《軟件產品管理辦法》) to strengthen software product management and facilitate the development of the PRC software industry. Registration and filing system for software products is implemented according to the Software Product Management Regulations (《軟件產品管理辦法》). For software products which have been approved, registration number and registration certificate will be approved and issued by the competent departments of the software industry in provinces, autonomous regions, municipalities, and cities specifically designated in the state plan（計劃單列市）. The term of validity of software product registration is 5 years, subject to renewal before the expiry.

Policy for Encouraging the Development of the Software Industry and the Integrated Circuit Industry

The State Council promulgated the Various Policies for Encouraging the Development of Software and Integrated Circuit Industries (《鼓勵軟件產品和集成電路產業發展的若干政策》) on 24 June 2000. Preferential treatments have been provided for software enterprises through various policies including finance policies, tax policies, industry technology policies, export policies, income allocation policies, talent recruitment and training policies, and purchase policies. According to the Various Policies for Encouraging the Development of Software and Integrated Circuit Industries (《鼓勵軟件產品和集成電路產業發展的若干政策》), an enterprise shall be recognised as software enterprise by the government authority in order to the enjoy the preferential tax treatment above. The software enterprises shall be subject to annual assessment. Enterprises which have not passed the annual assessment shall not be entitled to the above preferential treatments.

Taxation

The Seventh National People's Congress of the PRC (第七屆全國人民代表大會) promulgated the Income Tax Law of the PRC Concerning Foreign Investment Enterprises and Foreign Enterprises (《外商投資企業和外國企業所得稅法》) on 9 April 1991 and implemented on 1 July 1991. According to the regulations, the income tax on foreign investment enterprises shall be computed on the taxable income at the rate of 30%, and local income tax shall be computed on the taxable income at the rate of 3%. Foreign investment enterprises which meet with the requirements are entitled to tax reduction and/or exemption.

The Fifth Session of the Tenth National People's Congress of the PRC (第十屆全國人大五次會議) held on 16 March 2007 announced the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) and implemented on 1 January 2008. The Income Tax Law of the PRC Concerning Foreign Investment Enterprises and Foreign Enterprises (《外商投資企業和外國企業所得稅法》) was abolished on 1 January 2008. According to the Enterprise Income Tax Law, the income tax rate of foreign invested enterprises is 25%. Enterprises that were established prior to the promulgation of the Enterprise Income Tax Law and enjoyed lower tax rates according to the provisions of the previous tax laws and regulation shall enjoy a five-year transitional period. The enterprises that have enjoyed the preferential treatment of tax deduction and/or exemption for a fixed term may continue to enjoy such treatment after the promulgation of the New Tax Law until the fixed term expires. However, for those that have failed to enjoy the preferential treatment due to failure to make profits, the term of preferential treatment may be counted from the year when the Enterprise Income Tax Law is promulgated onwards.

According to the Notice on Carrying out the Transitional Preferential Policies Concerning Enterprise Income Tax (Guo Fa [2007] No. 39) (《關於實施企業所得税過渡優惠政策的通知》(國發[2007]39號) promulgated by the State Council on 26 December 2007, the preferential treatment of enterprise income tax that enterprises entitled to enjoy in accordance with the original tax laws, administrative regulations and documents under administrative regulations, shall comply with the following transition methods:

Starting from 1 January 2008, enterprises entitled to low income tax rates shall generally transit to the uniform tax rate of 25% within five years following the implementation of the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), among which the income tax rate shall gradually increase to 25% over a five-year transitional period for enterprises subject to the preferential low tax rate of 15% (being 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012 and thereafter), while the original tax rate of 24% for certain enterprises shall be adjusted to 25% in 2008.

Starting from 1 January 2008, for enterprises entitled to the entitlement of fixed-term tax holidays (including two-year exemption and three-year half rate as well as five-year exemption and five-year half rate) under the former preferential tax treatments, the tax holidays shall be valid until their expiry pursuant to the treatment and term as stipulated in the original tax laws, administrative rules, and relevant documents. However, if an enterprise has not yet commenced its tax holiday due to its failure to make profit, the tax holiday shall be deemed to commence from 2008 onwards.

Enterprises entitled to enjoy the aforesaid transitional policy refer to those registered for establishment with the registration authorities for industry and commerce before 16 March 2007.

The Enterprise Income Tax Law also states the high-tech enterprises which require government support shall be entitled to a reduced tax rate of 15%.

The State Council passed the Implementation Rules of Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) on 28 November 2007, which is effective from 1 January 2008. According to the Implementation Rules of Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), non-resident enterprises, which have not set up institutions or establishments in the PRC or institutions or establishments are set up in PRC but have no actual relationship with the income obtained by the non-resident enterprises setting up the PRC institutions or establishments, shall pay enterprise income tax in relation to the income generated from China at the reduced tax rate of 10%.

On 11 July 2007, the government of the Republic of Singapore and the PRC government entered into an Arrangement of Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Income Tax (《關於對所得避免雙重徵稅和防止偷漏稅的協定》), which stipulates that dividends received by a Singapore resident company from the PRC resident company shall be subject to a tax rate not exceeding 5% of the aggregate amount of the dividends if the beneficiary is a company (except joint-venture enterprise) which directly owns at least 25% equity interest of the company which pays the dividends.

On 20 February 2009, the State Administration of Taxation (國家稅務總局) of the PRC issued Notice on Issues relating to the Administration of the Dividend Provision in Tax Treaties (《關於執行稅收協定股息條款有關問題的通知》), which states that counterparty residents to tax treaties (or dividend recipients) who are beneficial owners of such dividends shall be entitled to enjoy treatment under tax treaties related to the dividends paid by the PRC resident companies. It also clearly defines the relevant criteria for tax payers and counterparty resident enterprises who shall be entitled to such treatment under tax treaties.

On 24 August 2009, the State Administration of Taxation of the PRC issued Administrative Measures for Non-resident Enterprises to Enjoy Treatment under Tax Treaties (Trial) (《非居民享受稅收協定待遇管理辦法(試行)》), which states approval or filings should be duly obtained or completed in order for non-resident enterprises to enjoy treatment under tax treaty. Those who have not applied for approval or registration shall not be entitled to the relevant treatments under tax treaty.

On 27 October 2009, the State Administration of Taxation of the PRC issued Notice on Interpretation and Confirmation of Beneficial Owners Under Tax Treaties (《關於如何理解和認定稅收協定中"受益所有人"的通知》), which further defines which applicants shall be treated as "beneficial owners" when counterparty resident enterprises involved in tax treaties apply for treatments under provisions with respect to dividends, interest, and royalties under any applicable tax treaty entered into by the PRC.

UNITED STATES REGULATORY OVERVIEW

Laws and regulations in the U.S.

Building automation companies are subject to appliance efficiency regulations promulgated under the National Appliance Energy Conservation Act (NAECA) and various state regulations concerning the energy efficiency of their products. The U.S. Department of Energy revised the national residential furnace and boiler standards, which will become effective for manufacturers on 19 November 2015. On 19 December 2007, federal legislation was enacted authorizing the U.S. Department of Energy to study the establishment of regional efficiency standards for residential furnaces, air conditioners, and heat pumps. The U.S. Department of Energy will surely consider establishing regional standards for furnaces and air conditioners during future rulemakings. The U.S. Department of Energy commenced its revision of the residential air conditioner and heat pump standards in 2008 with a likely effective date of 2016. Similar new standards are being promulgated for commercial air conditioning and refrigeration equipment.

The Waxman-Markey American Clean Energy and Security Act (ACES), passed in June 2009, is the last major environmental bill. It establishes law around HFC cap-and-trade and building efficiency codes. The legislation proposes a cap and gradual phase out of domestic HFC beginning in 2012, eventually reaching 15% of the initial baseline by 2050. The program applies to all producers, users, and importers of HFCs. As background, the industry is just now completing a refrigerant transition from HCFC-22 to HCFs, and as of now there is a clear alternative to HFCs that would work for all HVAC applications (particularly air-conditioning units).

CANADIAN REGULATORY OVERVIEW

General

Canada is a federal country in which both the federal and provincial governments have jurisdiction over various matters.

Distech Controls' activities are not subject to any special regulatory framework under either federal or the Province of Québec law. Canadian laws do not impose controls on the conversion of the Canadian dollar into foreign currencies nor on the remittance of currency out of Canada. There are currently no restrictions on the goods that may be imported by Distech Controls in connection with its activities.

Taxation Laws

Canadian federal tax laws do not restrict or limit capital flows, with two exceptions. First, income tax may apply to capital gains realized on the disposition of taxable Canadian properties. Second, withholding tax applies to (i) dividends paid to a non-resident shareholder; (ii) interest payable to a non-arm's length person or interest that is payable on a participating debt; (iii) certain rents, royalties or similar payments; and (iv) management fees. The withholding tax rate is 25%, and can be reduced if an income tax convention applies. In addition, the Province of Québec may impose income taxes on capital gains realized on the disposition of Québec taxable properties.

Corporate Law

Distech Controls is governed by the *Business Corporations Act* (the "**QBCA**"). Under the QBCA, Distech Controls must maintain its head office and hold its books and registers in Québec. The QBCA does not impose any residency requirements on shareholders or directors. The QBCA provides various legal mechanisms (including for the protection of minority shareholders) often found in modern corporate statutes.

Language Laws

Québec's language law, the *Charter of the French Language* (the "**Charter**"), is designed to maintain and promote the use of French in Québec society, including in businesses. The Charter establishes the fundamental right of every person (including employees) to request that businesses operating in Québec deal with him in French. However, when the parties involved in a matter agree, they can communicate in a language other than French. Québec law does not generally require the official version of a contract to be in French.

Environmental Law

In Canada, activities that affect the environment are regulated by both the federal and provincial governments. The principal statute at the federal level is the Canadian Environmental Protection Act, 1999, whose equivalent in Québec is the Environment Quality Act (Québec). A variety of other statutes complement these laws. This body of legislation regulates, among other things, the use of potentially hazardous substances, the discharge of pollutants into the environment, the uses that can be made of air, water, and soil, and the movement of waste and recyclable materials into, out of, and across the country. Significant fines can be levied for non-compliance.

Distech Controls' current activities do not subject it to any particular regulatory requirements or expose it to any undue liability under environmental legislation in Canada.

Labour and Safety Law

Distech Controls is subject to the labour and safety law of the province of Québec, which is made up of four main pieces of legislation: the Labour Code (the "**Code**"), *An Act respecting labour standards* (the "**Labour Standards Act**"), An Act respecting occupational health and safety (the "**Health & Safety Act**"), and An Act respecting industrial accidents and occupational diseases (the "**AIA**").

The Code determines the process by which employees can unionize and collectively bargain with their employer. Distech Controls' workforce is not currently unionized, nor, to the best of its management's knowledge, is there any currently any effort to unionize that workforce.

The Labour Standards Act imposes minimum requirement on employees' work conditions. These include such matters as wages, hours of work, holidays, annual leave, rest periods, absences due to sickness, notice of termination, equal pay for equal work, and pregnancy/parental leave.

The Labour Standards Act provides for a minimum wage applicable to most workers in Québec. The regular workweek is generally 40 hours, beyond which any work must be compensated at 150% of the employee's prevailing hourly wage. Under Québec law, eight days per year are paid holidays. The Labour Standards Act also requires that employees be given unpaid days off for such reasons as illness and family events (such as weddings or deaths). Unpaid leave is required upon the birth of a child (18 weeks for women and five for men).

In case of termination without cause, employers must generally provide the following notice (or pay in lieu thereof): for employees with three months to one year of service, one week; for employees with one to five years of service, two weeks; for employees with five to 10 years of service, four weeks; for employees with more than 10 years of service, eight weeks.

The Health and Safety Act and the AIA govern workplace safety. Together, they require employers to take reasonable steps to ensure a safe work environment and create a compensation scheme to indemnify employees who have been the victims of a workplace injury. Employers must contribute into the insurance fund out of which such payments are made.

The Charter of Human Rights and Freedoms (Québec) prohibits employers from discriminating (without valid grounds) on the basis of characteristics such as sex, age, religion, ethnicity, and sexual orientation.

FRENCH REGULATORY OVERVIEW

Environmental Law

French environmental regulations derive mainly from European regulations. In France, the Environmental Code encompasses all the legal provisions that are applicable to the environment. The Environmental Code regulates the following activities: damages to the human health and the environment, pollution issues, the storage, transport or treatment of dangerous or toxic substances and waste materials, the treatment of chemical substances, the disposal of waste and recycling of materials, protection of the atmosphere, soils and water, noise pollutions, protection of classified sites and installations, wildlife conservation, and sanctions applicable thereto (significant fines, custodial sentences, damages).

As confirmed by the French legal advisors to the Company, no complaint has been lodged against Distech France, Acelia and Comtec and these entities are not involved nor are likely to be involved in any lawsuit in connection with any damages that could have been caused to the environment, before any French or European jurisdictions.

Labor and Safety Law

The whole Labor Law and Social Security regulations are defined under the Code of Labor and Code of Social security. Certain hygiene and safety provisions are referred to in the Public Health Code. Furthermore, certain employees' rights are set as principles which are recognized by the French Constitution: freedom and union action, right to strike, participating in business determination and management.

Collective agreements adapt certain provisions of the Code of Labor to the specificities of certain branches of activity which therefore take precedence over provisions of the Code of Labor. Distech France is bound by collective agreements of the Metallurgy sector, which are applicable in order to complement provisions of the Code of Labor.

Distech France has the obligation to comply with the provisions relating to workers' representatives (union representatives, works council, Hygiene, Safety and Working Conditions Committee), in particular with those that require the organization of elections and meetings, informing and consulting the representative bodies and conducting negotiations with the trade unions.

Hygiene and safety rules are fixed by the Code of Labor concerning in particular hazards, industrial accidents, occupational diseases (e.g. asbestos), harassment in the workplace, prevention policies. The employer has the obligation to achieve results.

In France, the legal workweek is 35 hours. It does not apply to employees who have "executive" or "management" status. In the event of dismissal, whether on personal or economic grounds, the employee is in principle entitled to indemnities which depend on many criteria (his/her remuneration and seniority in the company, number of employees within the company, grounds for the dismissal). More advantageous conditions may have been laid down in the employment agreement.

A dismissal procedure is highly regulated. The various stages and times must be strictly respected or, failing so, the dismissal will be null and void. In particular, the employee must be notified to attend a preliminary meeting and is entitled to work during the notice period (or may be awarded a payment in lieu of notice). The dismissal must be justified. Any personal dismissal shall rest on a real and serious motive or a fault (a serious fault or gross misconduct).

The legal minimum severance pay is allocated after one year of seniority within the company. Its calculation depends on the number of years of employment within the company and may not be inferior to 1/5 of the month of salary per year of seniority the first 10 years and 1/3 of the month of salary for each following year. The severance pay can be cumulated with other benefits (paid vacations, notice). However, the severance pay is not due in the event of dismissal for gross misconduct or serious fault and the employee is not authorized to work during the notice period.

In case of irregular dismissal or dismissal without any real and serious motive or if it is declared null, the employee can be reinstated in the company by Court decision or is at least entitled to an indemnity worth six months of remuneration if he/she has more than one year of seniority.

Laws and regulations in the European Union

In the European marketplace, electrical and electronic equipment is required to comply with the Directive on Waste Electrical and Electronic Equipment (WEEE) and the Directive on Restriction of Use of Certain Hazardous Substances (RoHS). WEEE aims to prevent waste by encouraging reuse and recycling and RoHS restricts the use of six hazardous substances in electrical and electronic products. All HVACR products and certain components of such products "put on the market" in the EU (whether or not manufactured in the EU) are potentially subject to WEEE and RoHS. Because all HVACR manufacturers selling within or from the EU are subject to the standards promulgated under WEEE and RoHS, the Company believes that neither WEEE nor RoHS uniquely impact it as compared to other manufacturers. Similar directives are being introduced in other parts of the world, including the U.S. For example, California, the PRC, and Japan have all adopted unique versions of RoHS possessing similar intent.

To the best knowledge of the Directors, the Directors confirmed that the Group has complied with the applicable laws and regulations in all material respects in all jurisdictions where it operates during the Track Record Period, and the Group has obtained all such applicable approvals, permits, certifications, inspections or registrations in accordance with the relevant PRC laws and regulations as referred in the section headed "Regulatory overview" and Appendix IV to this prospectus. There was no material litigation or claim known to the Directors to be pending or threatened by or against the Group.

THE HISTORY

The history of the Group can be traced back to the incorporation of the Company in Singapore on 25 May 2005, when Tongfang and Mr. Seah Han Leong, an executive Director who previously worked at one of Tongfang's suppliers, decided to self-produce traditional building automation, fire alarm, and security system's products instead of procuring these products from other suppliers.

The Company was set up as a joint venture company held in equal shares by Tongfang and Mr. Seah Han Leong with an issued and paid-up share capital of US$2 comprising two Shares. Tongfang is a company listed on the Shanghai Stock Exchange with Tsinghua Holdings Co., Ltd being its single largest shareholder, holding approximately 23.88% of Tongfang. Tsinghua Holdings Co., Ltd is a State-owned limited liability corporation and wholly-owned by Tsinghua University which is in turn controlled by the MoE. Tongfang currently has business in various areas and further details of the Tongfang Group are set out in the section headed "Relationship with Controlling Shareholders" of this prospectus.

Since the incorporation of the Company, the Group has been focusing on the production and manufacturing of building automation, energy management/efficiency, control security and fire alarm systems, products to customers related to the building construction industries.

On 26 June 2005, 99,999 Shares and 899,999 Shares were issued, allotted, and credited as fully paid to Mr. Seah Han Leong and Tongfang at a consideration of US$99,999 and US$899,999, respectively. On 28 October 2006, 2,000,000 Shares were issued, allotted, and credited as fully paid to Resuccess at a consideration of US$2,000,000. Resuccess is an investment holding company incorporated in the British Virgin Islands and wholly-owned by Tongfang. On 2 April 2007, 200,000 Shares were issued, allotted, and credited as fully paid to M2M Holdings Ltd at a consideration of US$200,000. M2M Holdings Ltd is an investment holding company incorporated in the British Virgin Islands and wholly-owned by Mr. Seah Han Leong.

As at 2 April 2007, the total issued Shares was US$3,200,000 comprising 3,200,000 Shares, held by four Shareholders, namely, Resuccess, Tongfang, M2M Holdings Ltd and Mr. Seah Han Leong as beneficial shareholders, who held approximately 62.5%, 28.1%, 6.3% and 3.1%, respectively.

As founders of the Company, the considerations paid by each of Resuccess, Tongfang, M2M Holdings Ltd and Mr. Seah Han Leong in respect of the above share allotments are US$1 per Share determined based on the par value of the Company.

During the Track Record Period, Tongfang further invested in the Company and the Company received additional capital from new shareholders Zana and CTC Capital at the consideration of US$3.57 per Share, determined on an arm's length basis and based on the expected earnings of the Company. Details of such share allotments are set out in the paragraphs below.

Zana is a private equity investment fund introduced to the Group through Tongfang which has previous investment relationship with Zana. Zana is wholly-owned by Zana China Fund L.P. The general partner of Zana China Fund L.P. is Zana Capital (Cayman) Limited and its share capital is comprised of (i) 1,040 shares of Class A shares held in equal parts by Mr. Ng Koon Siong, a non-executive Director, and Mr. Chan Hock Eng, a past director of Zana; and (ii) 1,480 shares of Class B shares held by four individuals who are Independent Third Parties. CTC Capital is a private equity investment fund introduced to the Group through Mr. Liu Tianmin, a director of the Company and an ex-executive vice president of Tongfang. CTC Capital refers collectively to (i) CTC Capital Partners I, L.P., an exempted limited partnership consists of 5 limited partners and 1 general partner, (ii) CTC Capital Partners Co., Ltd, a company owned by 2 corporate shareholders, (iii) Yung Li Investments, Inc., a company owned by 10 corporate shareholders. To the best knowledge of the Directors, the ultimate beneficial owners of CTC Capital are Independent Third Parties. Both Zana and CTC Capital were Independent Third Parties when they first acquired interests in the Company.

On 15 January 2008, pursuant to an investment agreement and a supplemental agreement, both dated 15 June 2007 entered into between, among others, Dragon Point Limited, CTC Capital, the Company, Resuccess and Tongfang, and a second supplemental agreement dated 29 October 2007 entered into between Dragon Point Limited and Yung Li Investments Inc., 840,000 and 560,000 redeemable convertible preference shares of the Company were issued, allotted, and credited as fully paid to Dragon Point Limited and Yung Li Investment Inc., in consideration of US$3,000,000 and US$2,000,000, respectively (i.e. US$3.57 per Share, determined on an arm's length basis and based on the expected earnings of the Company. Details of such share allotments are set out in the paragraphs below).

On 28 May 2008, 1,400,000 Shares were issued, allotted, and credited as fully paid to Tongfang at a consideration of US$4,999,400.00. On the same date, pursuant to a subscription agreement dated 7 May 2008 entered into between the Company, Dragon Point Limited, CTC Capital Partners I, L.P. and CTC Capital Partners Co., Ltd., 2,110,908 Shares, 234,546 Shares and 234,546 Shares were issued, allotted, and credited as fully paid to Dragon Point Limited, CTC Capital Partners I, L.P. and CTC Capital Partners Co., Ltd. at a consideration of US$7,538,052.47, US$837,563.76 and US$837,563.77, respectively (i.e. US$3.57 per Share, determined on an arm's length basis and based on the expected earnings of the Company. Details of such share allotments are set out in the paragraphs below).

On 29 May 2008, 500,000 Shares were issued, allotted, and credited as fully paid to Diamond Standard Ltd at a consideration of US$1,785,500 (i.e. US$3.57 per Share, determined on an arm's length basis and based on the expected earnings of the Company. Details of such share allotments are set out in the paragraphs below). On 30 May 2008, pursuant to Article 1(A) of the Supplemental Articles of Association of the Company, Dragon Point Limited and Yung Li Investment Inc. converted the 840,000 and 560,000 redeemable cumulative preference shares of the Company held by each of them respectively into 840,000 Shares and 560,000 Shares respectively. Diamond Standard Ltd is an investment holding company owned as to 50% by Mr. Seah Han Leong and as to 50% by Mr. David Chow Dah-Jen, a director of CTC Capital and a past director of the Company (who was appointed by CTC Capital as its representative on the Board and was replaced by Ms. Shi Shanshan on 5 March 2010 in accordance with the internal policy of CTC Capital).

On 31 May 2008, Dragon Point Limited transferred 240,000 Shares to Diamond Standard Ltd at a consideration of US$1, and Yung Li Investment Inc. transferred 160,000 Shares to Diamond Standard Ltd at a consideration of US$1 as continual contribution to the Group.

Immediately prior to the Corporate Reorganization, the Company was owned as to 47.36% by Tongfang Group, 29.86% by Zana, 9.57% by CTC Capital, 1.10% by Mr. Seah Han Leong, 9.91% by Diamond Standard Ltd and 2.20% by M2M Holdings Ltd as beneficial shareholders.

As confirmed by the Company's PRC legal advisors, approvals from the relevant PRC government authorities in relation to the above mentioned subscription of Shares by Tongfang have been obtained. Save for the aforesaid, the above subscriptions of Shares and the transfer of Shares by the relevant shareholders of the Company are not subject to any government approvals under the Singapore and PRC laws.

Business in China

The Company established Technovator Beijing on 7 August 2006 as a wholly-owned subsidiary with a registered capital of US$7,000,000 and a total investment of US$7,000,000. Technovator Beijing is the Group's operating subsidiary in the PRC and principally engaged in the design, manufacturing and marketing of building automation solutions.

To enhance the Group's distribution network in the PRC, Technovator Beijing established Technovator Shanghai on 31 May 2010 as a non-wholly owned subsidiary with a registered capital of RMB5,000,000. Technovator Shanghai is owned as to 80% by Techonvator Beijing and 20% by Mr. Shen Jianhong (沈建宏), an Independent Third Party. It is expected that it will be principally engaged in the distribution of building automation solutions.

Expansion in the North-American market

As part of the strategy to expand into the North-American market, on 28 May 2008, the Company acquired 20,869,710 Class A common shares from a number of the then shareholders of Distech Controls, all of them were Independent Third Parties at the relevant time, for a consideration of CAD$12,185,890.30 and subscribed for 1,055,528 newly issued Class A common shares from Distech Controls for a consideration of CAD$1,218,678.70, representing an aggregate of approximately 63.8% equity interests in Distech Controls at the relevant time. The said considerations for the acquisition and the subscription of shares in Distech Controls were determined on an arm's length basis and based on the fair value of Distech Controls as of a valuation date agreed between the parties. As confirmed by the Canadian legal advisors of the Company, the said transfers of shares of Distech Controls did not require the approval of the governmental authorities in Canada.

Pursuant to the unanimous shareholders' agreement dated 28 May 2008 among the Company, Étienne Veilleux, 9109-2759 Québec Inc. and Distech Controls, following the fifth anniversary of the date of the said agreement, 9109-2759 Québec Inc. and Étienne Veilleux may require the Company to purchase all of their shares of Distech Controls at a price equal to the fair market value of the shares of Distech Controls at any given date as established by an independent appraiser. The shares of Distech Controls held by Groupe Arcom may also be disposed under similar conditions pursuant to an addendum to the unanimous shareholders' agreement dated 25 February 2010 entered into between the Company, Distech Controls, Mr. Étienne Veilleux, 9109-2759 Québec Inc., and Groupe Arcom. After the fourth anniversary of the said agreement (or earlier in certain exceptional circumstances): (i) Distech Controls may require Groupe Arcom to sell all of its shares of Distech Controls for cancellation at an aggregate price equal to the greater of EUR4 million (plus 6% per year from February 2010) and seven times the EBITDA per share of Distech Controls in the 12 months preceding the purchase; and (ii) Groupe Arcom may require the then voting shareholders of Distech Controls to purchase the shares of Distech Controls held by Groupe Arcom.

In addition, under the said shareholders' agreement, certain matters of Distech Controls are required to be approved by the board of Distech Controls and by the shareholders of Distech Controls holding at least 75% of the issued and outstanding voting shares of Distech Controls. These matters include, but are not limited to, any significant changes to the scope of the business of Distech Controls, its nature or business activities, any amendments to the corporate documents of Distech Controls, any modification to the composition of the board of Distech Controls, the liquidation, dissolution or winding up of Distech Controls, any transfer of intellectual property owned by Distech Controls, any change to the fiscal year-end of Distech Controls and any issuance of equity interests in Distech Controls. Immediately upon completion of the Share Offer, Distech Controls will be owned as to 56.7% by the Company, 17.97% by Mr. Étienne Veilleux, 14.19% by 9109-2759 Québec Inc., and 11.14% by Groupe Arcom, assuming no options are exercised pursuant to the Distech Controls Stock Option Plan.

Distech Controls is principally engaged in the design, manufacturing, sales and marketing of energy management systems and integrated building automation systems based upon open control protocols. Distech Controls enables the Group to expand the reach of its products and services in the North-American market and achieve synergy with its production capabilities in the PRC.

In 2009, Distech Controls made a strategic investment in E2 Solutions, a Canadian company with an energy and building assets monitoring center and reporting process system, which highly complements the Group's existing product offerings. E2 Solutions' energy monitoring center helps to optimize the energy consumption of multiple sites end-users. On 10 July 2009, Distech Controls subscribed 991,500 common shares of E2 Solutions, representing 19% of the capital of E2 Solutions, for a consideration of CAD$275,000. The consideration was determined on an arm's length basis and based on the fair market value of E2 Solutions as of a valuation date agreed between the parties. As confirmed by the Canadian legal advisors of the Company, the said subscription of shares of E2 Solutions did not require the approval of the governmental authorities in Canada. As Distech Controls would like to take time to observe and evaluate the performance of E2 Solutions before it decides to acquire the entire shares of E2 Solutions, as part of the negotiation between the parties in relation to the said acquisition of 19% interests in E2 Solutions, Distech Controls was also granted (i) an option to purchase from the other shareholders of E2 Solutions or subscribe from E2 Solutions, at any time after 10 July 2011, such number of shares of E2 Solutions that, when combined with the shares of E2 Solutions held by Distech Controls, will result in Distech Controls holding up to 50.1% of issued share of E2 Solutions at a price equal to the Fair Market Value (as defined in the shareholders agreement dated 10 July 2009 entered into between E2 Solutions and all the shareholders of E2 Solutions, including Distech Controls) and (ii) an option to purchase from the other shareholders of E2 Solutions all of the remaining shares of E2 Solutions held by such shareholders in the 120 days following 10 July 2014 (i.e. between 11 July 2014 and 8 November 2014) at a price equal to the Fair Market Value. In December 2010, Distech Controls increased its shareholdings in E2 Solutions to 24.3%. The option allowing Distech Controls to increase its shareholding in E2 Solutions up to 50.1% became effective from 10 July 2011. As at the Latest Practicable Date, Distech Controls has not decided whether to exercise these options or not, and there is no definite time-frame for exercising such option.

Expansion in the European market

(i) *Acquisition of Distech Europe*

Apart from the PRC and North America, the Group has also established its presence in Europe. Distech Controls acquired 51% of Distech Europe in 2007 from Smart Buildings B.V., an Independent Third Party, at a consideration of 50,000 Euros paid to Smart Buildings B.V. and a contribution of 175,000 Euros as unstipulated share premium on the preferred shares paid to Distech Europe. Distech Controls acquired the remaining 49% of Distech Europe from Smart Buildings B.V. on 27 July 2009 at a consideration of 100,000 Euros paid to Smart Buildings B.V. payable by way of a promissory note. As part of the negotiation, Smart Buildings B.V. was granted an option to purchase up to 150,000 non-voting shares in Distech Controls at a price of CAD$0.60 per share until 27 July 2019. The purchase prices were determined on an arm's length basis and based on the fair market value of Distech Europe as of a valuation date agreed between the parties. As confirmed by the Canadian legal advisor of the Company, the said acquisitions of shares of Distech Europe by Distech Controls did not require the approval of the governmental authorities in Canada. Distech Europe is principally focused on customers based in Europe and is primarily responsible for Distech Controls' product and service sales and market development.

(ii) *Acquisitions of Comtec and Acelia*

In an effort to expand the Group's business in the European market, on 25 February 2010, Distech France acquired a 100% equity interests in Comtec and Acelia from Groupe Arcom, an Independent Third Party. For the purpose of establishing an efficient financing arrangement for these acquisitions, Distech France was incorporated on 24 February 2010 with an initial capital of 3,200,000 Euros and Distech US was incorporated on 17 February 2010 with an initial capital of US$100, both as a wholly-owned subsidiary of Distech Controls.

Pursuant to a share purchase agreement entered into between, among others, Distech France and Groupe Arcom on 25 February 2010, Distech France acquired 100% equity interests in Comtec and Acelia from Groupe Arcom, a then competitor of Distech Controls and an Independent Third Party, for a consideration €8 million. Such acquisition enabled the Group's presence and market share in Europe and the Directors consider it to be beneficial and in line with the Group's global expansion plan. In addition, the vendors of Comtec and Acelia have provided a non-competition undertaking to Distech Controls pursuant to which, such vendors agreed not to, among others, enter into a business venture in competition with the existing business of Comtec and Acelia for a period of two years from the date of such acquisition. The consideration was determined on an arm's length basis and based on the fair market value of Comtec and Acelia as of a valuation date agreed between the parties. The consideration was satisfied as to €4 million by cash and €4 million by the issue and allotment of 4,310,407 shares in Distech Controls to Groupe Arcom. The number of shares issued by Distech Controls to Groupe Arcom was determined on an arm's length basis and based on the fair market value of Distech Controls as of a valuation date agreed between the parties. As a consequence of this issuance of shares by Distech Controls to Groupe Arcom, the equity interest of the Company in Distech Controls was reduced to approximately 56.7%.

Comtec is principally engaged in the design, manufacturing, sales, and marketing of building automation solutions and energy management systems, and Acelia is principally engaged in the sales and marketing of building automation solutions and energy management systems provided by Comtec. Acelia and Comtec, both headquartered in France, have in-depth European market and application knowledge providing the Group with access to strong European demand for energy management and integrated building management systems. Pursuant to a management rental agreement entered into between Acelia and Comtec that came into effect on 1 October 2010, the business of Acelia is conducted by Comtec so to simplify the management structure of the Group's operation in France by combining the two businesses.

CORPORATE REORGANIZATION

In preparation for the Listing, the Group underwent the Corporate Reorganization which consisted of a Share Subdivision. Pursuant to the written resolutions of the Shareholders passed on 15 August 2011, the Company conditionally approved, among other things, the subdivision of 9,080,000 issued Shares into 363,200,000 Shares. Please refer to "Statutory and General Information — Changes in share capital of the Company" in Appendix VI to this prospectus. Unless otherwise indicated, shares, options and per Share data in this prospectus have been adjusted to reflect the Share Subdivision.

ACQUISITION OF ADDITIONAL SHARES IN DISTECH CONTROLS FROM ITS MINORITY SHAREHOLDERS BY THE COMPANY

As the Company wishes to acquire additional shares of Distech Controls, the Company made an offer to purchase on 1 September 2011 in favour of Étienne Veilleux and 9109-2759 Québec Inc. (Étienne Veilleux and 9109-2759 Québec Inc. are collectively referred as the "**Sellers**"), pursuant to which the Company agreed to purchase and the Sellers accepted such offer to purchase on 2 September to sell an aggregate of 1,658,004 Class A common shares of Distech Controls ("**Class A Shares**") held by either one or both of the Sellers on 15 February 2012. Mr. Étienne Veilleux is a director of Distech Controls and personally holds 17.97% of the shares of Distech Controls. 9109-2759 Québec Inc. holds 14.19% of the issued shares of Distech Controls and it is a private holding company controlled by Mr. Étienne Veilleux, whereby Mr. Étienne Veilleux holds a majority of the voting shares of 9109-2759 Québec Inc., a trust established for the benefit of Mr. Étienne Veilleux and members of his family also owns shares of 9109-2759 Québec Inc.

As consideration for the acquisition of the said Class A Shares, the Company shall issue and allot an aggregate of such number of Shares to the Seller(s) determined as follows:

$$\frac{\text{EBITDA of Distech Controls for the twelve month period ending on 31 December 2011}}{\text{EBITDA of the Company for the twelve month period ending on 31 December 2011}} \times 4.2875\% \times \text{number of Shares issued as at 31 December 2011}$$

No portion of the listing proceeds is reserved for the above acquisition of Class A Shares on 15 February 2012 because the consideration of such acquisition will be settled by the allotment of Shares to the Sellers.

Immediately upon completion of the acquisition of the said Class A Shares and assuming that no additional shares of Distech Controls are issued, the Company will own a 60.98% equity interest in Distech Controls.

For the purpose of the above formulas, EBITDA means consolidated profit before tax, plus interest expenses, depreciation, amortization, gains and losses from fair value changes of financial instruments at fair value through profit or loss, share-based payment expenses, and, in the case of the Company only, the listing expenses relating to the initial public offering. All the financial information is to be prepared in accordance with the International Financial Reporting Standards.

The EBITDA of the Company and of Distech Controls, both on a consolidated basis, shall be based on audited financial statements for the year ending 31 December 2011.

RULE 4.05A OF THE LISTING RULES

The Directors confirm that, apart from the acquisition of Distech Controls in 2008, all other acquisitions made by the Group during the Track Record Period are not subject to the requirement to disclose pre-acquisition financial information under Rule 4.05A of the Listing Rules. The pre-acquisition financial information of Distech Controls have been set out in Appendix I to this prospectus.

PRE-IPO SHARE OPTION SCHEMES

The Company has adopted the Technovator Employee Share Option Scheme 2009 on 11 August 2009 and further details have been set out in the sections headed "Directors and senior management", "Share capital" and "Appendix VI — Statutory and general information" of this prospectus.

Distech Controls has adopted the Distech Controls Stock Option Plan on 28 May 2008. Further details have been set out in the section headed "Appendix VI — Statutory and general information" of this prospectus.

APPROVALS FROM THE MOE, TONGFANG AND THE CSRC

Pursuant to the Circular on Issues Relevant to Regulating Offshore Listing of Subsidiaries of Domestic Listed Companies (關於規範境內上市公司所屬企業到境外上市有關問題的通知) promulgated by the CSRC on 21 July 2004, the listing of Technovator constitutes a spin-off of Tongfang. The Directors consider that the proposed spin-off of Tongfang and listing of shares of Technovator on the Main Board of the Stock Exchange will bring the following principal commercial benefits to both the Group and Tongfang:

(1) enabling the Group to raise funds from the Share Offer for its business development;

(2) enabling the Group, as a separate listed group, to directly raise funds in the capital markets for its existing operations and future expansion independently according to its own business plans;

(3) enabling Tongfang to realize its investment in the Group;

(4) enabling Tongfang to use its own resources more efficiently and focus on its other business;

(5) enabling the Group and Tongfang, which have different business focuses, to have different shareholder bases; and

(6) providing incentive for management for the Group as well as Tongfang.

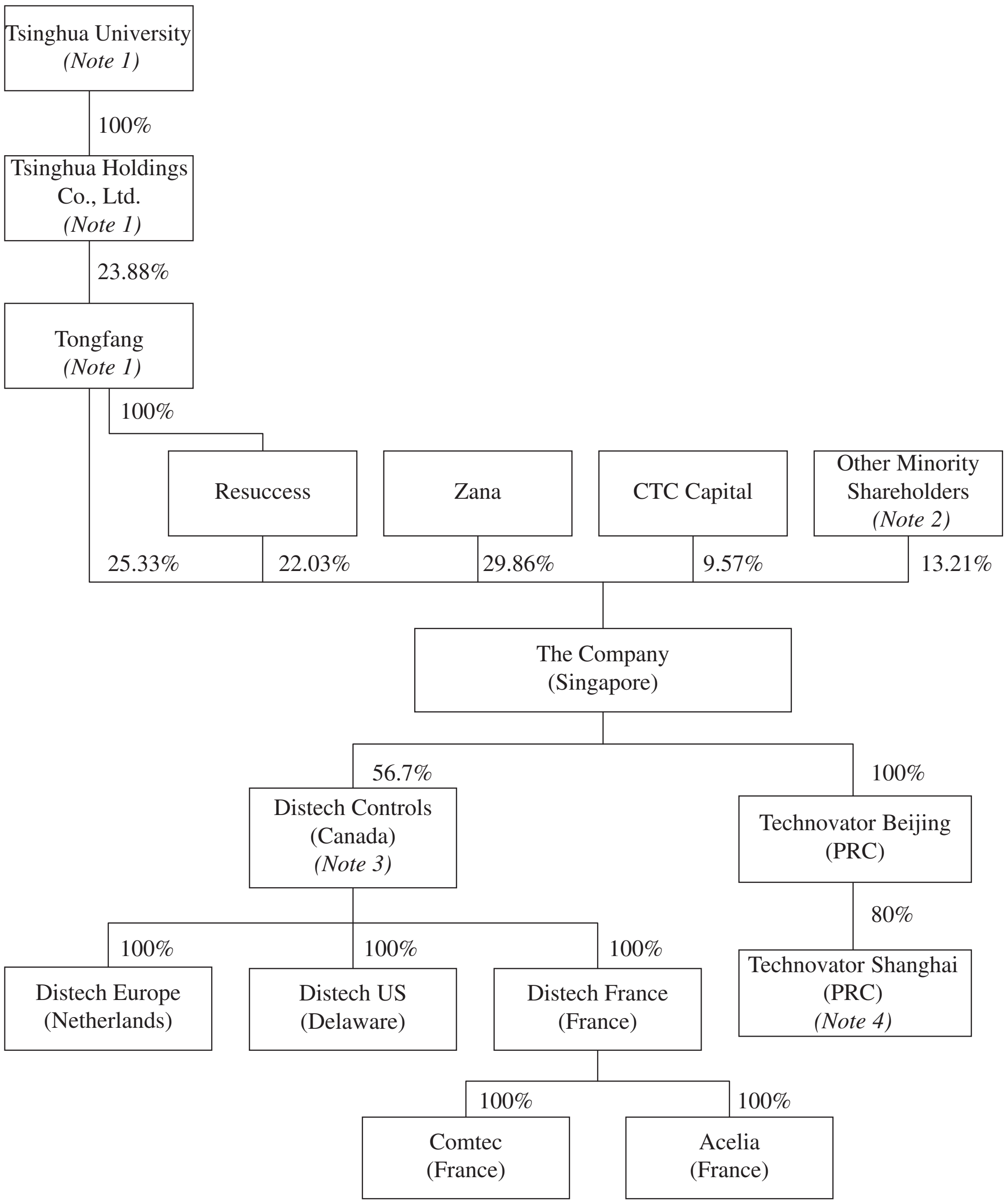
Pursuant to the Circular on Issues Relevant to Regulating Offshore Listing of Subsidiaries of Domestic Listed Companies (關於規範境內上市公司所屬企業到境外上市有關問題的通知) promulgated by the CSRC on 21 July 2004 and the Notice of Further Reinforcing the Administration of Overseas Stock Offering and Listing (關於進一步加強在境外發行股票和上市管理的通知) issued by the State Council on 20 June 1997, the offshore listing of the subsidiaries controlled by the domestic listed companies shall comply with the specific conditions of the circular and obtain necessary approvals including the approvals from the CSRC. In addition, as Tongfang is controlled by the MoE, the listing of Technovator which constitutes a spin-off of Tongfang is subject to the approval of the MoE. The listing of Technovator was approved by (i) the MoE on 28 December 2010; (ii) Tongfang's shareholders at an extraordinary shareholders' general meeting on 9 February 2011; and (iii) the CSRC on 12 July 2011. For the avoidance of doubt, the listing of the Company is not subject to any other approvals from other PRC governmental body nor the Shanghai Stock Exchange apart from the aforementioned approvals which the Company has already obtained.

OFFSHORE INVESTMENT SAFE REGISTRATION

On 21 October 2005, SAFE issued the Circular on several issues concerning foreign exchange regulation of corporate finance and roundtrip investments by PRC residents through special purpose companies incorporated overseas (國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知(匯發[2005]75號) ("**Circular 75**"), which became effective on 1 November 2005. Tongfang has completed the offshore investment SAFE registration in accordance with the relevant PRC laws and regulations when Tongfang established the Company as one of its shareholders. The PRC legal advisors of the Company has confirmed that, as the Company is not a special purpose vehicle as defined under Circular 75, therefore the Company is not subject to such regulation for the Listing.

CORPORATE AND SHAREHOLDING STRUCTURE OF THE GROUP IMMEDIATELY AFTER THE CORPORATE REORGANIZATION BUT BEFORE THE SHARE OFFER

Set out below is the shareholding structure of the Group immediately after the Corporate Reorganization but before the completion of the Share Offer (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or the exercise of options granted under the Technovator Employee Share Option Scheme 2009):



Notes:

(1) Tongfang is a company listed on the Shanghai Stock Exchange with Tsinghua Holdings Co., Ltd. being its single largest shareholder holding approximately 23.88% of Tongfang. Tsinghua Holdings Co., Ltd. is a State-owned limited liability corporation and wholly-owned by Tsinghua University, which is in turn controlled by the MoE.

(2) The other minority shareholders and their respective beneficial shareholdings are:

Name of Shareholders	Percentage of Ownership
Mr. Seah Han Leong	1.10%
Diamond Standard Ltd (an investment holding company owned as to 50% by Mr. Seah Han Leong and as to 50% by Mr. David Chow Dah-Jen, a past director of the Company (who was appointed by CTC Capital as its representative on the board of directors of the Company and was replaced by Ms. Shi Shanshan on 5 March 2010 in accordance with the internal policy of CTC Capital)	9.91%
M2M Holdings Ltd (a company wholly-owned by Mr. Seah Han Leong)	2.20%

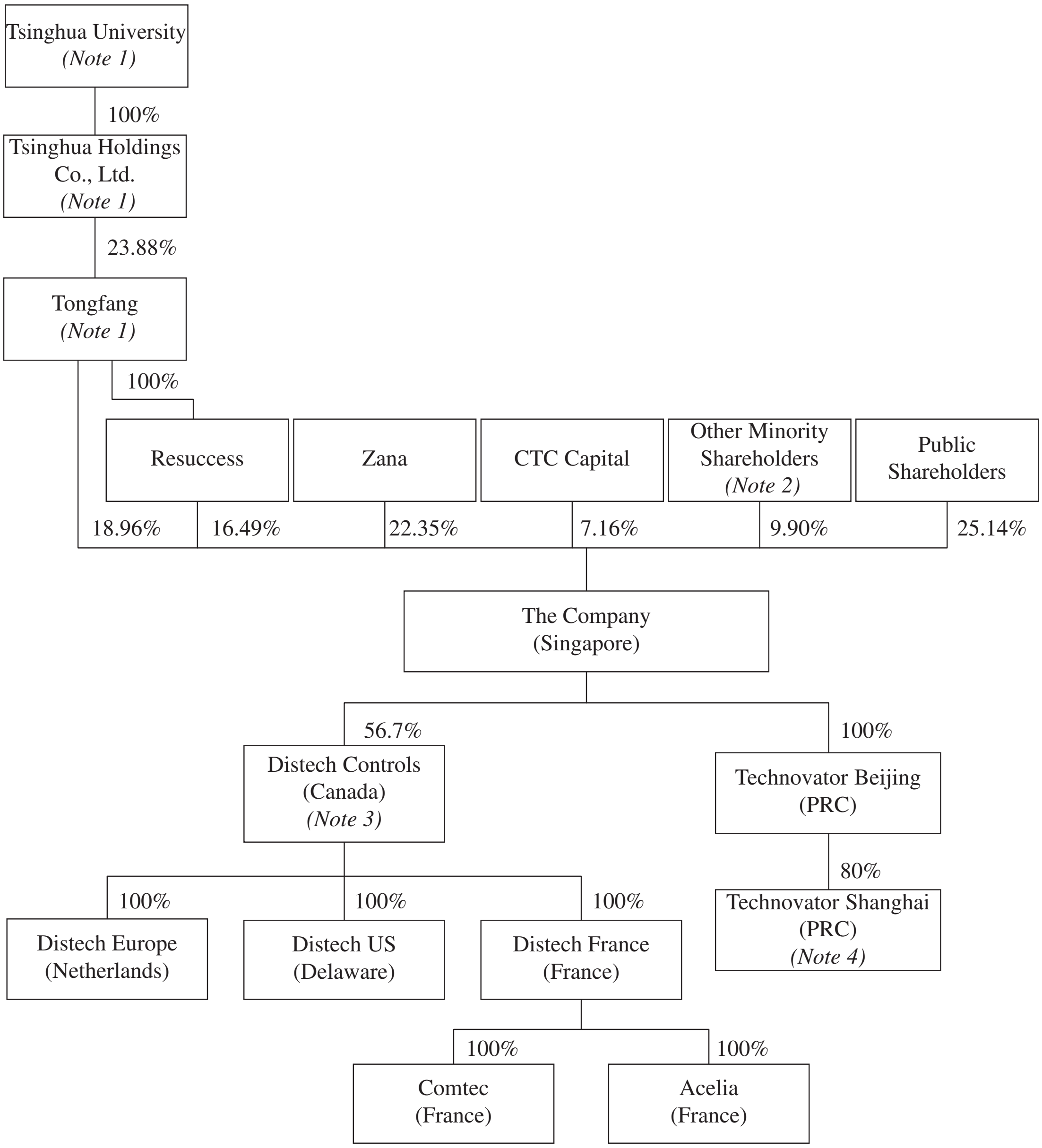
(3) The remaining 43.3% equity interests in Distech Controls are owned as to 17.97% by Mr. Étienne Veilleux, 14.19% by 9109-2759 Québec Inc., and 11.14% by Groupe Arcom, an Independent Third Party.

Distech Controls holds a 24.3% equity interest in E2 Solutions.

(4) The remaining 20% equity interests in Technovator Shanghai are owned by Mr. Shen Jianhong (沈建宏), an Independent Third Party.

CORPORATE AND SHAREHOLDING STRUCTURE OF THE GROUP UPON COMPLETION OF THE SHARE OFFER

Set out below is the shareholding structure of the Group upon completion of the Share Offer (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or the exercise of options granted under the Technovator Employee Share Option Scheme 2009):



Notes:

(1) Tongfang is a company listed on the Shanghai Stock Exchange with Tsinghua Holdings Co., Ltd. being its single largest shareholder holding approximately 23.88% of Tongfang. Tsinghua Holdings Co., Ltd. is a State-owned limited liability corporation and wholly-owned by Tsinghua University, which is in turn controlled by the MoE.

(2) The other minority shareholders and their respective beneficial shareholdings are:

Name of Shareholders	Percentage of Ownership
Mr. Seah Han Leong	0.83%
Diamond Standard Ltd (an investment holding company owned as to 50% by Mr. Seah Han Leong and as to 50% by Mr. David Chow Dah-Jen, a past director of the Company (who was appointed by CTC Capital as its representative on the board of directors of the Company and was replaced by Ms. Shi Shanshan on 5 March 2010 in accordance with the internal policy of CTC Capital)	7.42%
M2M Holdings Ltd (a company wholly-owned by Mr. Seah Han Leong)	1.65%

(3) The remaining 43.3% equity interests in Distech Controls are owned as to 17.97% by Mr. Étienne Veilleux, 14.19% by 9109-2759 Québec Inc., and 11.14% by Groupe Arcom, an Independent Third Party.

Distech Controls holds a 24.3% equity interest in E2 Solutions.

(4) The remaining 20% equity interests in Technovator Shanghai are owned by Mr. Shen Jianhong (沈建宏), an Independent Third Party.

OVERVIEW

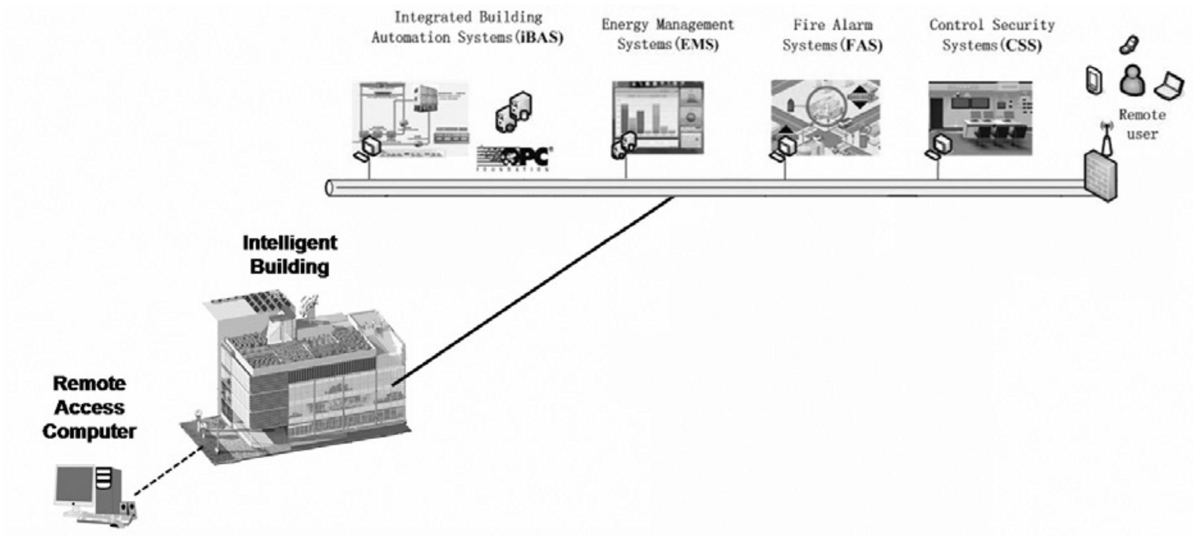
The Group is one of the leading providers of building energy management and solution services in the PRC, according to Frost & Sullivan, with operations in Asia, North America and Europe and a global sales network. The Group is primarily engaged in the design, manufacturing and distribution of integrated building automation and energy management systems. In addition, the Group provides products and solutions for control security and fire alarm systems.

The Group's products are classified under each product segment by their respective functions — integrated building automation systems provide intelligent control over various electrical systems in a building; energy management systems provide energy efficiency control over elements in a building's environment and integrate facility maintenance and energy control management solutions; control security systems provide digital video surveillance systems; and fire alarm systems provide fire control solutions. Owing to their functions, the Group categorized its integrated building automation systems and energy management system as energy-saving solutions.

Products and services

The following graph illustrates the energy management system of a typical building where the products and services of the Group are installed and utilized.

Applications of the Group's products/services on a typical floor of a building



Source: Company

In general, each of the Group's systems comprises both hardware and software components, which the hardware components are generally manufactured in the Group's PRC production facilities, and software developed by the Group's PRC and Canadian research and development teams, and are installed and embedded into the hardware components, while the software is designed to be complimentary with the system products of the Group. For example, the Group's energy management system, as a total solution, provides control over elements in a building's environment and energy-saving solutions and apart from utilizing a programmed software, it would also utilize certain products under the iBAS, CSS and/or FAS of the Group as well as other providers.

Further, the Group designs and manufactures systems and solutions based on open and interoperable communication protocols which provide seamless and intelligent integration of various building automation activities such as temperature control, lighting control, access control, energy management and others. Based on a robust common hardware platform, the Group's products share the same programming and productivity enhancing toolset, providing increased efficiency and options for system design, installation, service, and maintenance. In comparison, a closed communication protocol would limit the ability to integrate various building automation activities. The Group provides products to its customers for easy and convenient open integration into other protocol systems. The Group's products utilize technology achieving energy efficiency, and provide innovative solutions that lower installation and maintenance costs, including open wireless building management solutions which the Directors believe the Group was one of the first to offer in North America. In addition, the Directors are of the view that the Group's platform creates a foundation that supports and evolves with a building system's lifecycle.

Since its incorporation in 2005, the Group has developed extensive expertise, business relationships, and manufacturing and research and development capabilities, establishing its reputation within the industry as a reliable partner with brands synonymous with innovative and high quality products for "intelligent building" constructors and building management vendors across the PRC, North America, Europe and Asia.

The Directors believe the Group's well-recognized products, as evidenced by the industry awards and recognitions received by the Group, which include the Tongfang Technovator trademark (Techcon), Distech Controls, Acelia and Comtec brands, have enabled the Group to be continuously selected as the supplier of choice for high profile institutional and government projects including schools, hospitals, and government buildings, and commercial chain operators. The Directors believe the Group's recognized products provide its customers with the assurance of quality that is associated with its products and has greatly facilitated its ability to diversify into other areas of energy management and integrated providing building management products, including integrated facilities and grid management services, for complete building energy monitoring and control solutions to its customers.

Financial highlights

The following table sets forth the amount and percentage of revenue by product segment during the Track Record Period:

	For the year ended 31 December						For the four months ended 30 April			
	2008		2009		2010		2010		2011	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000* *(unaudited)*	*%*	*US$'000*	*%*
Revenue										
Energy-saving solutions:										
Integrated building automation systems	20,825	67.9%	36,389	75.5%	59,989	81.0%	12,392	82.5%	19,714	82.3%
Energy management systems	1,784	5.8%	3,774	7.8%	5,616	7.6%	1,282	8.5%	1,982	8.3%
Others:										
Control security systems	7,805	25.4%	7,870	16.3%	7,935	10.7%	1,253	8.3%	2,179	9.1%
Fire alarm systems	281	0.9%	201	0.4%	545	0.7%	107	0.7%	86	0.3%
Total	30,695	100.0%	48,234	100.0%	74,085	100.0%	15,034	100.0%	23,961	100.0%

The Directors consider that the acquisitions during the Track Record Period (details have been set out in the section headed "History and corporate structure" of this prospectus) also contributed to the increased volume of business and revenue during the Track Record Period, which the Group's revenue increased by more than two-fold in two years, from approximately US$30.7 million during the year ended 31 December 2008 to US$74.1 million during the year ended 31 December 2010. Further, number of customers of the Group also increased during the Track Record Period, broadening the client base of the Group. Number of system integrators with master sale and purchase agreements as at 31 December 2008 was 153, which increased to 220 as at 30 April 2011. As to the Group's distributors, it increased from 28 as at 31 December 2008 to 74 as at 30 April 2011. Nonetheless, the Group has acquired more products selections for its customers through such acquisitions and also, the global expansion would facilitate the Group to participate in potential projects that may require resources from more than one region.

With its principal operations in Asia, North America and Europe, the Group sells and markets not only in such continents but also in other countries around the world. The following table sets forth the breakdown of the Group's revenue by geographical markets of its customers during the Track Record Period:

	For the year ended 31 December						For the four months ended 30 April			
	2008		2009		2010		2010		2011	
	US$'000	*% of revenue*	*US$'000*	*% of revenue*	*US$'000*	*% of revenue*	*US$'000 (unaudited)*	*% of revenue*	*US$'000*	*% of revenue*
The PRC	19,046	62.0%	28,879	59.9%	45,787	61.8%	7,612	50.6%	12,225	51.0%
U.S.	5,808	18.9%	12,242	25.4%	14,126	19.1%	3,745	24.9%	5,527	23.1%
Canada	818	2.7%	1,836	3.8%	2,547	3.4%	830	5.5%	908	3.8%
Europe	508	1.7%	654	1.4%	9,790	13.2%	2,134	14.2%	3,910	16.3%
Rest of the world	4,515	14.7%	4,623	9.5%	1,835	2.5%	713	4.8%	1,391	5.8%
	30,695	100.0%	48,234	100.0%	74,085	100.0%	15,034	100.0%	23,961	100.0%

Taxation

The Group's operations are carried out in various countries in the world and the applicable tax rates to each of the Group's operating subsidiaries are critical to the operations and financial performance of the Group. For example, Technovator Beijing was recognized as a high and new technology enterprise in 2008 for a period of three years to 2010 and is eligible to enjoy a preferential tax rate of 15% for the years ended 31 December 2009 and 2010. The preferential tax rate under the high and new technology enterprise status of Technovator Beijing expired on 1 January 2011 which will be due for renewal by the end of 2011. During 2011, Beijing Municipal Science & Technology Commission* (北京市科學技術委員會), Beijing Municipal Bureau of Finance* (北京市財政局), Beijing Municipal Office of State Administration of Taxation* (北京市國家税務局) and Beijing Local Taxation Bureau* (北京市地方税務局) provided further guidance on the extension of high and new technology enterprise status. Technovator Beijing is in the process of renewing its high and new technology enterprise status based on such guidance. The renewal of such status will entitle Technovator Beijing to the preferential tax rate of 15% from 2011 to 2013. In the event that Technovator Beijing fails to obtain such recognition, the applicable tax rate of Technovator Beijing will be 25%.

Apart from Technovator Beijing, no other Group companies was enjoying any tax concession during the Track Record Period. As Technovator Beijing was enjoying certain tax concessions during the Track Record Period as mentioned below, it recorded a relatively higher profitability that it would not have if there was no such tax concessions. In other words, should Technovator Beijing be not eligible for any tax concessions during the Track Record Period, the profit of the Group would have been less than the financial results as stated for the Track Record Period.

The following table summarizes the applicable tax rates for the Company and each of the Group companies during the Track Record Period:

	For the year ended 31 December			For the four months ended 30 April
	2008	**2009**	**2010**	**2011**
The Company *(Singapore)*	18%	17%	17%	17%
Technovator Beijing *(PRC)*	0% *(Note 1)*	15% *(Note 2)*	15% *(Note 2)*	15% *(Note 3)*
Technovator Shanghai *(PRC)*	N/A *(Note 4)*	N/A *(Note 4)*	25%	25%
Distech Controls *(Canada)*	30.9%	30.9%	29.9%	28.4%
Distech France *(France)*	N/A *(Note 4)*	N/A *(Note 4)*	33.33%	33.33%
Comtec *(France)*	N/A *(Note 4)*	N/A *(Note 4)*	33.33%	33.33%
Acelia *(France)*	N/A *(Note 4)*	N/A *(Note 4)*	33.33%	33.33%
Distech Europe *(Netherlands)*	Progressive rates from 20% to 25.5%	Progressive rates from 20% to 25.5%	Progressive rates from 20% to 25.5%	Progressive rates from 20% to 25%
Distech US *(U.S.)*	N/A *(Note 5)*	N/A *(Note 5)*	N/A *(Note 5)*	N/A *(Note 5)*

Notes:

1. Technovator Beijing, being a PRC-production type foreign investment enterprise, was granted a 2-year exemption followed by a 3-year 50% reduction of income tax rate starting from its first profit-making year from tax perspective. Technovator Beijing was exempt from income tax for the two financial years ended 31 December 2008.

2. Technovator Beijing was recognized as a high and new technology enterprise for a period of three years from 2008 to 2010, which preferential tax rate under the high and new technology enterprise status expired on 1 January 2011.

3. Technovator Beijing is in the process of renewing its high and new technology enterprise status based on the guidance provided by Beijing Municipal Science & Technology Commission* (北京市科學技術委員會), Beijing Municipal Bureau of Finance* (北京市財政局), Beijing Municipal Office of State Administration of Taxation* (北京市國家稅務局) and Beijing Local Taxation Bureau* (北京市地方稅務局). The renewal of such status will entitle Technovator Beijing to the preferential tax rate of 15% from 2011 to 2013. In the event that Technovator Beijing fails to obtain such recognition, the applicable tax rate of Technovator Beijing will be 25%.

4. The relevant Group's Subsidiaries that were established/incorporated/acquired in 2010 and therefore there were no applicable tax concession for these years.

5. Distech US was incorporated in the United States on 17 February 2010. It is a single member limited liability company and was structured as a disregarded entity for the United States' Federal, state and local income tax purpose. Accordingly, no provision for the United States, corporate income tax was made for the Track Record Period.

As mentioned above, in the event that Technovator Beijing fails to extend its high and new technology enterprise status based on the guidance provided by Beijing Municipal Science & Technology Commission* (北京市科學技術委員會), Beijing Municipal Bureau of Finance* (北京市財政局), Beijing Municipal Office of State Administration of Taxation* (北京市國家稅務局) and Beijing Local Taxation Bureau* (北京市地方稅務局), the applicable tax rate of Technovator Beijing will be 25%. In such event, the income tax expenses of Technovator Beijing for the four months ended 30 April 2011 would be increased from approximately RMB2.6 million to RMB4.7 million, which the profit of the Group for the four months ended 30 April 2011 would be decreased from approximately US$2,211,000 to US$1,897,000. Please also refer to the paragraph headed "Income tax" in the "Financial information" section of this prospectus for further details regarding the Group's applicable tax rates.

Sales, marketing and distribution

The Group utilizes a combination of its own marketing teams, international sales representatives and a network of independent sales distributors to market and sell its products worldwide. The highly trained marketing teams of the Group which are located in the PRC, Canada, France, and the U.S., focus on continuously interacting with customers and end-users including system integrators, building construction and property development players (both government and private sectors) to educate them about, and train them in the use of, its products. Such interaction is fostered through regular visits by its marketing teams, on-site demonstration of its products, the participation of the Group in industry conferences, seminars, and other activities.

Further, the Group may grant exclusive right to certain distributors in some regions or countries with a view to expand the Group's business, in particular the Group's iBAS products, in overseas market. On the other hand, the Directors consider such exclusivity granted to the distributors will facilitate their work in such regions, in particular to incentivize their work and also protect their interests in opening new markets for the Group. In consideration of the exclusive right, the Group would usually set an annual sales target for such distributors. In addition, the Group also retains independent sales representatives in certain regions or countries to carry out sales and marketing activities for the Group. The Group and such representatives would agree on an annual sales target while the representatives would receive basic remunerations as well as additional commission if the actual sales reach certain level(s) of sales targets. The additional commission, varies between different independent sales representatives, products and sales regions, is usually derived by multiplying the sales amount with a percentage (which is calculated based on a scale with reference to the sales level and in general, it is on an ascending scale with reference to the sales performance) previously agreed among the relevant parties.

During the Track Record Period, the Group sold its products and services through its internal sales team as well as distributors (as end-customers who then resell) and sales representatives. The Group had over three years of relationship with a majority of its distributors during the Track Record Period. It is the Group's practice to enter into master sale and purchase agreements with independent distributors, usually operated by local entrepreneurs or individuals which the Group would also preset their geographical restrictions, usually for a term of one to five years with automatic extension clause subject to satisfaction from both parties, for the distribution of the Group's products. Under such agreement, the Group usually provides technical assistance and instructions to such distributors and provides a two-year warranty on certain parts and components of the Group's products from the date of delivery. Such distributors are considered as end-customers of the Group as risk is being transferred and sale is being recognized when a transaction takes place.

During the Track Record Period, sales made to system integrators represented the majority of the Group's revenue. As the sales representatives (contracted staff of the Group) do not take ownership of the products sold by the Group, sales introduced by the sales representatives are then grouped under sales made to system integrators for data recording purpose. Based on the operational data of the Group, sales to system integrators represented over 80% of the Group's revenue while the Group's distributors made up the remaining balance for each of the years/period during the Track Record Period. Further, as the Group's distributors would purchase and resell the Group's products to other customers or end-customers, as a commercial consideration, the selling price to the Group's distributors is usually set at a relatively lower price (depending on, among others, type and size of purchases) as compared to the Group's system integrators.

As at 30 April 2011, the Group's marketing team had 89 dedicated sales personnel, 74 distributors (including two having exclusive distribution rights in Korea and Japan respectively) and three independent sales representatives covering India and Middle East. The distributors and independent sales representatives are all Independent Third Parties.

There is an increasing trend that equipment used in large scale projects is selected by the owners themselves as opposed to the installers. Accordingly, the Group plans to further enhance its promotions targeted at end-users by providing comprehensive solutions, installation, implementation and after-sale services to end-users. Leverage on its leading position in the market, the Directors also plan to enhance the Group's relationship with the industry administration agencies and architecture design institutes by bringing forward the latest development in the industry. The Directors believe that these relationship would solidify the Group's existing sales channels and increase sales opportunities. Technovator Beijing is a member of the Intelligent Building Division* (智能建築分會) and Building Energy-conservation Division of the China Construction Industry Association (中國建築業協會)[1] (an association authorized by the Ministry of Civil Affairs of the PRC (國家民政部)) and a member of the EMCA of China Energy Conservation Association* (中國節能協會節能服務產業委員會)[2]. Distech Controls currently is a member of several notable industry affiliations including OSA[3], ZigBee Alliance[4], U.S. Green Building Council[5], CABA[6] and BACnet International[7], and a senior-standing member of LONMARK Interoperability[8]. The Directors consider that the interactions with the aforementioned associations, organizations, agencies and entities have increased the Group's capacity to keep abreast of market condition and upcoming policies that are instrumental to the business operations of the Group and are recognitions to the Group's position in the industry. As such, the Directors intend to strengthen its relationship with such associations, organizations, agencies and entities by designating certain personnel or a team of the Group to maintain active dialog therewith, so to enhance the interactions and continue to keep abreast of market condition and upcoming policies.

(1) *As extracted from the organisation's website (http://www.cnibii.com), China Construction Industry Association has been involved in setting up various national standards and guidelines for the intelligent building industry, organizing industry experts to provide consultation to key projects of the State and organizing various activities like seminars, professional trainings and industry ratings to promote the development of the whole industry in the PRC.*

(2) *As extracted from the organisation's website (http://www.chinabec.cn), China Energy Conservation Association is focused on promoting the overall development of the industry as well as development of the technology and equipment in the industry.*

(3) *As extracted from the organisation's website (http://www.echelon.com/partners/integrators/osa/default.htm), Echelon's Open Systems Alliance (OSA) program brings together manufacturers, integrators, resellers, and other companies to promote open control systems based on the LonWorks platform. OSA members, all experts in their fields, receive Echelon product discounts and marketing tools to help them bring the benefits of the LonWorks platform to users worldwide.*

(4) *As extracted from the organisation's website (http://www.zigbee.org), Zigbee Alliance is the only standard-based wireless technology designed to address the unique needs of low-cost, low-power wireless sensor and control networks in just about any market.*

(5) *As extracted from the organisation's website (http://www.usgbc.org), U.S. Green Building Council, with a community comprising 79 local affiliates, more than 16,000 member companies and organizations, and more than 160,000 LEED Professional Credential holders, is a non-profit organization committed to a prosperous and sustainable future for the U.S. through cost-efficient and energy-saving green buildings.*

(6) *As extracted from the organisation's website (http://www.caba.org), CABA is an international non-profit industry association dedicated to the advancement of intelligent home and intelligent building technologies, which is supported by an international membership of nearly 400 companies involved in the design, manufacture, installation and retailing of products relating to home automation and building automation.*

(7) *As extracted from the organisation's website (http://www.bacnetassociation.org), BACnet International is the international organization that encourages the successful use of BACnet in building automation and control systems through interoperability testing, educational programs and promotional activities. BACnet International complements the work of other BACnet-related groups whose charters limit their commercial activities.*

(8) *As extracted from the organisation's website (http://www.lonmark.org), LONMARK Interoperability is a global membership organization created to promote and advance the business of efficient and effective integration of open, multi-vendor control systems and related standards.*

Further, some of the customers of the Group, including larger international companies, purchase and use the Group's products and systems for production of their own branded downstream products. In addition, the Group has the capability to tailor certain products for such customers to suit for their needs, which the Group's role is similar to a commonly known term called "original equipment manufacturer", which the Group had relevant business but was not material in revenue as compared to the Group's revenue during the Track Record Period.

Research and development

The Group currently operates three research and development centers located in Beijing (the PRC), Brossard (Canada) and Brindas (France) respectively, enabling the Group to leverage on and tap into the Chinese, Canadian, and European technological expertise. The PRC is increasingly recognized for its growing advancement in technological skills, and coupled with established Canadian and European abilities in technology, the Group has developed new and innovative designs with high performance specifications and achieved a fast time-to-market development cycle at its low cost manufacturing facilities in the PRC. During the three years ended 31 December 2010 and the four months ended 30 April 2011, research and development expenses (including those being capitalized) of the Group amounted to approximately US$1.3 million, US$3.7 million, US$5.6 million and US$1.8 million respectively.

The Group's energy management system, which optimizes the use of energy in commercial buildings, is recognized by renowned institutions and organizations (details are set out in the paragraph headed "Industry awards and recognitions" to this section). The Group's engineers are involved in the entire research and development process from product design to testing and regulatory approval, and maintain regular contact with the customers of the Group, hence obtaining real-time market information regarding their demands. This understanding of the entire product development process and customer needs provides a strong, flexible engineering platform which can be used to quickly develop customizable and innovative products for a wide range of integrated building automation and energy management applications.

The design and production time required of the Group's products vary between, among others, products, system requirements and size of projects. As mentioned in the paragraph headed "Research and development" in this section, the time required from the design of a new product to release to the market is broken down into to various process stages and barring any delays, the total time taken may take up to 36 weeks. In general, for the sale of the Group's systems, the average lead time from production to completion of verifications by relevant authorities usually take approximately three to five months, after which there is usually an one to two years of defect liability period. During the course of the abovementioned, the Group would usually recognize part(s) of their revenue during certain critical stages but the majority are being recognized when completion of verifications by relevant authorities takes place.

Further, longer term contracts, which the Group classifies as "Contract revenue" for accounting purpose, are also entered into, usually for the sale of the Group's systems which would usually include certain products of the Group and sales are recognized throughout a period of time. As mentioned in Appendix I to this prospectus, "Contract revenue" is recognized when the outcome of a construction contract can be estimated reliably, revenue from a fixed price contract is recognized using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract. For each of the three years ended 31 December 2010 and the four months ended 30 April 2011, contract revenue amounted to approximately US$0.4 million, US$0.8 million, US$10.5 million and US$1.8 million, representing approximately 1.4%, 1.6%, 14.1% and 7.5% of the Group's total revenue respectively.

Production facilities and process

A key element in the Group's business strategy is to align its production facilities in order to provide complete solutions ranging from product design and manufacturing to distribution and after-sales support services in locations that meet its customers' requirements. Consistent with this strategy, the Group has established production/assembly facilities in the PRC, Canada and France. The locations of its PRC production facilities enable the Group to take advantage of the relatively low operating and manufacturing costs in the PRC, while combining the assembly facilities in overseas enable the Group to remain in close proximity to its global base of customers. The Group considers its efficient and flexible manufacturing as one of its strengths.

Industry and competition

According to Frost & Sullivan, large foreign players such as conglomerates Honeywell, Johnson Controls, Siemens, Schneider Electric, Carrier and Trane occupied more than half of the total energy management systems market in the PRC with a total market share of 52.3%, while Technovator ranked as the largest domestic player with a sizeable total market share of 2.5%.

Although many of the Group's international competitors have longer operating histories and enjoy wider brand recognition, the Directors believe that the Group remains competitive in the markets as a result of its research and development, strategically located manufacturing base in the PRC, more knowledgeable in the local PRC customer market requirements, flexibility in responding to market developments, high quality and innovative products, and the relationships it has established with its customers over the years. According to Frost & Sullivan, Technovator is one of the leading local energy management systems players with proven capabilities in offering energy management systems solution that are energy efficient and sustainable. Within the energy management systems market in the PRC, Technovator has a sizable product manufacturing and energy analytics market share of 2.0% and 6.1% respectively, positioning itself against multinational companies like Honeywell, Johnson Controls and Siemens.

History

As mentioned in the section headed "History and corporate structure" of this prospectus, the history of the Group can be traced back to 2005 when Tongfang and Mr. Seah Han Leong (an executive Director) incorporated the Company in Singapore, with the view to conduct the current business of the Group, in particular the provision of building-related automation system and energy management system related products and solution services, which Tongfang did not participate in such business. In May 2008, the Company acquired Distech Controls (which it held a 51% interest in Distech Europe prior to the Group's acquisition), which has been principally engaged in the design, manufacturing and marketing of energy management systems and integrated building automation systems. Further, Distech Controls acquired the remaining 49% of Distech Europe in July 2009. Distech Controls enables the Group to expand the reach of its products and services in the North-American market and achieve synergy with its production capabilities in the PRC. In February 2010, the Group acquired 100% equity interests in Comtec and Acelia from an Independent Third Party, which was a then competitor of Distech Controls. Comtec and Acelia, both headquartered in France, have in-depth European market and application knowledge providing the Group with access to strong European demand for energy management and integrated building management systems, which the Group's acquisitions of these companies enabled the Group's presence and market share in Europe. Though Distech Controls is based in Canada and Comtec and Acelia are based in France, each of them provides a platform for the Group to reach out to nearby markets, regions and/or countries rather than the market which the company is based, which the Directors consider it to be beneficial and in line with the Group's global expansion plan. In addition, as each company and its personnel possess their technology and market know-how, such acquisitions also strengthened the Group's overall operations.

Relationship with Controlling Shareholders

Immediately after completion of the Share Offer, the Controlling Shareholders, being Tongfang and its investment holding subsidiary, Resuccess will together control the exercise of voting rights of more than 30% of the Shares eligible to vote in the general meeting of the Company (assuming the Over-allotment Option is not exercised). Save and except for their respective interests in the Company and its subsidiaries, as at the Latest Practicable Date, none of the Controlling Shareholders nor any of their respective associates had interests in any other companies which (i) held interests in the business of the Group during the Track Record Period and ceased to hold such interests after the Corporate Reorganization; or (ii) may, directly or indirectly, compete with the Group's business.

Tongfang is a company listed on the Shanghai Stock Exchange with Tsinghua Holdings Co., Ltd. being its single largest shareholder holding approximately 23.88% of Tongfang. Tsinghua Holdings Co., Ltd. is a State-owned limited liability corporation and wholly-owned by Tsinghua University, which is in turn controlled by the MoE.

Pursuant to the Circular on Issues Relevant to Regulating Offshore Listing of Subsidiaries of Domestic Listed Companies (關於規範境內上市公司所屬企業到境外上市有關問題的通知) promulgated by the CSRC on 21 July 2004 and the Notice of Further Reinforcing the Administration of Overseas Stock Offering and Listing (關於進一步加强在境外發行股票和上市管理的通知) issued by the State Council on 20 June 1997, the offshore listing of the subsidiaries controlled by the domestic listed companies shall comply with the specific conditions of the circular and obtain necessary approvals, including the approvals from the CSRC. In addition, as Tongfang is controlled by the MoE, the listing of Technovator which constitutes a spin-off of Tongfang is subject to the approval of the MoE. The listing of Technovator was approved by (i) the MoE on 28 December 2010; (ii) Tongfang's shareholders at an extraordinary shareholders' general meeting on 9 February 2011; and (iii) the CSRC on 12 July 2011. For the avoidance of doubt, the listing of the Company is not subject to any approvals from other PRC governmental body nor the Shanghai Stock Exchange apart from the aforementioned approvals which the Company has already obtained. The Group is the only group of companies under Tongfang operating the Group's present business, i.e. design, manufacturing and distribution of integrated building automation and energy management systems which are categorized as energy-saving solutions, and also the provision of products and solutions for control security and fire alarm systems. These businesses have not formed, and will not form, part of other business of Tongfang after the Share Offer. Further, as at the Latest Practicable Date, the Group has not engaged in other businesses of Tongfang. As mentioned above, the businesses of Tongfang are carried out by different divisions that are internally divided. One of the divisions of Tongfang, namely "Digital City" Division, is principally engaged as a system integrator to contracting business for city-railed transportation control systems, city-wide district heating systems and extra low voltage systems in buildings. The extra low voltage systems consist of, among others, public address systems, car park systems, building automation, security systems and other systems that are extra low voltage. Further, none of the products or services offered by the "Digital City" Division involves energy-saving solutions, energy management nor energy efficiency. The Directors are of the view that there is a clear delineation between the business of the Group and the business of Tongfang, as a result of which, none of the business of Tongfang would compete, or is expected to complete, directly or indirectly with the business of the Group. Please refer to the section headed "Relationship with Controlling Shareholders" of this prospectus for further details of the business of Tongfang.

COMPETITIVE STRENGTHS

The Directors consider that the principal strengths of the Group include the following:

- One of the leading providers of building energy management and solution services in the PRC
- Vertically-integrated global business model
- Strong global sales, marketing and distribution network
- PRC strategic advantage with high quality and competitive manufacturing capabilities
- Proven research and development capabilities with next-generation energy efficiency product pipeline
- Experienced leadership team

One of the leading providers of building energy management and solution services in the PRC

The PRC is the fastest growing and largest market in terms of growth potential for the energy management systems worldwide. According to Frost & Sullivan, total expenditure in energy management systems in the PRC grew from approximately RMB2,919.5 million in 2007 to RMB4,266.6 million in 2009, representing a CAGR of approximately 20.9% over the period. The Group is recognized as the largest domestic player within the energy management systems market in the PRC, with a sizable product manufacturing and energy analytics market share of 2.0% and 6.1% respectively.

The Company was incorporated in 2005, engaging in the production and manufacturing of traditional building automation, fire alarm and security system products to customers in the "intelligent building" construction industry. Since 2008, the Group has evolved and expanded into providing more advanced building automation products and information technology services which integrate the Group's traditional products into more sophisticated solutions such as energy management and integrated building management solutions. Following the acquisition of a majority equity interest in Distech Controls in 2008 and the acquisition of Acelia and Comtec in 2010, the Group has also expanded its customer base beyond the conventional "intelligent building" construction industry to include network chain operators in the commercial and retail industries. The Directors believe this makes the Group one of the leading players specialising in the fast-growing energy management and integrated building management solutions in the PRC.

Since its incorporation in 2005, the Group has developed extensive expertise, business relationships, and manufacturing and research and development capabilities, establishing its reputation within the industry as a reliable partner with brands synonymous with innovative and high quality products for "intelligent building" constructors and building management vendors across the PRC, North America, Europe and Asia. Particularly in the PRC, the Group's products are sold under the Tongfang Technovator trademark (Techcon), which is well-recognized to have derived its origins from Tongfang, a leading contractor in the PRC "intelligent building" construction market. Tsinghua Tongfang, the brand under Tongfang, the principal shareholder of the Company, was voted among the world's top most influential 500 brands in 2008. In April 2010, Tongfang Technovator trademark (Techcon) was recognized as the "Famous Brand of Intelligent Building Products of 2009" (2009年度智能建築行業產品知名品牌) by the Intelligent Building Division of the China Construction Industry Association* (中國建築業協會智能建築分會).

The Directors believe the Group's well-recognized brands, as evidenced by the industry awards and recognitions received by the Group, which include the Tongfang Technovator trademark (Techcon), Distech Controls, Acelia and Comtec brands, have enabled the Group to be continuously selected as the supplier of choice for high profile projects such as institutional and government projects including schools, hospitals, and government buildings, and commercial chain operators. The Directors believe the Group's recognized products provide its customers with the assurance of quality that is associated with its products and has greatly facilitated its ability to diversify into other areas of energy management and integrated providing building management products, including integrated facilities and grid management services, for complete building energy monitoring and control solutions to its customers. According to Frost & Sullivan, the energy management systems industry is still at a developmental stage in Asia, in particular in the PRC, and further demand is expected as building owners realize the long-term benefits of full-fledged energy management systems in the PRC. As one of the leading players in the fast-growing building energy management industry, the Directors believe the Group will be able to leverage on its brand equity to generate further demand for its products and services.

Vertically-integrated global business model

The Group operates with a global footprint operating in five countries around the world, including the PRC, Canada, France, Singapore, and the U.S. This provides the Group with close proximity to its customers and a heightened market intelligence of customer needs and demands in three key regions — Asia including Southeast Asia and the PRC, North America, and Europe. Research and development and manufacturing operations of the Group are primarily conducted in its the PRC, Canada, and France facilities, with its own sales teams operating in the PRC, Canada, Singapore, U.S., France, India, and the Middle East. As a result of globally integrating these key functions, all of the Group's offices work closely together from early stage product design and innovation, production planning, designing customer solutions, and delivery of products to customer services. The Directors believe this enables the Group to secure faster product launch times and the ability to capture and secure new market segments as compared to its competitors. In addition, the Directors plan to establish a global product development committee whose sole function is to establish the Group's corporate strategy and product development roadmap gathering market intelligence and technological capabilities worldwide. The Directors believe it is integral for the Group to continuously innovate a broad and high quality product portfolio which makes the Group an appealing partner for customers, thereby securing long-term relationships.

Strong global sales, marketing and distribution network

The Group is one of the first Chinese companies to enter the global energy management and integrated building management solutions market. As at the Latest Practicable Date, the Group has an established international sales and distribution network, which consists of 86 dedicated sales personnel, covering eight countries across Asia, Europe, North America, and the Middle East, which provide a close proximity to and close relationships with its customers, including immediate distributors and system integrators, and indirectly with end-users, allowing the Group to be responsive to the changing dynamics and demands of its markets and afford a competitive advantage over both its domestic and international competitors.

In the PRC, the sales and marketing team consists of 61 personnel in seven locations throughout the country as at the Latest Practicable Date. The Group has established regional offices in these seven major districts, including Shenyang in Northeast China, Beijing in North China, Wuhan in Central China, Guangzhou in South China, Chengdu in Southwest China, Shanghai in East China, and Xi'an in Northwest China. The Group also has an established distribution network currently consisting of 31 distributors across the PRC as at 30 April 2011. The sales and marketing team focuses on the sales and promotion of the Group's products and services, actively manages the Group's network of system integrators, and provides installation assistance, calibration, and post-sales services to its end-customers. The Directors believe the Group's distribution advantage in the PRC is even more pronounced as compared to its international competitors, who predominantly rely on distributors rather than their own specialized sales force in the PRC. As a result, the Directors believe that the Group is better able to offer after sales service and meet the needs of customers in the PRC.

The Group's North American sales and marketing team is based in Brossard, Canada, and consists of over six personnel who primarily oversee the sales and distribution activities in Canada, the U.S., India, and the Middle East as at the Latest Practicable Date. As at the Latest Practicable Date, the Group had established a distribution network across these countries over 400 customers around the world.

As for Europe, the sales and marketing team based in Brindas, France are primarily responsible for the sales and marketing activities in European countries as well as South Africa. The Group's European sales and marketing team comprised of nine personnel, and the Group has also established a distribution network across Europe which consisted of 44 system integrators as at 30 April 2011.

Furthermore, the Group also has a strong focus on maintaining and increasing its brand recognition and has targeted at successfully enhancing its brand recognition through trade shows and other marketing programs, such as energy and building construction conference sponsorships and product exhibitions. In addition, senior management of the Group are standing members of industry-related councils including the Experts Committee of the Intelligent Building Division and the Intelligent Building Branch of the China Construction Industry Association and LONMARK International.

PRC strategic advantage with high quality and competitive manufacturing capabilities

The Group's manufacturing facilities located in Beijing, the PRC provide the Group with a competitive manufacturing cost structure as compared with developed countries. By maintaining a competitive manufacturing cost structure in the PRC, the Group has been able to strengthen its competitiveness and profitability in its overseas operations, including Canada and France, thereby further enabling the Group to dedicate more resources in achieving additional market share in other regions.

Further, some of the customers of the Group, including larger international companies, purchase and use the Group's products and systems for production of their own branded downstream products. In addition, the Group has the capability to tailor certain products for such customers to suit for their needs, which the Group's role is similar to a commonly known term called "original equipment manufacturer", which the Group had relevant business during the Track Record Period. The Directors believe that the business relationship with such international companies signify the competitive edge of the Group and its products and services and a clear indicator of its high quality design and manufacturing standards.

Furthermore, the Group is able to capitalize on the comparative advantages of operating in the PRC, including relatively low labor and operating costs, a large talent pool of qualified engineers, and local tax and other incentives that make the PRC an attractive location for product development and manufacturing. As a result, its manufacturing costs are lower relative to developed countries and enable the Group to maintain international quality standards. The Directors believe that the combination of a high quality yet cost-efficient operating structure provides the Group with significant advantages as it competes in both the domestic and international markets.

Proven research and development capabilities with next-generation energy efficiency product pipeline

The Group currently operates three research and development centers located in Beijing (the PRC), Brossard (Canada) and Brindas (France) respectively, enabling the Group to leverage on and tap into the Chinese, Canadian, and European technological expertise. The PRC is increasingly recognized for its growing advancement in technological skills, and coupled with established Canadian and European abilities in technology, the Group has developed new and innovative designs with high performance specifications and achieved a fast time-to-market development cycle at its low cost manufacturing facilities in the PRC. At the cornerstone of its research and development platform is a dedicated team of 63 experienced engineers and staff as at the Latest Practicable Date. The Group spent 4.4%, 7.8%, 7.5% and 7.7% (including those being capitalized) of its revenue for the three years ended 31 December 2010 and the four months ended 30 April 2011 in research and development respectively; the Directors intend to maintain similar or increasing levels of expenditure for research and development efforts going forward. As at the Latest Practicable Date, the Group offers over 37 products and solutions. By maintaining a focus on innovation through adequate investment, the Group regularly develops new and innovative products for timely market release, including wireless solutions and BACnet protocol open systems platforms developed by the Group's team in Canada, distinguishing its product pipeline as a step ahead of traditional products with an additional green energy efficiency element.

The Group's energy management system, which optimizes the use of energy in commercial buildings, is recognized by renowned institutions and organizations (details are set out in the paragraph headed "Industry awards and recognitions" to this section). The Group's engineers are involved in the entire research and development process from product design to testing and regulatory approval, and maintain regular contact with the customers of the Group, hence obtaining real-time market information regarding their demands. This understanding of the entire product development process and customer needs provides a strong, flexible engineering platform which can be used to quickly develop customizable and innovative products for a wide range of integrated building automation and energy management applications. For instance, the Directors believe that the Group's Canadian team and French team were among the first group to introduce battery-less and wireless devices in their respective operating locations, which radically changed the building automation industry as the installation costs of battery-less and wireless energy-saving solutions are significantly more cost-effective than traditional automation products as they provide flexibility during the installation process as compared to traditional automation products would require certain wirings, additional installation and maintenance work, hence costing the end-users additional time and cost. Further, wireless devices facilitate the installations for retrofit projects and do not cost operation down time for such customers. Recognized for its strong research and development capabilities, the Group is also regarded as a top choice as a supplier for its larger international customers. The Directors believe that the strong research and development capabilities of the Group will continue to enable the Group to keep pace with constantly evolving technologies in the building automation industry.

In addition, the Group's design expertise is demonstrated by its six patents and three pending patent applications in the PRC and France obtained for its technologically advanced products and manufacturing processes. The Group has received memorable industry accreditations and recognitions including Safety Production License, 2010 Intelligent Building Quality Product Award, and 2010 China Top Ten Brands in Building Automation Product Award in 2010.

Experienced leadership team

The Group has a highly experienced international management team with a proven track record and an average of over 15 years of experience in the building automation industry. A number of the Group's senior management helped to pioneer the development of the building automation industry in the PRC and Canada by acting as members of building automation industry associations and industry standards formulation committees, including the Experts Committee of the Intelligent Building Division of the China Construction Industry Association, China Construction Industry Association, and National Technical Standardization Committee. Mr. Zhao Xiaobo, the Group's chief executive officer, is recognized for his contribution to the drafting of the Standards for Intelligent Building Construction (《智能建築工程施工規範》) in the PRC and as vice-chairman of the Intelligent Building Branch of the China Construction Industry Association (中國建築業協會智能建築分會). Mr. Étienne Veilleux, president and chief executive officer of Distech Controls, was awarded the 2010 Ernst and Young Entrepreneur of the Year Awards in the clean technology sector in Québec, Canada and national citation for innovation and design in recognition of his contribution to growing and sustaining the market-leading business of Distech Controls in North America. Under Mr. Veilleux's management, Distech Controls obtained several industry accreditations in Canada including 2010 and 2009 AHR Expo Innovation Honorable Mention Award, 2007 Frost & Sullivan North America Building Automation Systems Growth Excellent of Year Award, 2008 and 2009 Deloitte Technology Green 15 TM Award, and Fast 50™ Award. The Group's senior management has consistently demonstrated the ability to drive growth, secure leading global customers, acquire and consolidate valuable business acquisitions, and drive high profitability. The Directors believe the Group's international management team's knowledge of the building automation market in the PRC, North America, Europe, and other emerging countries, coupled with their management and executive abilities help to differentiate the Group from its domestic competitors.

BUSINESS STRATEGIES

The Group's primary focus is to strengthen its position globally as one of the leading providers of building energy management and solutions services in the PRC through the following strategies:

- Pursue product and technology purchase opportunities, strategic acquisitions and alliances
- Continue to expand operations, and sales and distribution in international markets with growth opportunities
- Continue to invest in research and development to expand next-generation energy efficient product and solutions portfolio and broaden existing customer base
- Continue to enhance its brand recognition and market position globally
- Capitalize on opportunities created by the global environmentally-friendly green awareness movement

Pursue product and technology purchase opportunities, strategic acquisitions and alliances

The Directors, from time to time, evaluate opportunities to acquire and/or ally with companies which would allow the Group to broaden its product offerings and enable the Group to acquire new technological expertise.

The Group may consider acquisitions in complementary product areas that will allow the Group to capitalize on its extensive network of distributors and research and development capabilities. The Group intends to selectively pursue strategic acquisitions of businesses and assets that will complement its business. The Group further expects to explore potential international acquisitions, partnerships or licensing opportunities to provide technologies, and brands or distribution capabilities that will complement its expansion strategy. Finally, given the fragmentation of the industry in which the Group operates, it intends to potentially increase market share through consolidation of competitors if there is an opportunity.

Further to the acquisition of a majority stake in Distech Controls by the Group in 2008, Distech Controls successfully acquired Acelia and Comtec in February 2010. Acelia and Comtec, both headquartered in France, have in-depth European market and application knowledge providing the Group with access to strong European demand for energy management and integrated building management systems. Distech Controls made a strategic investment in E2 Solutions, a Canadian company with an energy and building assets monitoring center and reporting process system, which highly complements the Group's existing product offerings. Distech Controls currently owns 24.3% of the shareholder equity interest of E2 Solutions and has been granted the option to acquire additional stake in E2 Solutions, details of which have been set out in the paragraph headed "Expansion in the European market" in the "History and corporate structure" section of this prospectus.

As at the Latest Practicable Date, the Group's principal operations are in Singapore, the PRC, Canada and France. The Directors believe that these markets continue to have strong demands in the Group's products and services. As stated in the section headed "Industry overview" of this prospectus, for example, the energy management system in the PRC is relatively fragmented while expenditures in the energy management system in the countries where the Group currently operates are expected to increase, the Directors believe that it is necessary to strengthen and expand the Group's operations in such countries by way of mergers and acquisitions and/or forming of alliances.

In addition, the Directors believe that the Group's relationships with many industry participants and its knowledge of, and experience in, the building energy management industry in the PRC allow the Group to understand industry trends, technological developments, and practical applications of integrated building automation and energy management technologies, which will assist the Group in making decisions regarding such acquisitions.

Continue to expand operations, and sales and distribution in international markets with growth opportunities

Currently the Group is present in the PRC, Canada, France, the U.S., and the Middle East. The Directors further intend to increase its operations, and sales and distribution network to other international markets and enhance global awareness of its products. The Directors believe the markets with opportunities lie in both the developed countries in North America and Europe, and the developing countries in Southeast Asia, India, the Middle East, and the PRC.

In developed regions such as North America and Europe where new building construction activities are relatively low, the Directors consider that there is an increasing trend towards the retrofitting of existing buildings as governments implement regulations towards increasing energy efficiency. The energy management systems' market size is estimated to grow at a five-year CAGR of 5.8% to US$7,407.8 million and at a five-year CAGR of 3.3% to US$5,626.0 million in North America and Europe, respectively by 2014. The Group's energy management solutions provide building owners with the ability to control and monitor the use of energy, such as air-condition, heat, ventilation, and lighting among others, significantly decreasing the cost of energy. In addition, the integrated building management products of the Group help to heighten automation and monitor the control of the infrastructure in a building thereby extending the security, safety, and life of a building.

Furthermore, the Group intends to leverage on the robust growth in new building construction industries in developing regions such as Southeast Asia, India, and the Middle East to integrate its products in new buildings where awareness of the need for energy efficiency and building automation is increasing. In comparison to the developed markets, the energy management systems market size in Asia is estimated to grow at a faster five-year CAGR of 10.0% to US$2,180.7 million by 2014. The PRC stands as the market with the highest growth and is expected to grow at a five-year CAGR of 17.8% to US$1,271.8 million by 2014. The Directors believe demand for the products of the Group will be derived from the retrofitting needs of commercial buildings, retail chains, schools, hospitals, government buildings for developed countries, and new building construction needs of commercial and retail buildings for developing countries. The Directors believe the customer base of the Group will be further diversified, thus lowering customer segmentation risk by seeking to penetrate these target markets.

As at the Latest Practicable Date, the Directors have not identified any companies or businesses as potential targets but owing to the growth potentials in Southeast Asia and the Group's established presence in Singapore, the Directors believe that Singapore will be among one of the top selections of the Group's expansion strategy as mentioned above. During the Track Record Period, revenue derived from the Group's Singapore operation (which included sales made in Singapore and to other Southeast Asia countries) had been increasing and the Directors believe that strengthening the Group's operation and presence in Singapore would also strengthen and facilitate its business reach into other Southeast Asia countries.

Continue to invest in research and development to expand next-generation energy efficient product and solutions portfolio and broaden existing customer base

The Directors believe that one of the key elements for the success of the Group has been attributable to its continuous focus and investment in research and development to improve the quality and technical capabilities of its products and to develop new and innovative next-generation product offerings to the market. The Group has expanded its product portfolio, growing from a portfolio of approximately 28 products at the beginning of 2008 to over 37 products as at the Latest Practicable Date. Throughout its history, the Group has continually extended its product offerings with more advanced and innovative products to its customers.

The Group intends to strengthen its research and development capabilities and product portfolio by leveraging on its existing talented research and development platform and continuing to invest in research and development of new and complementary technologies, new products, product line extensions, improvements to its existing products and recruitments of talents. The primary focus of the Group is to improve energy efficiency in building automated management systems with the goal of improving the lifecycle of buildings where its products and systems are installed. The Group has both near-term and long-term projects in development to add to its robust product pipeline. Leverage on its extensive network of distributors and brand recognition in the domestic market the Directors believe that the Group can effectively promote its new and complementary products and technologies to the market.

To maintain and strengthen its competitiveness in the market, the Group collaborates with universities and institutions to research and develop new products and/or technologies from time to time. As at the Latest Practicable Date, the Group has established relationships with Tsinghua University (清華大學), one of the leading universities in the PRC, to research and develop new technology in energy efficiency matters, in particular, in enhancing the functionality and capability of the Group's iBAS. Under such collaborations, the Group would usually contribute its technology know-how while the universities would usually contribute human resources and research and development facilities. The Directors believe these research institutions enjoy well-regarded academic reputations, and the Group's long-term relationships with these universities and institutions will enable it to stand at the forefront of and to keep abreast of the latest trends and developments in the energy management and building automation industry.

Continue to enhance its brand recognition and market position globally

The Group plans to increase its brand recognition and the market penetration of its products and solutions by expanding and deepening its existing sales channels. The Group plans to establish new representative offices in countries in which the Group expects economic growth and have identified growth opportunities, and where it currently does not have local coverage, including but not limited to India, the Middle East, Australia, and other regions of North America. The Group also intends to increase marketing efforts and likewise penetration rate in areas where sales of its products are relatively lower.

Furthermore, by relying on its own sales force and its close relationship with its direct customers, primarily system integrators catering directly to the end-user markets, the Group intends to strengthen demand from new and existing end-user markets by rapidly introducing top-quality energy management and integrated building management solutions to the market and promoting the best mix of product performance, innovative and advanced product features and cost flexibility through its direct customers to end-users, thereby allowing them to achieve maximum energy savings. The ultimate objective of the Group is to provide building owners with state-of-the-art energy management solutions so as to help end-users achieve a carbon neutral best practice.

Furthermore, the Group plans to add sales and technical support personnel to its offices, particularly in the PRC, to support its rapidly expanding global business and to provide adequate after-sales services to customers. The Group has successfully expanded the size of its sales and marketing team from seven in 2008 to 86 as at the Latest Practicable Date, and expects to hire additional personnel in future periods. The Group expects customer service to be further enhanced so as to foster stronger customer loyalty.

In addition, the Group plans to seek alliances with strategic distribution partners and system integrators who have effective global distribution networks in order to increase sales channels for the Group.

Capitalize on opportunities created by the global environmentally-friendly green awareness movement

Following the increase in environmental awareness and the heightening of environmental protection issues by governments around the world, the Directors believe there exists a multitude of opportunities in the green building and environmental awareness sectors, and as such, is prepared to further highlight the environmentally-friendly features and benefits of its energy management solutions. The Group's integrated energy management solutions provide customers with the technology and the turnkey solutions to make their buildings environmentally-friendly and "intelligent" in order to create an efficient, safe, effective, and comfortable green environment. The lifecycle of buildings in which the Group's energy management solutions are installed is optimized as their performance is continuously kept track of, such as day light savings, presence detection, energy diagnostic, energy consumption awareness, and other factors alike, which provide the dual benefit of lowering the operation cost of the buildings and leaving a smaller environmental footprint by achieving carbon neutrality.

The Directors foresee a continued emphasis on energy efficiency buildings as governments around the world become increasingly aware of renewable energy and energy saving while minimizing energy use in buildings is being one of them. For example, minimizing electricity consumptions by installing energy-saving applications directly to air-conditioning systems, or installing devices that help manage electricity consumptions of the electronic appliances/devices within the building will also minimize energy consumptions. Energy management system provides control over, and optimization of electrical devices within the system. The Directors believe that as environmental consciousness grows, the demand for green buildings will follow, which green certifications for buildings for the recognition of energy use will further enhance the demand for the Group's energy management solutions.

PRODUCTS AND SERVICES

Overview

The Group designs, manufactures and sells integrated building automation and energy management products and services in the following product segments:

Energy-saving solutions:

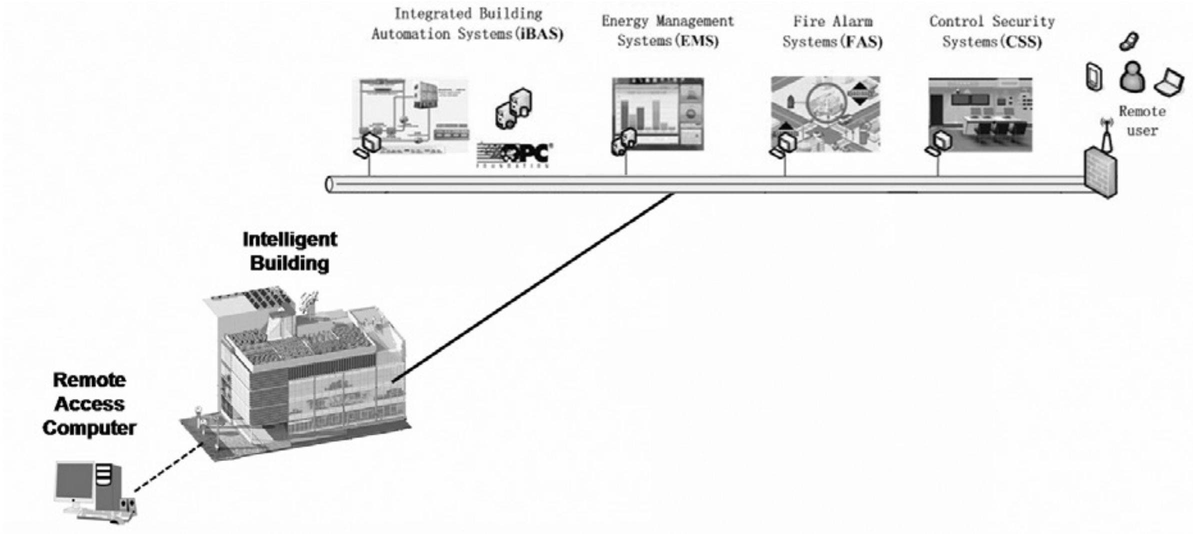
- Integrated building automation systems
- Energy management systems

Others:

- Control security systems
- Fire alarm systems

The following graph illustrates the energy management system of a typical building where the products and services of the Group are installed and utilized:

Applications of the Group's products/services on a typical floor of a building



Source: Company

In general, each of the Group's systems comprises both hardware and software components, which the hardware components are generally manufactured in the Group's PRC production facilities, and software developed by the Group's PRC and Canadian research and development teams, and are installed and embedded into the hardware components, while the software is designed to be complementary with the system products of the Group. For example, the Group's energy management system, as a total solution, provides control over elements in a building's environment and energy-saving solutions and apart from utilizing a programmed software, it would also utilize certain products under the iBAS, CSS and/or FAS of the Group as well as other providers.

Further, the Group designs and manufactures systems and solutions based on open and interoperable communication protocols which provide seamless and intelligent integration of various building automation activities such as temperature control, lighting control, access control, energy management and others. Based on a robust common hardware platform, the Group's products share the same programming and productivity enhancing toolset, providing increased efficiency and options for system design, installation, service, and maintenance. In comparison, a closed communication protocol would limit the ability to integrate various building automation activities. The Group provides products to its customers for easy and convenient open integration into other protocol systems. The Group's products utilize technology achieving energy efficiency, and provide innovative solutions that lower installation and maintenance costs, including open wireless building management solutions which the Directors believe the Group was one of the first to offer in North America. In addition, the Directors are of the view that the Group's platform creates a foundation that supports and evolves with a building system's lifecycle.

As mentioned in the section headed "Regulatory overview", there are certain regulations in the building automation system industry imposed by different countries where the Group operates in. Further, there are specifications divide "intelligent buildings" into three classes namely, Class A — High standard of intelligent building system configuration with comprehensive facilities, Class B — Basic configuration of an integrated "intelligent building" system, and Class C — Configuration of some key "intelligent building" systems. The Group is qualified to conduct its business in all three classes as aforementioned and has installed the Group's products in these categories of buildings during the Track Record Period.

The following table sets out the reportable segment revenue of the Group's products by geographical locations (as extracted from Appendix I to this prospectus) and percentage of turnover during the Track Record Period:

	For the year ended 31 December						For the four months ended 30 April			
	2008		2009		2010		2010		2011	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000* (*unaudited*)	*%*	*US$'000*	*%*
Energy-saving solutions:										
Integrated building automation systems										
— PRC	9,226	30.1%	16,169	33.5%	31,499	42.5%	4,970	33.1%	7,978	33.3%
— North America	10,206	33.3%	19,565	40.6%	19,748	26.7%	5,347	35.6%	7,145	29.8%
— Europe	—	—	—	—	8,074	10.9%	1,852	12.3%	4,537	19.0%
— Other countries	1,393	4.5%	655	1.4%	668	0.9%	223	1.5%	54	0.2%
Sub-total	20,825	67.9%	36,389	75.5%	59,989	81.0%	12,392	82.5%	19,714	82.3%
Energy management systems										
— PRC	687	2.2%	3,774	7.8%	5,616	7.6%	1,282	8.5%	1,982	8.3%
— North America	1,097	3.6%	—	—	—	—	—	—	—	—
— Europe	—	—	—	—	—	—	—	—	—	—
— Other countries	—	—	—	—	—	—	—	—	—	—
Sub-total	1,784	5.8%	3,774	7.8%	5,616	7.6%	1,282	8.5%	1,982	8.3%
Others:										
Control security systems										
— PRC	7,805	25.4%	7,870	16.3%	7,935	10.7%	1,253	8.3%	2,179	9.1%
— North America	—	—	—	—	—	—	—	—	—	—
— Europe	—	—	—	—	—	—	—	—	—	—
— Other countries	—	—	—	—	—	—	—	—	—	—
Sub-total	7,805	25.4%	7,870	16.3%	7,935	10.7%	1,253	8.3%	2,179	9.1%
Fire alarm systems										
— PRC	281	0.9%	201	0.4%	545	0.7%	107	0.7%	86	0.3%
— North America	—	—	—	—	—	—	—	—	—	—
— Europe	—	—	—	—	—	—	—	—	—	—
— Other countries	—	—	—	—	—	—	—	—	—	—
Sub-total	281	0.9%	201	0.4%	545	0.7%	107	0.7%	86	0.3%
Total	30,695	100.0%	48,234	100.0%	74,085	100.0%	15,034	100.0%	23,961	100.0%

Owing to the Group's expansion plan, the Group's integrated building automation systems are sold to various regions in the world during the Track Record Period. As to the Group's energy management systems, the PRC market is the Group's major focus while the Group's control security systems and fire alarm systems are principally sold in the PRC during the Track Record Period.

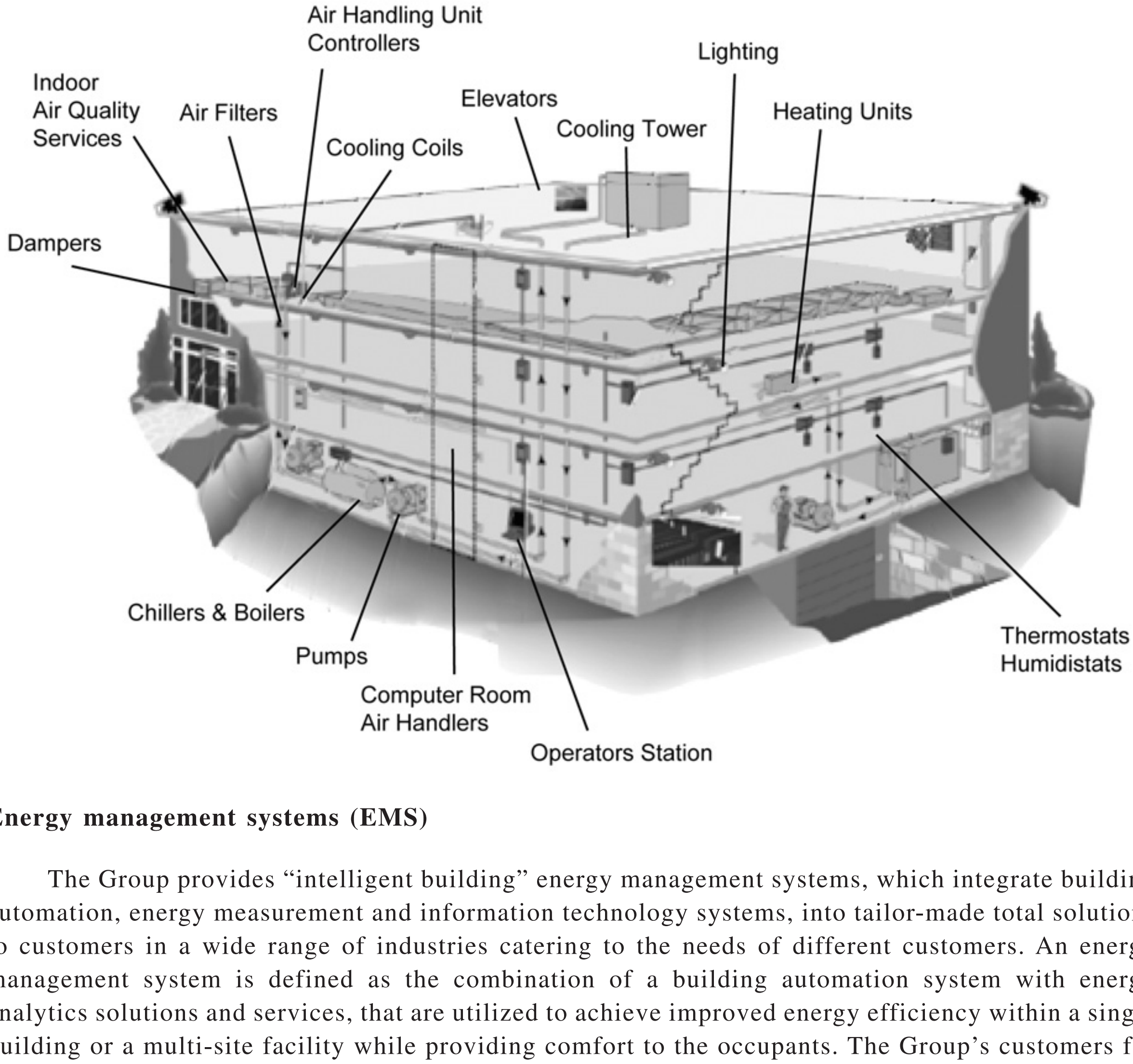
Integrated building automation systems (iBAS)

An integrated building automation system is a control and management system that provides "intelligent" control over various electrical systems in a building, including air-conditioning, lighting, elevators, ventilation systems, water supply and discharge systems, and power supply systems that are linked to the automation system.

The Group produces a variety of building automation controllers, sensors, software for their configuration as well as graphical interface software for building automation. A typical iBAS carries out an optimum on/off system, a scheduling maintenance, alarms in the case of an emergency, asset condition management system, and constant monitoring to correct any anomalies. All the information collected is available in real-time in order to facilitate any decision-making for the management of the building.

IBAS can usually be accessed online to provide for remote control of the facility to facilitate even further the distribution of information. Furthermore, iBAS is built to interact with a protocol that is designed to meet the communication needs of the different devices and facilitate information exchange.

The following graph illustrates certain electrical devices that can be controlled by an integrated building automation system of the Group:



Energy management systems (EMS)

The Group provides "intelligent building" energy management systems, which integrate building automation, energy measurement and information technology systems, into tailor-made total solutions to customers in a wide range of industries catering to the needs of different customers. An energy management system is defined as the combination of a building automation system with energy analytics solutions and services, that are utilized to achieve improved energy efficiency within a single building or a multi-site facility while providing comfort to the occupants. The Group's customers for the EMS business are mostly system integrators which utilize the Group's solution provided under the EMS with a goal to save energy consumption.

The energy management systems of the Group are based on various technologies, including the EC-NET of Distech Controls and ezIBS of Tongfang Technovator. The energy management systems of the Group are well recognized by prominent chain stores operators including major European and American banks and one of the largest television operators in the PRC. The energy management systems of the Group can monitor and optimize the operation of building facilities so as to minimize the energy consumption and extend the useful life of facilities. They can also provide a more comfortable and environmentally friendly living environment for the residents and users of the buildings.

Through the acquisition of Acelia and Comtec by Distech France, the Group has expanded to become a major energy management systems provider in the European market. Furthermore, the acquisition of a participation in E2 Solutions further improved its energy management and building monitoring systems portfolio with new solutions for additional end-users enabling multiple sites through web remote access and reports process.

The Group's EMS products mainly address energy efficiency systems which provide control over elements in a building's environment and energy-saving solutions which provide integrated facility maintenance and energy control management solutions.

Control security systems (CSS)

The control security systems of the Group comprise of digital video urban surveillance systems for multi-level remote surveillance. The Group's control security systems features multi-level security control, multi-channel communication and multi-site storage and are compatible with the group's video surveillance systems. The Group's control security systems are suitable for users in the finance, electricity, security, road traffic and railway industries.

Fire alarm systems (FAS)

The Group's fire alarm systems provide online fire control solutions to, and have linked up, city authorities and commercial users. The fire alarm systems of the Group facilitate the following functions between users at both ends:

— to receive, display and verify the information from various surveillance points of the automatic fire alarm systems;

— to monitor the condition of the connection between an automatic fire alarm system and municipal fire fighting unit(s);

— to serve as an operation module of a remote fire control center; or

— to serve as an interface for remote monitoring by municipal fire fighting units.

SALES, MARKETING AND DISTRIBUTION

The Group primarily sells and markets its products in the PRC, Canada, France and the U.S. and exports its products, outside of these countries in which the operations of the Group are located, to every continent around the world.

The Group utilizes a combination of its own marketing teams, international sales representatives and a network of independent sales distributors to market and sell its products worldwide. The highly trained marketing teams of the Group which are located in the PRC, Canada, France, and the U.S., focus on continuously interacting with customers and end-users including system integrators, building construction and property development players (both government and private sectors) to educate them about, and train them in the use of, its products. Such interaction is fostered through regular visits by its marketing teams, on-site demonstration of its products, the participation of the Group in industry conferences, seminars, and other activities.

Further, the Group may grant exclusive right to certain distributors in some regions or countries with a view to expand the Group's business, in particular the Group's iBAS products, in overseas market. On the other hand, the Directors consider such exclusivity granted to the distributors will facilitate their work in such regions, in particular to incentivize their work and also protect their interests in opening new markets for the Group. In consideration of the exclusive right, the Group would usually set an annual sales target for such distributors. In addition, the Group also retains independent sales representatives in certain regions or countries to carry out sales and marketing activities for the Group. The Group and such representatives would agree on an annual sales target while the representatives would receive basic remunerations as well as additional commission if the actual sales reach certain level(s) of sales targets. The additional commission, varies between different independent sales representatives, products and sales regions, is usually derived by multiplying the sales amount with a percentage (which is calculated based on a scale with reference to the sales level and in general, it is on an ascending scale with reference to the sales performance) previously agreed among the relevant parties. For the avoidance of doubt, the sales representatives are not regarded as the Group's end-customers but rather their customers who enter into sale and purchase agreements with the Group. On the other hand, system integrators, which represented the majority of the Group's revenue during the Track Record Period, and the Group's distributors are considered as direct or end-customers of the Group.

As at 30 April 2011, the Group's marketing team had 89 dedicated sales personnel, 74 distributors (including two having exclusive distribution rights in Korea and Japan respectively) and three independent sales representatives covering India and Middle East. The distributors and independent sales representatives are all Independent Third Parties.

Although building owners are the end-users of the Group's products, building constructors and property developers (both government and private sectors) usually decide what products to use in the management of a building's facilities and typically recommend to building owners what products to use. The Directors find that, as building constructors and property developers become more knowledgeable and experienced with the products of the Group, they will be much more likely to recommend its products to their system integrators, thereby forming a powerful extension of its marketing efforts. In addition to accelerating market awareness and adoption of its products, the Group's communications with building constructors and property developers (both government and private sectors) also provide it with continual feedback on its products and trends in the market which helps guide the research and development projects of the Group. The Directors plan to expand the marketing teams of the Group into further emerging markets and utilize its strong relationships with building constructors and property developers (both government and private sectors) to increase demand for its products.

In line with market practice, the Group also sells its products to distributors (as the Group's end-customers) who then resell those products to building constructors, property developers (both government and private sectors), as well as system integrators. The distributors of the Group, which are regarded as the Group's end-customers conduct their own marketing through their own sales effort. As the Group recognizes revenue when the distributor takes ownership and assumes the risk of loss, for sales through distributors, transfer of ownership occurs at the time when its products are shipped from or collected by the distributors from its facilities without any recourse.

The Group sells its products to a combination of customers, which are classified into two groups, namely system integrators and distributors. To the best knowledge of the Directors, system integrators purchase the Group's products for further installations and renovations of their projects. Further, certain relatively smaller customers are also categorized as system integrators. These system integrators may work with other contractors, building owners and property developers from time to time. Further, system integrators usually possess certain technology know-how and design and engineering capacities in carrying out their work. On the other hand, distributors of the Group purchase and resell the Group's products to other customers or end-customers. The distributors and independent international sales representatives carry on a wide spectrum of businesses including but not limited to, selling and promoting the Group's products extensively used for iBAS, EMS, CSS and FAS. These distributors and independent sales representatives usually focus on the building automation system and/or energy management industry. Depending on the requirements of their customers, they may offer full or partial system, or resell, the Group's products in a particular territory/region. Further, some of them may combine the Group's products with other products before selling to their end customers.

During the Track Record Period, sales made to system integrators represented the majority of the Group's revenue. The trade receivables of the Group mainly represent the credit sales of its products to be paid by its customers and consist of accounts receivables. As of 31 December 2008, 2009 and 2010 and 30 April 2011, the trade receivables of the Group were approximately US$6.3 million, US$8.6 million, US$18.5 million and US$18.6 million respectively. The Group monitors the recoverability of its overdue trade receivables on a regular basis and when appropriate, provides for impairment of such trade receivables. As of 31 December 2008, 2009 and 2010 and 30 April 2011, the Group's provision for doubtful trade receivables were approximately US$0.3 million, US$0.4 million, US$0.7 million and US$0.7 million respectively. For further details of the Group's provisioning policy for trade receivables and the amount of its provisions, please see the sections headed "Financial information — Critical accounting policies — Impairment of tangible and intangible assets".

Sales and marketing strategy

As at 30 April 2011, the Group's marketing team had 89 dedicated sales personnel, 74 distributors (including two having exclusive distribution rights in Korea and Japan respectively) and three independent sales representatives covering India and Middle East. During the Track Record Period, the Group did not encounter material change in terms of its combinations of distributors, system integrators and independent sales representatives. Termination of such sales channels will typically only occur if there arises an incapability to fulfill the indicative annual minimum sales specified in the respective contract.

In the PRC, the sales and marketing team consisted of 60 personnel as at 30 April 2011 from offices in seven strategic locations throughout the country, Shenyang in Northeast China, Beijing in North China, Wuhan in Central China, Guangzhou in South China, Chengdu in Southwest China, Shanghai in East China and Xi'an in Northwest China as at 30 April 2011. The Group also has an established distribution network currently consisting of 31 distributors across the PRC as at 30 April 2011. The sales and marketing team focuses on the sales and promotion of the Group's products and services, actively manages the Group's network of distributors and provides installation and post-sales services to its end-customers. The Directors believe its distribution advantage in the PRC is even more pronounced as compared to its international competitors, who predominantly rely on distributors rather than their own specialized sales force in the PRC. As a result, the Directors believe that the Group is better positioned to offer after sales service and meet the needs of customers in the PRC.

The Group's North American sales and marketing team positioned is based in Brossard, Canada, and consisted of 16 personnel as at 30 April 2011, who primarily oversee the sales and distribution activities in Canada, the U.S., India, and the Middle East. The Group has also established a distribution network across North America which consisted of 140 system integrators as at 30 April 2011.

As for Europe, the Group's sales and marketing team is based in Brindas, France, are primarily responsible for the sales and marketing activities in Europe as well as South Africa. The Group's European sales and marketing teams comprised of nine personnel, and has established a distribution network across Europe which consists of 44 system integrators as at 30 April 2011.

The Directors believe the Group's dedicated sales force, which distributes its products and offers technical support, provides an effective distribution channel and helps the Group maintain close relationships with its customers, including system integrators, construction contractors, architects, real estate developers, and government procurement departments.

During the Track Record Period, the Group sold its products and services through its internal sales team as well as distributors (as end-customers who then resell) and sales representatives. The Group had over three years of relationship with a majority of its distributors during the Track Record Period. It is the Group's practice to enter into master sale and purchase agreements with independent distributors, usually operated by local entrepreneurs or individuals which the Group would also preset their geographical restrictions, usually for a term of one to five years with automatic extension clause subject to satisfaction from both parties, for the distribution of the Group's products. Either the Group or the distributors may terminate the agreement upon 180 days' written notice to the other party. Under such agreement, the Group usually provides technical assistance and instructions to such distributors and provides a two-year warranty on certain parts and components of the Group's products from the date of delivery. Such distributors are considered as end-customers of the Group as risk is being transferred and sale is being recognized when a transaction takes place. However, the distributors can give a written notice within 15 days after the date of delivery to the Group for claims of shortages, damaged or defective products and such claims shall be adjudicated by the Group by which exchanges will be made. It is the obligation of the distributors that the distributors should have qualified staff to ensure the quality of the engineering services rendered by the distributors is in accordance with the Group's standard. Also under such agreement, the distributors recognize that the Group is the owner or authorized licensee of all the intellectual property associated with the products including copyrights, patents, trademarks and industrial designs. That being the case, the distributors are allowed to use the Group's trademarks in promoting the sales of the products and describing itself as an official distributors in relation to the products. When making a purchase order for products, the distributors will have to pay the total amount due to the Group before the Group would arrange for delivery. While the products are delivered to the distributors, the responsibility of the Group for loss or damage to any of the products ordered by the distributor will end.

Further, the Group may grant exclusive right to certain distributors in some regions or countries with a view to expand the Group's business, in particular the Group's iBAS products, in overseas market. On the other hand, the Directors consider such exclusivity granted to the distributors will facilitate their work in such regions, in particular to incentivize their work and also protect their interests in opening new markets for the Group. In consideration of the exclusive right, the Group would usually set an annual sales target for such distributors. As at the Latest Practicable Date, the Group had an exclusive distributor in each of Korea and Japan.

During the Track Record Period, the Group has established solid relationships with its distributors. The number of distributors of the Group had been increasing throughout the Track Record Period, from 28 in 2008, 40 in 2009 (16 additions and 4 terminations), 65 in 2010 (29 additions and 4 terminations) and maintained at 74 (10 additions and 1 termination) for the four months ended 30 April 2011. During the Track Record Period, there were additions and terminations of business relationships with the Group's distributors. Such terminations were mainly driven by the Group's commercial decisions rather than solely on the distributors' ability to achieve their respective sales targets. As part of the Group's strategy to expand the business, the management of the Group monitors the performance of the distributors and their respective market conditions from time to time with the view to strengthen and optimize the combinations of distributors in different regions, which form the basis of their commercial decisions. In addition, if the distributor breaches certain clause(s) as stated in the master sale and purchase agreement (for example, unable to meet the indicative minimum purchase volume/amount, change in control in the ownership or management of the distributor), the Group has the right to early terminate such agreement.

The following table sets forth the movement of the Group's distributors and system integrators during the Track Record Period:

	As of 31 December 2008	During the year ended 31 December 2009 Addition	Termination	As of 31 December 2009	During the year ended 31 December 2010 Addition	Termination	As of 31 December 2010	During the four months ended 30 April 2011 Addition	Termination	As of 30 April 2011
System integrators with master sale and purchase agreements	153	40	7	186	51	30	207	19	6	220
Distributors	28	16	4	40	29	4	65	10	1	74

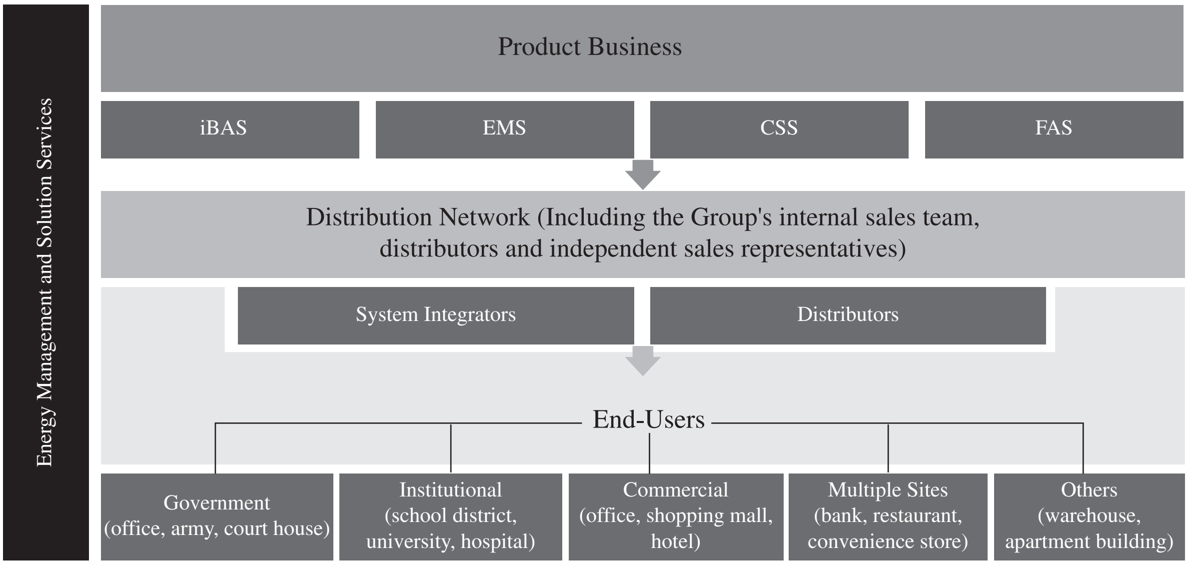
Similar to the Group's distributors, the management of the Group monitors the performance of the system integrators and their respective market conditions from time to time. During the Track Record Period, there were additions and terminations of agreements with the Group's system integrators, which were mainly driven by the Group's commercial decisions rather than solely on the system integrators' ability to achieve their respective sales targets. The relatively higher number of terminations in 2010 was mainly a result of the Group's implementation of the customer relationship management (CRM) system in 2009 to assist the management in monitoring the performance of the Group's system integrators with the view to strengthen business activities in different regions.

In addition, the Group also retains independent sales representatives in certain regions or countries to carry out sales and marketing activities for the Group. The independent sales representatives, which are regarded as contracted staff of the Group, to the best knowledge of the Directors, usually have existing sales contacts so to assist the Group in penetrating its products into such markets. As the sales representatives do not take ownership of the products sold by the Group, sales introduced by the sales representatives are then grouped under sales made to system integrators for data recording purpose. The Group and such representatives would usually enter into contract for a term of one year with automatic extension clause subject to satisfactions from both parties, and agree on an indicative annual sales target while the representatives would receive basic remuneration as well as additional commission if the actual sales reach certain level(s) of sales targets. The additional commission, varies between different independent sales representatives, products and sales regions, is usually derived by multiplying the sales amount with a percentage (which is calculated based on a scale with reference to the sales level and in general, it is on an ascending scale with reference to the sales performance) previously agreed among the relevant parties. Pursuant to the terms of the agreements currently in effect, these independent sales representatives are required to promote the sales of the Group's products within their respective geographical regions in their capacity as independent contractors and not its agents. They do not have authority to accept customers orders on the Group's behalf and all solicitations of customer orders are subject to its approval. All products sold through these independent international sales representatives for which orders have been accepted by the Group will be delivered and billed by the Group directly to the customers as such representatives merely act as the representatives of the Group in such regions to conduct sales and marketing activities. As mentioned above, the Group pays basic remuneration as well as additional commission to its sales representatives. The applicable basic remuneration and additional commission varies among different independent sales representatives, products, sales regions and sales target. The independent international sales distributors are not responsible for product liability, and issues of product quality or product reliability will be diverted to the Group. As at the Latest Practicable Date, the Group had three independent sales representatives covering India and Middle East.

The Group also sold directly to system integrators during the Track Record Period. The master sale and purchase agreements are usually for a term of one to three years with an automatic extension clause subject to satisfaction from both parties, and have indicative minimum purchase amount. Under such agreements, the Group shall provide technical support to the other contracting party regarding the system sold while a two-year warranty period from the date of delivery is usually granted.

The Group's sales and marketing teams maintain close contacts with its customers to keep abreast and monitor the market conditions as well as the activities with the Group, in particular with its distributors and sales representatives. In general, sales manager of the Group's sales and marketing teams holds telephone meetings with its customers on a bi-weekly basis and in-person meetings on a monthly or quarterly basis. Such meetings facilitate the Group in keeping track of the business activities between the Group and its customers.

The following sets forth a diagram of the Group's typical sales chain:



The Group's internal sales team generally secures customer contracts through direct negotiation, request for quotes or tendering processes. The Group typically has to undergo a qualification process whereby typical specifications are used for the specification of the Group's products for each particular customer's needs. The sales and marketing process begins with an indication of a customer's interest whereby a request for proposal is issued comprising the pre-qualification process during which the Group outlines the technical capabilities of its solution. A request for quote follows where the Group presents its pricing quotation and awaits confirmation from the customer. For customers of the Group who plan to install the Group's products in multiple sites, the Group typically installs its products and solutions in pilot projects for customer validation, after which follows a complete rollout in all of the customer's multiple sites after customer confirmation.

In addition, certain projects may comprise a tendering process, especially for sale to institutional or government projects business. For government projects, it is usually an open-end tendering process while institutional projects are usually a close-end tendering process. Preliminary rounds of selections are usually based on price, track record, quality and services while final selection would be based on the overall specifications of the projects.

The Directors consider that, regardless of the sales channel or method, customers place emphasis on product functionality, brand, technology, user friendliness, service quality and price.

The Group also implements a customer relationship management software to monitor the sales activities with its distributors and independent sales representatives. Key performance indicators measured on the Group's customers include trends in volume and sales purchased, amount of backlog sales in place, forecasted sales pipeline and analysis, actual versus budgeted sales analysis, and overall contract terms to the Group.

There is an increasing trend that equipment used in large scale projects is selected by the owners themselves as opposed to the installers. Accordingly, the Group plans to further enhance its promotions targeted at end-users by providing comprehensive solutions, installation, implementation and after-sale services to end-users. Leverage on its leading position in the market, the Directors also plan to enhance the Group's relationship with the industry administration agencies and architecture design institutes by bringing forward the latest development in the industry. The Directors believe that these relationship would solidify the Group's existing sales channels and increase sales opportunities. Technovator Beijing is a member of the Intelligent Building Division* (智能建築分會) and Building Energy-conservation Division of the China Construction Industry Association (中國建築業協會) [(1)] (an association authorized by the Ministry of Civil Affairs of the PRC (國家民政部)) and a member of the EMCA of China Energy Conservation Association* (中國節能協會節能服務產業委員會) [(2)]. Distech Controls currently is a member of several notable industry affiliations including OSA [(3)], ZigBee Alliance [(4)], U.S. Green Building Council [(5)], CABA [(6)] and BACnet International [(7)], and a senior-standing member of LONMARK Interoperability [(8)].

As part of its marketing strategy, the Group frequently advertises in professional journals, participates in exhibitions, organizes promotion campaigns, and offers technical training to enhance the customers' knowledge of its products. During the Track Record Period, advertising expenses incurred in relation to maintaining relationship with the industry administration agencies and architecture design institutes were recorded as part of, depending on their activities, selling expenses or general and administrative expenses of the Group. For example, the Group subscribes to certain publications and these expenses are recorded as general and administrative expenses of the Group while attending conferences or exhibitions, these expenses are recorded as part of the selling expenses

(1) *As extracted from the organisation's website (http://www.cnibii.com), China Construction Industry Association has been involved in setting up various national standards and guidelines for intelligent building industry, organizing industry experts to provide consultation to key projects of the State and organizing various activities like seminars, professional trainings and industry ratings to promote the development of the whole industry in the PRC.*

(2) *As extracted from the organisation's website (http://www.chinabec.cn), China Energy Conservation Association is focused on promoting the overall development of the industry as well as development of the technology and equipment in the industry.*

(3) *As extracted from the organisation's website (http://www.echelon.com/partners/integrators/osa/default.htm), Echelon's Open Systems Alliance (OSA) program brings together manufacturers, integrators, resellers, and other companies to promote open control systems based on the LonWorks platform. OSA members, all experts in their fields, receive Echelon product discounts and marketing tools to help them bring the benefits of the LonWorks platform to users worldwide.*

(4) *As extracted from the organisation's website (http://www.zigbee.org), Zigbee Alliance is the only standard-based wireless technology designed to address the unique needs of low-cost, low-power wireless sensor and control networks in just about any market.*

(5) *As extracted from the organisation's website (http://www.usgbc.org), U.S. Green Building Council, with a community comprising 79 local affiliates, more than 16,000 member companies and organizations, and more than 160,000 LEED Professional Credential holders, is a non-profit organization committed to a prosperous and sustainable future for the U.S. through cost-efficient and energy-saving green buildings.*

(6) *As extracted from the organisation's website (http://www.caba.org), CABA is an international non-profit industry association dedicated to the advancement of intelligent home and intelligent building technologies, which is supported by an international membership of nearly 400 companies involved in the design, manufacture, installation and retailing of products relating to home automation and building automation.*

(7) *As extracted from the organisation's website (http://www.bacnetassociation.org), BACnet International is the international organization that encourages the successful use of BACnet in building automation and control systems through interoperability testing, educational programs and promotional activities. BACnet International complements the work of other BACnet-related groups whose charters limit their commercial activities.*

(8) *As extracted from the organisation's website (http://www.lonmark.org), LONMARK Interoperability is a global membership organization created to promote and advance the business of efficient and effective integration of open, multi-vendor control systems and related standards.*

of the Group. In addition, regular contacts are maintained with installers, value added resellers (including specialist installers), distributors, and end-users (including property developers, building owners and contractors), and provide them with the latest information of both the Group's products and technical and application services.

The Group has also implemented a customer relationship management system to enable it to establish and develop relationships with large nationwide customers. The Directors believe such efforts will further enhance its business opportunities and help the Group maintain and increase its market share in the PRC. In addition, Distech Controls has also implemented its own customer relationship management software to develop relationships with large nationwide customers.

Contracts, pricing and settlement terms

In general, the Group enters into master sale and purchase agreement with all of its distributors and certain system integrators for the sale of its products. Such agreements usually contain terms including annual sales targets, lead time, payment terms, product quality requirements, warranties, logistics details and sales region(s)/restriction(s). In general, the Group would restrict the distributors to resell the Group's products in a particular region. On the other hand, the Group would restrict the system integrators to use the Group's products within a particular region. The agreements entered into by the Group with its customers would state the expected purchase amount during a specific period and as at 30 April 2011, the Group had approximately 220 and 74 master sale and purchase agreements with its system integrators and distributors respectively. In addition, these agreements provide a warranty on its products for a period of one to two years, but in some instances for up to five years from the date of delivery. Under the warranty, the Group agrees to repair or replace defective products. With respect to products that are found to deviate from the description in the customers' statements of work or purchase orders, the Group agrees in certain contracts with certain customers to accept product returns and provide refunds or to provide maintenance or replacements at no additional costs to such customers. Other than returns for defective products, the Group did not receive returns of products which were sold during the Track Record Period. Furthermore, the Group agrees to provide certain customers with advance notice if the Group plans to discontinue a product covered by certain agreements. Under certain contracts, the Group undertakes indemnification obligations related to any losses suffered by customers resulting from its negligent or willful acts or omissions, such as infringement of intellectual property rights owned by third parties.

Further, longer term contracts, which the Group classifies as "Contract revenue" for accounting purpose, are also entered into, usually for the sale of the Group's systems which would usually include certain products of the Group and sales are recognized throughout a period of time. As mentioned in Appendix I to this prospectus, "Contract revenue" is recognized when the outcome of a construction contract can be estimated reliably, revenue from a fixed price contract is recognized using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract. The Group has increasingly focused on the sales of systems on long term contracts to provide enhanced visibility on revenue earnings. These contracts for the "contract revenue" are signed with customers on a project base, which specify the indicative minimum quantity, price and delivery schedule to be delivered over the course of a project, while revenue recognitions are according to the work/completion progress of such project. Also, "Contract revenue" is being classified for accounting purposes and apart from the aforementioned, there is no major difference between the products involved and the terms of sales classified under "Contract revenue" and otherwise.

The following flow chart sets out the typical sales process of the Group:

Upon signing of agreement → *Approximately one to three months* → **Upon supply and deliver of equipment** → *Approximately two months* → **Upon installation and test-run** → *Approximately one to three months* → **Upon verification** → *Approximately one to two years* → **Upon completion of defect liability period**

Pricing policy

In determining product price, the Group primarily considers the following factors: costs, market demand, market competition, customer type and their reputation. For determining the price of a sale of system or contract, the Group will also take into account the volume of such sale and length of contract as well as services required after the sale. Customers of the Group may purchase its products individually or may require the Group to provide integrated solutions with “bundled” products (for example, integrated building automation systems, energy management systems, control security systems, and/or fire alarm systems as required by a system integrator) as a package. When the sale of system or contract requires building installation services, the Group subcontracts such installation work to other parties and therefore, the pricing will also include costs associated with such subcontracting. The solutions provided by the Group’s products and systems are the core technology competency of the Group, which the hardware and software are used by the Group in delivering its solutions for the customers. Further, as the Group’s distributors would purchase and resell the Group’s products to other customers or end-customers, as a commercial consideration, the selling price to the Group’s distributors is usually set at a relatively lower price (depending on, among others, type and size of purchases) as compared to the Group’s system integrators.

The Group generally extends to its customers credit terms varying from cash on delivery to 180 days, basing on its relationships with the customers, the credit track record of the customers and size and type of purchases. Its average trade and bills receivables turnover days for the three years ended 31 December 2010 and the four months ended 30 April 2011 were 44 days, 56 days, 67 days and 94 days respectively. Some of the customers of the Group settle their bills by way of letter of credits while the others are settled with open accounts.

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer which is taken to the point in time when the final testing of goods is completed at the customers’ premises and there is no continuing management involvement with the goods.

For the sale of the Group’s systems on long term contracts, as “Contract revenue”, the revenue from a fixed price construction contract is recognized at several critical stages as stated in the agreement using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract.

The Group’s provision policy for doubtful trade and bills receivables is based on its assessment of the debtors’ financial condition and the expected collectability of the amounts due. For the three years ended 31 December 2010 and the four months ended 30 April 2011, the impairment of trade receivables charged to the consolidated income statements amounted to US$269,000, US$89,000, US$560,000 and US$50,000 respectively, which was mainly related to its customers that were in financial difficulties. No provisions were made for the trade receivables from its top five customers during the Track Record Period.

Sales returns for the three years ended 31 December 2010 and the four months ended 30 April 2011 amounted to US$52,000, US$84,000, US$339,000 and US$77,000, representing approximately 0.17%, 0.17%, 0.46% and 0.32% of the Group’s revenue respectively.

The main method of payment by the Group's customers is by monetary telegraphic transfer and letter of credit for both its domestic and overseas customers. Payment schedules for overseas customers are provided for through either set period installments or by-progress rate installments.

CUSTOMERS

The following table sets out the Group's revenue generated from key geographical regions for the periods indicated:

	For the year ended 31 December						For the four months ended 30 April			
	2008		2009		2010		2010		2011	
	US$'000	*% of revenue*	*US$'000*	*% of revenue*	*US$'000*	*% of revenue*	*US$'000 (unaudited)*	*% of revenue*	*US$'000*	*% of revenue*
The PRC	19,046	62.0%	28,879	59.9%	45,787	61.8%	7,612	50.6%	12,225	51.0%
U.S.	5,808	18.9%	12,242	25.4%	14,126	19.1%	3,745	24.9%	5,527	23.1%
Canada	818	2.7%	1,836	3.8%	2,547	3.4%	830	5.5%	908	3.8%
Europe	508	1.7%	654	1.4%	9,790	13.2%	2,134	14.2%	3,910	16.3%
Rest of the world	4,515	14.7%	4,623	9.5%	1,835	2.5%	713	4.8%	1,391	5.8%
	30,695	100.0%	48,234	100.0%	74,085	100.0%	15,034	100.0%	23,961	100.0%

Sales of the Group's products being expanded overseas to the U.S., Canada, and regions outside of Asia (except for Europe) is accomplished by a strategic acquisition of a majority stake in Distech Controls in 2008. The Group, through Distech France, further acquired Acelia and Comtec in 2010 which expanded the sales coverage of its products into Europe and nearby countries.

As mentioned in the paragraph headed "Products and services" of this section, a majority of the Group's revenue are derived from the sale of the Group's iBAS. Based on the Directors' and management's estimation, the Group sold most of their products to system integrators while leveraging on the Group's independent sales representatives to carry out businesses in such regions/countries.

For the three years ended 31 December 2010 and the four months ended 30 April 2011, aggregate sales to the Group's five largest customers accounted for approximately 39.4%, 33.7%, 27.2% and 25.7% of its total sales respectively, and sales to the Group's single largest customer accounted for 19.5%, 18.0%, 7.1% and 9.7% of the Group's total sales respectively. The five largest customers to the Group's operations in the PRC and North America during the Track Record Period are mainly system integrators. The Directors believe that they then resell the Group's products as part of a system or carry out their further downstream production. Also, there are larger international companies that worked with the Group during the Track Record Period.

None of the Directors, their respective associates, or shareholders holding more than 5% of the total number of issued Shares has any interest in any of the Group's five largest customers. Except for Tongfang, the Group's five largest customers are Independent Third Parties during the Track Record Period.

The following table sets out the reportable segment revenue of the Group's products by geographical locations during the Track Record Period:

	PRC			North America			Europe			Other countries		
	For the year ended 31 December											
	2008	2009	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Energy-saving solutions:												
Integrated building automation systems	9,226	16,169	31,499	10,206	19,565	19,748	—	—	8,074	1,393	655	668
Energy management systems	687	3,774	5,616	1,097	—	—	—	—	—	—	—	—
Others:												
Control security systems	7,805	7,870	7,935	—	—	—	—	—	—	—	—	—
Fire alarm systems	281	201	545	—	—	—	—	—	—	—	—	—
Total	17,999	28,014	45,595	11,303	19,565	19,748	—	—	8,074	1,393	655	668

	PRC		North America		Europe		Other countries	
	For the four months ended 30 April							
	2010	2011	2010	2011	2010	2011	2010	2011
				(US$'000)				
	(unaudited)		*(unaudited)*		*(unaudited)*		*(unaudited)*	
Energy-saving solutions:								
Integrated building automation systems	4,970	7,978	5,347	7,145	1,852	4,537	223	54
Energy management systems	1,282	1,982	—	—	—	—	—	—
Others:								
Control security systems	1,253	2,179	—	—	—	—	—	—
Fire alarm systems	107	86	—	—	—	—	—	—
Total	7,612	12,225	5,347	7,145	1,852	4,537	223	54

During the Track Record Period, the Group's revenue from CSS and FAS businesses were all derived in the PRC, mostly from system integrators in the region. As to the Group's EMS business, the majority of the businesses during the Track Record Period were derived from the PRC, and were mostly sold to system integrators. As to the Group's iBAS business, owing to the nature of the product mix and the Group's geographical coverage, the revenue were generated from local system integrators as well as distributors. As mentioned above, most of the distributors of the Group are local entrepreneurs or individuals and system integrators range from local operators to large international companies.

The following table sets out the total number of contracts for system sale (divided into completed and work-in-progress) by the Group during the Track Record Period by the four business segments based on the Group's operational data:

		For the year ended 31 December			For the four months ended 30 April
		2008	**2009**	**2010**	**2011**
Integrated building automation system	**Carried from previous year/period**	65	60	139	136
	Signed during the year/period	107	449	339	103
	Completed during the year/period	112	370	342	135
	Work-in-progress as of year-end/ period-end	60	139	136	104
Energy management system	**Carried from previous year/period**	12	15	14	13
	Signed during the year/period	28	22	21	29
	Completed during the year/period	25	23	22	27
	Work-in-progress as of year-end/ period-end	15	14	13	15
Control security system	**Carried from previous year/period**	99	95	83	62
	Signed during the year/period	317	192	221	70
	Completed during the year/period	321	204	242	94
	Work-in-progress as of year-end/ period-end	95	83	62	38
Fire alarm system	**Carried from previous year/period**	17	36	20	23
	Signed during the year/period	211	49	205	49
	Completed during the year/period	192	65	202	61
	Work-in-progress as of year-end/ period-end	36	20	23	11

Note: A contract may consist of one or more system sale.

In addition, the Group enters into agreements for the sale of the Group's systems which covers the spectrum of products of the Group and are carried over a period of time. During the Track Record Period, the contract amount of the five largest system sale ranged between US$0.4 million and US$3.7 million. These system sale were mainly for the Group's integrated building automation system and energy management system and the contract execution period ranged between three months and four years.

RESEARCH AND DEVELOPMENT

The Group has a dedicated research and development team which, as at the Latest Practicable Date, had 63 employees, over 38 of whom had completed tertiary education and had an average of over 10 years of experience in the industry. The Group's research and development is headed by Mr. Xu Zhenxi (徐珍喜), the chief engineer, who joined the Group in 2007 and had over 10 years of experience in architectural and building intelligence related engineering. The research department consists of three research divisions located in the PRC, Canada and Europe. Collectively, the research and development team is responsible for the research of latest technologies and development of new solutions and applications for the Group's customers. The Directors consider the research and development capability of the Group as one of its core competitive strengths. Furthermore, the Directors believe the future success of the Group will depend in part on its ability to continue technological advancement and deliver advanced products and technologies to its customers. The research and development team's exposure to its clients through its sales and marketing efforts allow the Group to better understand the market trends and its customers' needs and expectations for new products and collaboration with customers on systems design and development and facilitate technological innovation in the development of applications of the Group's products.

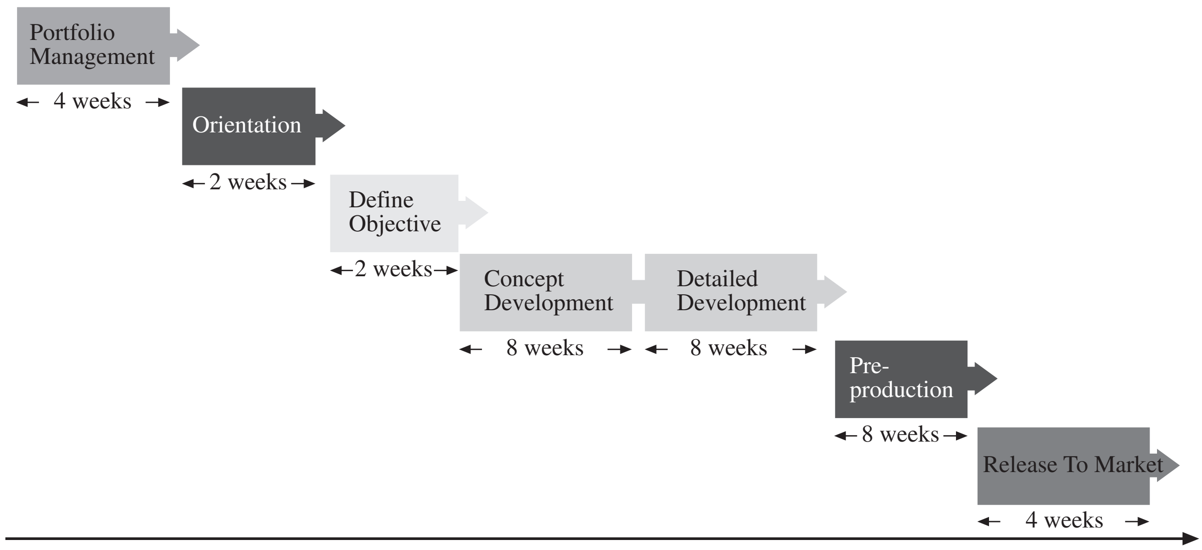
Over the past years, the Group has successfully developed different technologies and products which the Directors consider to be innovative at their respective launch time, such as the wireless and battery-less energy management solutions which were integrated into the Group's product portfolio following the acquisition of a majority stake in Distech Controls in 2008. The Group constantly keeps abreast of the latest technological developments in the building automation industry and looks for any potential business opportunities on which the Group can capitalize. The Directors believe the Group's commitment to research and development enables it to compete in terms of technological advancement instead of solely on pricing. The technological expertise of the Group along with the low-cost manufacturing advantage of its China operations also allows it to develop more sophisticated products at more cost-effective prices to cater for its customers including those who use the Group's products for further downstream integrations/applications.

As mentioned in the section headed "History and corporate structure" in this prospectus, the Company acquired Distech Controls in May 2008 and it is principally engaged in the design, manufacturing and marketing of energy management systems and integrated building automation systems. Distech Controls has been placing a lot of emphasis in research and development of its products. As Distech Controls is not a wholly-owned subsidiary of the Company, there are certain expenses that shall be borne by the Group as they utilize Distech Controls' research and development results. As such, licensing and royalty fees are paid by Technovator Beijing to Distech Controls when products are manufactured under license as these products were originally developed by Distech Controls. As mentioned in the relevant agreement between the Company and Distech Controls, the royalty fee shall be calculated based on a percentage of the manufacturing costs of Technovator Beijing as a mark-up to Distech Controls' contributions to such products. Royalty fee paid by Technovator Beijing to Distech Controls amounted to nil, US$294,000, US$147,000 and nil for the three years ended 31 December 2010 and the four months ended 30 April 2011. These amounts are eliminated during the consolidation of the Group's accounts. As at the Latest Practicable Date, Distech Controls was owned as to 56.7% by the Company while the remaining 43.3% equity interests in Distech Controls are owned as to 17.97% by Mr. Étienne Veilleux (senior management of the Group), 14.19% by 9109-2759 Québec Inc. and 11.14% by Groupe Arcom, an Independent Third Party. As such, transactions entered into between the members of the Group are determined after arm's length negotiations between the parties thereto.

Research and development strategy

The Group's research teams in the PRC, Canada, and Europe are vertically integrated for all the R&D activities of the Group. Each team adopts different research and development strategies due to different target markets and customers, form specifications, hardware and industrial design, software programming, programming tools, energy efficiency features, and marketing needs.

The Group's research teams endorse best business practices in research and development for all of its research and development activities. The Group utilizes a stage-by-stage product development process that guarantees successful product development from business case to product launch to the market. Each business case is developed based on customers' requirements and market trends and covers all the financial aspects, risks, and the efforts required before a new product development is undertaken. Furthermore, the Group has developed a composite road map which aligns the new product development objectives with its corporate strategy and market trends. The following table sets out the key steps in the product research and development of the Group together with an average lead time of each stage (please note that the average lead time varies according to product type, size of project and other specifications):



The overall strategy of the Group for the advancement of its technological capabilities is to concentrate its efforts in advancing improvements on and expanding the application base of existing products by developing inventive proprietary technology or through the strategic acquisition of innovative new technology from complementary businesses. In recognition of its research and development capabilities, the Group have been awarded several technological awards. For details of the Group's technological awards, please refer to the section headed "Business — Quality control and accreditations" in this prospectus.

During the three years ended 31 December 2010 and the four months ended 30 April 2011, the Group's research and development expenses (including those being capitalized) amounted to approximately US$1.3 million, US$3.7 million, US$5.6 million and US$1.8 million respectively.

The research and development expenses, including those being capitalized, represented approximately 4.4%, 7.8%, 7.5% and 7.7% of the Group's revenue for the three years ended 31 December 2010 and the four months ended 30 April 2011 respectively. The Directors believe the expenditure on research and development as a percentage of revenue are relatively significant, which emphasizes the Group's effort on research and development in order to maintain its competitiveness in the market.

QUALITY CONTROL AND ACCREDITATIONS

The Group has implemented a quality control system, which features self-inspection, cross-inspection, overall-inspection, and sampling inspection, requires professional technicians to conduct the inspection of both the products and the production process. The Group has also established a quality control procedure throughout its manufacturing process, which includes product reliability, aging test, temperature change test, and optimization in order to ensure that the products successfully operate under various conditions and these tests are conducted on a regular basis.

The Group has not experienced any recalls or defects of its products during the Track Record Period. Repair services are provided at the request of its customers.

Quality certifications

Due to the Group's strict quality control systems and international standards adopted for both of its production process and products, the Group has obtained a number of certificates as to its products' quality or production process that are relevant to its operations, including:

Accreditation	Description and Issuing Authority	Brief selection criteria	Effective period
安全生產許可證 (Safety Production License)	• Issued by the Beijing Municipal Commission of Housing and Urban-Rural Development (北京市住房和城鄉建設委員會) • Entitled to conduct building construction	• The award is determined on the basis of the safe operation level of the applicants. Applicants are required, including but not limited to, (i) having established a set of complete regulations on safe production and a full set of safe operation procedures; (ii) having established a safety managing department with qualified safety managing staffs; and (iii) having provided proper safety training to the production staffs	23 July 2010 to 22 July 2013
建築智能化工程設計與施工二級資質 (Intelligent Building Design and Construction Class 2 Qualification)	• Licensed by the Beijing Municipal Commission of Urban Planning (北京市規劃委員會) and Beijing Municipal Construction Committee (北京市建設委員會) • Entitled to conduct activities as allowed by the certificate, including project contracting, engineering, construction, project management, and related technical and management services	• Applicants are required, including but not limited to, (i) have a registered capital of above RMB3,000,000 and a net asset of above RMB3,600,000; (ii) have necessary technical equipments; and (iii) having achieved certain level of operation management	22 January 2009 to 31 January 2014

Accreditation	Description and Issuing Authority	Brief selection criteria	Effective period
軟件企業認證證書 — 軟件產品登記證書 (Certificate of Software Development Company — Software Registration Certificate*)	• Issued by the Beijing Municipal Science & Technology Commission* (北京市科學技術委員會) to certify that the Company has satisfied with the relevant requirements of the "Policy for Encouraging the Development of Software and Integrated Circuit Industries"* (鼓勵軟件產業和集成電路產業發展的若干政策) and "Standard and Administration of Software Industry"* (軟件企業認定標準及管理辦法) and is entitled to incentive tax treatment for software companies • Four software products of the Group have been recognized by the Beijing Municipal Science & Technology Commission* (北京市科學技術委員會)	• Applicants are required, including but not limited to, (i) being registered within the administrative region of Beijing; (ii) the majority income are mainly constituted by the sales of computer software and services; and (iii) the number of research and developing staffs accounts for over 50% of the total number of employees	7 August 2008 to 6 August 2013
ISO9001	• ISO9001 is an international standard and is awarded when a supplier meets specific requirements during several product stages, including design and development, production, testing, inspection and servicing • Only organizations that conduct research and development as well as production are eligible for ISO9001	• Applicants are required, including but not limited to, (i) having implemented complete, efficient and executable quality control systems; and (ii) having satisfied other certain standards specified by the issuing authority	2 April 2011 to 1 April 2014

Accreditation	Description and Issuing Authority	Brief selection criteria	Effective period
ISO14001	• ISO14001 is an international standard for the operation of an environmental management system	• Applicants are required, including but not limited to, (i) having made certain contribution in the promotion of anti-pollution, energy-saving and cost-saving of the industry field; and (ii) having satisfied other certain standards specified by the issuing authority	2 April 2011 to 1 April 2014
GB/T28001	• Issued by the China Association for Quality (中國質量協會) to organizations to certify quality management, environmental management, and occupational health and safety management systems	• Applicants should have effectively controlled the risks in relation to the health and safety of employees and continuous improvement is required to be shown	2 April 2011 to 1 April 2014
QC080000(HSPM)	• QC 080000 certification is a quality assessment specification introduced and implemented by the International Electrotechnical Commission (IEC) which provides a framework for the management of hazardous substance control	• Applicants are required, including but not limited to, (i) having established a procedure of identification for hazard substance reduction, which have met the technical requirements of European Union (EU) standards; and (ii) having satisfied other certain standards specified by the issuing authority	10 April 2009 to 9 April 2012
Underwriters Laboratories (UL) Standard	• Underwriters Laboratories (UL) Standard is an international standard that approves products that have passed safety testing	• The requirements cover Appliance Wiring Material (AWM) in the form of single insulated conductors, multi-conductor cables, optical fibers, individual insulated conductors, and fiber optic members for use as components in multi-conductor cables. The final acceptance of AWM is dependent upon its use in complete equipment that conforms with the standards applicable to such equipment.	A year from 16 June 2011 (last certificate was issued and review is conducted on an annual basis)

During the Track Record Period, the Group has complied with the requirements for the abovementioned quality certifications. Further, during the Track Record Period and as at the Latest Practicable Date, the Group had fulfilled all the relevant laws and requirements to conduct its business. Please also refer to the section headed "Regulatory overview" of this prospectus for further details. In addition, the internal control team of the general and administrative team of the Group is responsible to ensure the Group's on-going compliance with the relevant regulatory requirements which they, among others, will renew the relevant licenses and permits of the Group prior to their respective expiry and identify any new licenses and permits as required for the Group's operation on a monthly basis.

Industry awards and recognitions

Industry awards received by the Group include the following:

Technovator Beijing

Date obtained	Accreditation	Description and Issuing Authority	Brief selection criteria
2011	2011福布斯中國潛力企業(2011 Forbes China Best SMEs*)	• The 2011 Forbes China Best SMEs is given to the top-tier small and medium enterprises (SMEs) in China which have a sales revenue ranging from RMB500 million to RMB10 billion in 2009	• It is determined according to the weighted calculation of the enterprises' growth (sales growth rate and profit growth rate), rate of return (return on total asset and return on net asset), profitability (net profit margin) and scale (gross sale and net profit)
2010	2010年優秀智能建築管理系統品牌 (2010 Intelligent Building Management System Excellent Brand Award*)	• The 2010 Intelligent Building Management System Excellent Brand Award recognizes quality companies with excellent brands in "intelligent building" management system solutions and products	• The award is determined on the evaluation of the overall scores of the applicants, which is constituted of: (i) the annual brand index; (ii) market survey results; (iii) customers' feedbacks; and (iv) expert reports, etc
2010	2010 年全國建築節能科學技術創新企業 (2010 National Building Energy Science and Technology Innovation Enterprise Award*)	• The 2010 National Building Energy Science and Technology Innovation Enterprise Award is given each year in high honours to quality companies who have contributed to the promotion of building energy efficiency and is based on comprehensive market research, user feedback and expert appraisal	• The technological achievements of the applicants are required, including but not limited to, (i) having obtained approvals from authorities which are above provincial level, and were applied in at least two large-scaled projects; and (ii) being significant technical innovations, or have high market shares, or meet the energy-saving requirements
2009	2009年度智能建築優質產品 (2009 Intelligent Building Quality Product Award*)	• The 2009 Intelligent Building Quality Product Award recognizes building automation products which promote the development of "intelligent building" industry to encourage innovation in "intelligent building" technologies, product development, commercialization, and quality in the PRC	• Applicants are required to have complied with the hardware and software requirements in intelligent building industry, for instance, having selected by the Ministry of Housing and Urban-Rural Development of the PRC（中華人民共和國住房和城鄉建設部）in certain intelligent projects, or having obtained affirmations by the local governments

Date obtained	Accreditation	Description and Issuing Authority	Brief selection criteria
2009	2009年度中國市場十大樓宇自控產品品牌 (2009 China Top Ten Brands in Building Automation Product Award*)	• The 2009 China Top Ten Brands in Building Automation Product Award recognizes the top ten brands in building automation products in the PRC	• The award is determined on the evaluation of the overall scores of the applicants, which is constituted of: (i) the annual brand index; (ii) market survey results; (iii) customers' feedbacks; and (iv) expert reports, etc
2009	2009年北京市創新型企業獎 (2009 Beijing Award for Innovative Enterprises*)	• The 2009 Beijing Award for Innovative Enterprises recognizes quality science and technology companies who promote product, service and management innovation and technology research and development for the economic and social development of the PRC which are closely tied to the implementation of national sustainable development strategies	• Applicants are required, including but not limited to , (i) having their own trademarks and patents; (ii) having obtained remarkable science and technology innovation achievements between 30 June 2007 and 30 June 2010; and (iii) having obtained the Technology Innovation Product Award 2007 which issued by Beijing Enterprises Evaluation Association* (北京企業評價協會)
2009	2009年度智能建築優質產品獎 (2009 Intelligent Building Famous Brand Award*)	• The 2009 Intelligent Building Famous Brand Award recognizes quality companies with famous brands in the "intelligent building" construction industry	• Applicants are required to have complied with the hardware and software requirements in intelligent building industry, including but not limited to, having selected by the Ministry of Housing and Urban-Rural Development of the PRC（中華人民共和國住房和城鄉建設部）in certain intelligent projects, or having obtained affirmations by the local governments
2009	2009年精瑞科學技術獎 — 數字城市技術產品獎優秀獎 (2009 Science and Technology Digital City Product Excellence Award*)	• The 2009 Science and Technology - Digital City Product Excellence Award was bestowed by the National Real Estate Chamber of Industry and Commerce on Technovator Beijing in recognition for its innovative building automation products contribution to the PRC building construction industry	• Applicants are required to demonstrate certain innovation achievements in relation to the housing industry, e.g., the new technology, material and measures which were applied by the applicants should be significant innovations which have remarkable economic and social impacts

Distech Controls

Date obtained	Award	Description and Issuing Authority	Brief selection criteria
2010 and 2009	2010 & 2009 AHR Expo Innovation Honorable Mention	• The AHR Expo Innovation Awards are given each year to recognize the most innovative and useful products showcased at the AHR Expo.	• Products are judged on the basis on their design, creativity, energy efficiency, and value to the HVAC Industry
2010 and 2008	Ernst and Young Entrepreneur of the Year Awards Finalist (2008) and Winner (2010) (for the province of Québec, Canada) and national citation for innovation and design	• Distech Controls was a finalist in 2008 and the winner in 2010 of the Entrepreneur of the Year Awards, the most prestigious for business achievement, honor the spirit and contribution of entrepreneurs here and around the world, recognizing those individuals who excel at growing and sustaining market-leading businesses. Ernst and Young, one of the leading professional services organization, helps companies across the globe to identify and capitalize on business opportunities	• Nominations submitted directly to Ernst and Young - must demonstrate business success and sustainability (financial) as well as strategic vision
2008	2008 Deloitte North American Technology Fast 500	• Distech Controls ranked as one of the Fastest Growing Company in North America on Deloitte's 2008 Technology Fast 500. The Fast 500 ranked the fastest growing technology, media, telecommunications, and life sciences companies in North America. Deloitte is one of the major international accounting and consulting firms.	• It is compiled from Deloitte's regional North American Fast 50 programs, nominations submitted directly to the Fast 500, and public company database research.

Date obtained	Award	Description and Issuing Authority	Brief selection criteria
2008	2008 Deloitte Technology Fast 50	• Distech Controls ranked among the Deloitte Technology Fast 50™, a ranking of the 50 fastest growing technology companies in Canada. The Deloitte Technology Fast 50, Canada's pre-eminent technology awards program, is a ranking of the country's 50 fastest-growing technology companies based on percentage revenue growth over five years. Deloitte launched the program over a decade ago to celebrate the world-class achievements of the Canadian technology sector	• Ranking of the country's 50 fastest-growing technology companies based on percentage revenue growth over five years, through nominations submitted directly to the Fast 50
2008	2008 Deloitte Technology Green 15	• Distech Controls ranked among the Deloitte Technology Green 15™ which recognizes Canada's leading GreenTech companies. GreenTech products and services are designed to reduce or eliminate environmental impacts and improve operational performance, productivity, or efficiency while reducing costs, inputs, energy consumption, waste, or pollution. Deloitte is the issuing authority	• Nominations submitted directly to the Green 15 - must demonstrate business success and sustainability (financial) as well as strategic vision
2008	External Markets Excellence Award	• The 2008 External Markets Excellence Award was presented to Distech Controls from the South Shore Chamber of Commerce and Industry, which consists of over 1,800 company members and is the third largest association of this nature in Québec, Canada	• Nominations submitted directly to the Chambre de commerce et d'industrie de la Rive-Sud ("CCIRS") - must demonstrate business success and sustainability (financial) as well as strategic vision

Date obtained	Award	Description and Issuing Authority	Brief selection criteria
2007	2007 Frost & Sullivan North America Building Automation Systems Growth Excellent Of Year Awards	• The 2007 Frost & Sullivan Growth Excellence of the Year Award in North American Building Automation Systems Market was presented to Distech Controls from Frost & Sullivan, a business research and consulting firm which offers market analysis, research and reports, for sustaining exceptional growth by successfully expanding its product coverage and penetrating new geographical markets	• Frost & Sullivan, through its exhaustive selection process, seeks to identify a company that has exhibited excellence in all its functional areas, resulting in sustained financial growth.
2007	Innovation Canada Prize	• The 2007 Innovative Canada Excellence Award was presented to Distech Controls form the South Shore Chamber of Commerce and Industry, which consists of over 1,800 company members and is the third largest association of this nature in Québec, Canada	• Nominations submitted directly to the CCIRS - must demonstrate business success and sustainability (financial) as well as strategic vision

PRODUCTION FACILITIES AND PROCESS

In general, each of the Group's systems comprises both hardware and software components, which the hardware components are generally manufactured in the Group's PRC production facilities, and software developed by the Group's PRC and Canadian research and development teams, and are installed and embedded into the hardware components, while the software is designed to be complementary with the complete system products of the Group. The core product manufactured at the Group's production facility is printed circuit board assembled (PCBA), which form the basis for further hardware and software assembly at the Group's other facilities into the spectrum of products offered by the Group. The assembly work that is carried out at the Group's facilities, such as the assembly of printed circuit board assembled (PCBA) with cases and other peripheral materials into the Group's products (e.g. controllers), requires mostly human resources and relatively simple work stations for product testing. As such, the assembly capacity at each facility is relatively flexible as it merely involves the hiring of additional human resources and setting up additional work stations. For example, at Distech France's assembly line, each work station can assembly, on average, 20 controllers per hour and assuming a 39 work-hour per week (owing to local regulation) work flow, each station can assembly 780 products per week. Further, some of the products of the Group utilize more than one printed circuit board assembled (PCBA). In view of the above, the Directors do not consider, and the Sponsor concurs, the assembly capacity and utilization rate at the Group's facilities to be good measures of the Group's production capacity of the Group's products. Therefore, only the production capacity of printed circuit board assembled (PCBA) at the Group's PRC facility is presented.

A key element in the Group's business strategy is to align its production facilities in order to provide complete solutions ranging from product design and manufacturing to distribution and after-sales support services in locations that meet its customers' requirements. The core components required for the assembly of complete integrated building automation and energy management systems are manufactured primarily in the Group's PRC facilities and assembled for final delivery to its North American and European customers in its Canadian and French facilities, a practice which has remained consistent since the acquisition of its Canadian and France subsidiaries. Since the acquisition of Acelia and Comtec in 2010, the French production facilities are primarily used for the assembly of hardware components externally sourced from Independent Third Parties into complete integrated building automation systems and energy management systems. As at the Latest Practicable Date, the hardware components supplied to the French facilities are only supplied externally from such Independent Third Parties. It is the Directors' view that going forward, under the Group's intended policy, the source of the Group's hardware components to be assembled at its Canadian and French facilities, whether from its PRC facilities or externally sourced from non-PRC suppliers, will be determined based on the type of end-user of its fully assembled system products and the respective end-user's needs as there may arise instances where the Group's customers are limited to purchase products made in China due to regulatory, political and/or military reasons. Irregardless, the Directors intend that as the French facilities are integrated into the Group's production chain, the hardware components comprising the French facilities' systems will be primarily sourced from its PRC facilities.

PRC facility

Established in August 2006, the PRC production facilities are located in Miyun County, Beijing (北京市密雲縣). Occupying an aggregate gross floor area of approximately 500 square meters with approximately 52 employees as at the Latest Practicable Date. The PRC production facilities, with two production lines, are primarily used for the production of integrated building automation systems, control security systems, and fire alarm systems products.

The following table sets forth the production capacity and utilization rate of the PRC production facilities for printed circuit board assembled (PCBA) during the Track Record Period:

	For the year ended 31 December									For the four months ended 30 April 2011		
	2008			2009			2010					
	Production capacity *(pieces)*	Actual production *(pieces)*	Utilization rate	Production capacity *(pieces)*	Actual production *(pieces)*	Utilization rate	Production capacity *(pieces)*	Actual production *(pieces)*	Utilization rate	Production capacity *(pieces)*	Actual production *(pieces)*	Utilization rate
Printed circuit board assembled (PCBA) production capacity	35,000	5,307	15%	91,000	45,692	50%	167,000	94,661	57%	55,700 *(Based on the annual production capacity of 167,000 pieces)*	33,276	59%

Canadian facility

The Canadian facilities occupy an aggregate gross floor area of approximately 1,707 square meters with 20 employees as at the Latest Practicable Date. The Canadian facilities are primarily used for the assembly of integrated building automation systems and energy management systems sourced primarily from the hardware components produced by the Group's PRC facilities.

French facility

The French facilities occupy an aggregate gross floor area of approximately 1,259 square meters with approximately 5 employees as at the Latest Practicable Date. Since the acquisitions of Acelia and Comtec in 2010, the French facilities are primarily used for the assembly of hardware components externally sourced from Independent Third Parties into complete integrated building automation systems and energy management systems. As at the Latest Practicable Date, the hardware components supplied to the French facilities are only supplied externally from such Independent Third Parties.

The following table sets forth the product assembly volume at the Group's Canadian and French facilities during the Track Record Period:

	Units of products			
	For the year ended 31 December			For the four months ended 30 April
	2008	2009	2010	2011
	(pieces)	*(pieces)*	*(pieces)*	*(pieces)*
Canadian facility	40,468	60,371	60,648	22,913
French facility	—	—	97,766	51,722

Note: *The assembly volumes of the Canadian and French facilities are based on their assembly volume after the acquisitions in 2008 and 2010 respectively.*

As such, the Group will determine the production and/or assembly process of the Group based on the customers' demands.

Production personnel and process

In the course of production, the Group's production engineering team conducts production process research and development on a regular basis for continuous improvement of its manufacturing processes. The production engineering team collaborates with the research and development department on a regular basis. As at the Latest Practicable Date, the production engineering team consisted of 77 persons.

The production facilities of the Group in the PRC adopts a lean production and just in time production approach. The layout of the production facilities has been optimised to improve utilization. Regular reviews of the production process and engineering are carried out by the research and development team to ensure that production is conducted in an enclosed, dust-free and thermal controlled environment free of static electricity and is in compliance with the requirements of ISO14001 (international standards of environmental management), GB/T28001 (standards of occupational safety management) and QC080000 (HSPM) (handling of hazardous electronic and electric components and products). Certificate of production safety has been obtained for our production facilities.

The Canadian facilities of the Group have implemented lean manufacturing practices including optimizing production floor operations as to maximize the utilization of its production space and production labor.

The requested product mix can affect the overall output since the Group's products have different testing and assembly time. The capacity is adjusted with headcount variation based on the requested demand from the customers. Batch production lead time may vary base on the size of the production lot.

The Group considers its efficient and flexible manufacturing as one of its strengths. The Group plans to continue to invest resources in manufacturing management, engineering, and quality control. In addition, the Group plans to construct an additional SMT line (surface-mount technology) (貼片生產線) and an additional assembly line (產品組裝生產線) which the Directors believe will enable the Group to meet the growing demand for its products in the future.

The workflow diagram set forth below illustrates the typical production process for the Group's products:

Production Process

Screen Printing	The PCB is placed into the screen printer machine after which it is being laminated.
SMT (Surface Mount)	The laminated PCB is placed into the surface mount machine which arranges and inserts the circuit components onto the PCB.
Reflow	The laminated PCB is placed into the reflow machine and circuit tracks are embedded onto the PCB under highly controlled temperatures in accordance to a design board structure tailored for the PCB's particular application.
Automated Optical Inspection	The laminated PCB is inserted into the Automated Optical Inspection machine for testing.
Plug-in	Final components are plugged onto the PCB.
Wave Soldering	Components on the PCB are soldered through light emitting waves for reinforcement.
Welding	The PCB is further sent through the welding machine to reinforce those components which are not subject to wave soldering installation.
Testing	The PCB is tested for breakage, quality and application testing.
Assembly	The PCB is assembled onto external case components.
Packing	The final full product with PCB embedded is packed and ready for delivery.

The Group's production is managed through an enterprise resource planning (ERP) system in each of its PRC and Canadian facilities which contributes to the flexibility of its manufacturing capabilities. Its production lines are designed to enable the Group to produce different products, such as iBAS and EMS, through a relatively short-period transition. Product planning schedules are based on anticipated customer needs and the supply of raw materials with the objective of the Group to be flexible in its ability to adjust its production schedule more efficiently to respond rapidly to changes in its customers' requirements.

The average production lead time for each category as well as each product varies, but in general, their average production lead time will take approximately two to four weeks. After that, the system integrators would begin the installation of systems and depending on the size and complications of the project, it usually take approximately two months. After installation and depending on the overall process of the project, the average lead time to issuance of the verification by the relevant government authorities is approximately one to three months.

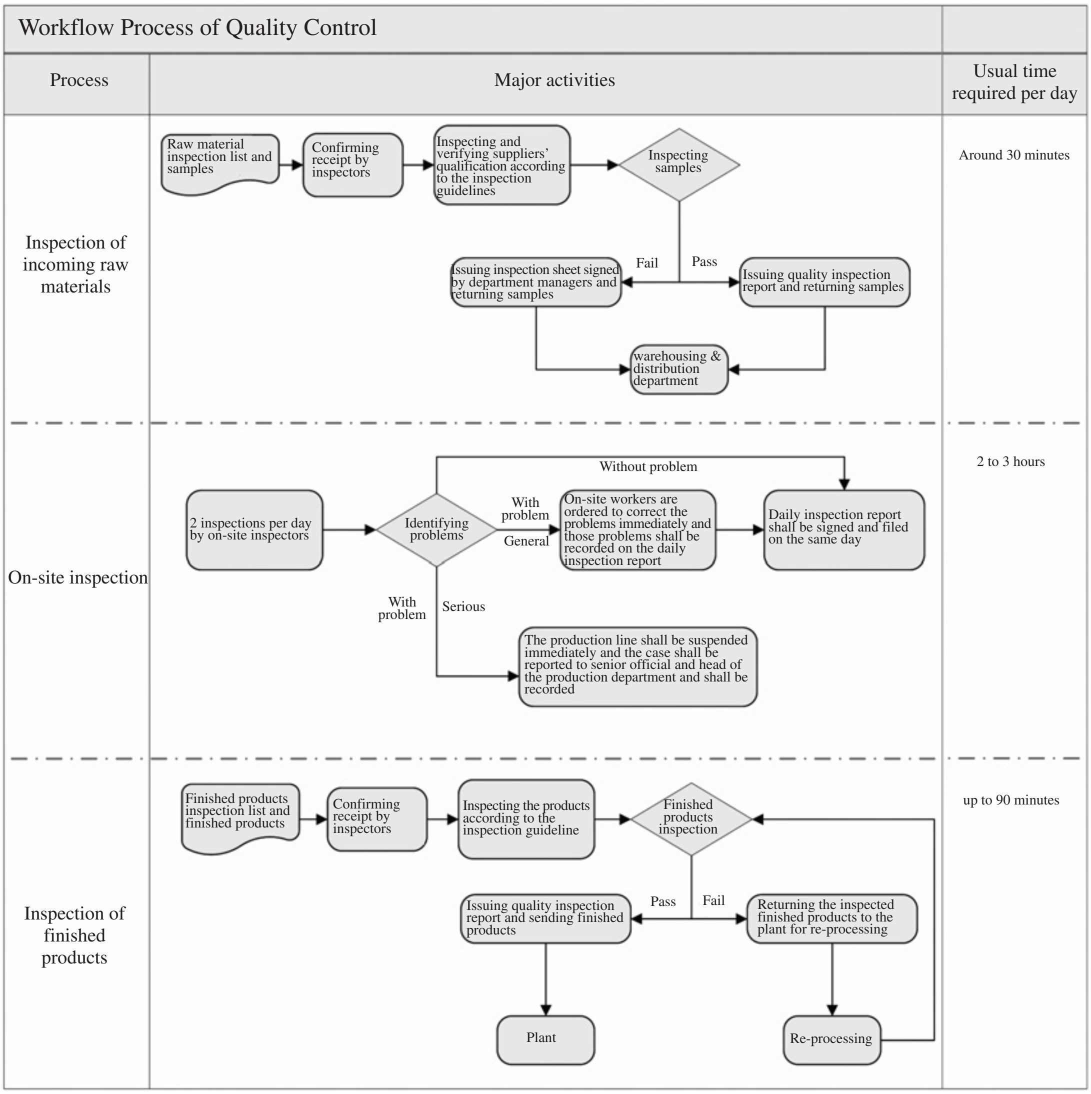
Quality control

The Group's quality control team which, as at the Latest Practicable Date, had 14 employees, over one-third of whom had completed tertiary education and had an average of over eight years of experience in the industry. The Group's quality control headed by Mr. Xu Zhenxi (徐珍喜), the chief engineer, who joined the Group in 2007 and had over 10 years of experience in architectural and building intelligence related engineering.

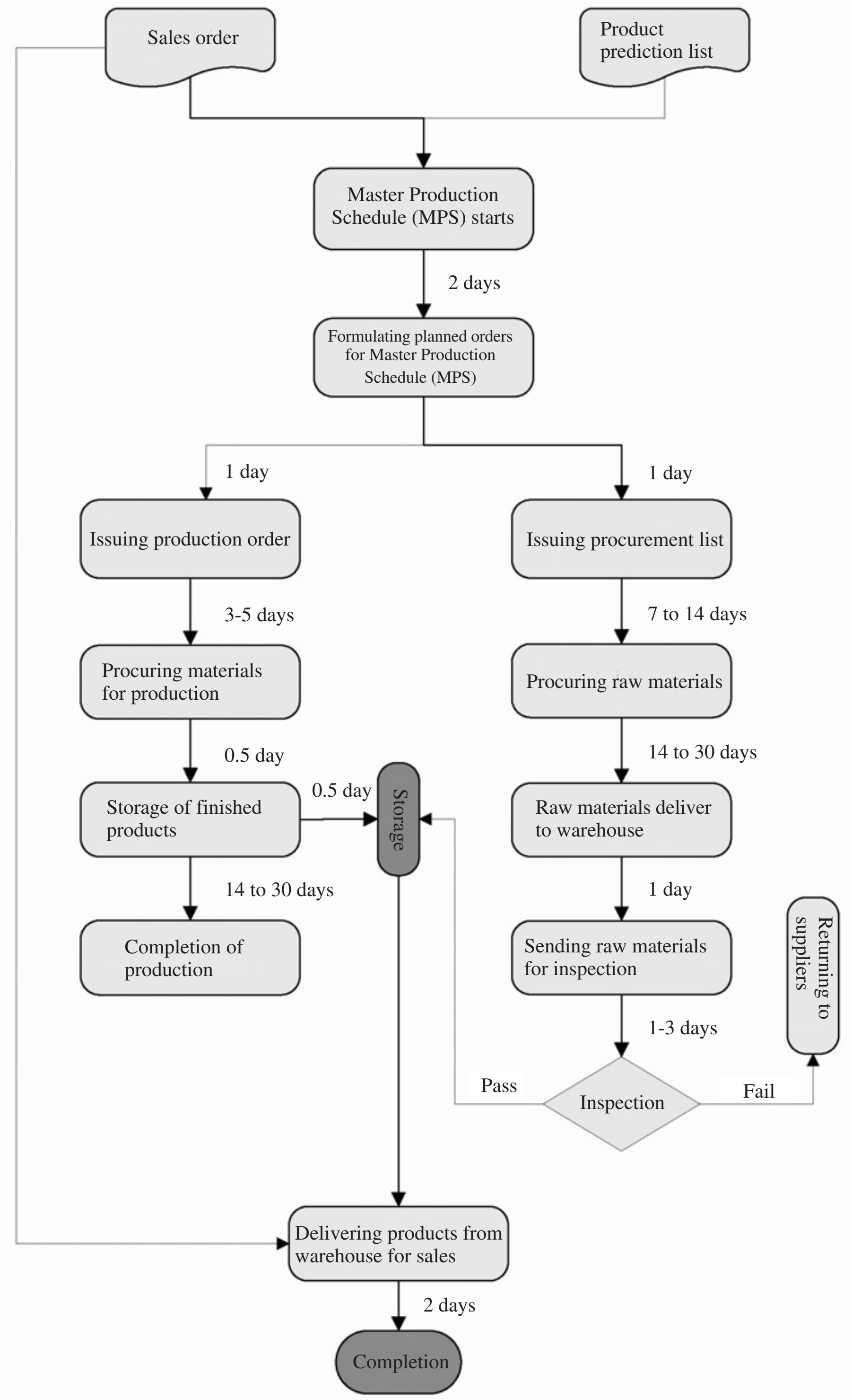
As at 30 April 2011, the Group procured over 1,200 kinds of parts and components (including resistors, capacitors, chips, connectors, PCBs, monitors, cables and transformers) from suppliers in the PRC, the U.S., Switzerland and other Asia Pacific countries. Such parts and components are produced by close to 100 international manufacturers, including Echelon, EnOcean, Fairchild, Wieland and SMI. To ensure the import approval of the products of the Group, the Group purchases its materials strictly in compliance with the requirements of European Union, such as ROHS, REACH and UL. As at the Latest Practicable Date, the Group had 14 employees who focus on quality control of the Group's production process, of which six of them had over six years of experience in manufacturing/quality control.

The materials of the Group are purchased in accordance with supply contracts which specify the price, shipment, credit period and quality. For materials of large quantity, high value and long shipment time, the Group enters into supply contracts with international suppliers, such as FUTURE, AVENT, ARROW, to ensure the supply and minimise the cost of purchase.

The workflow diagram set forth below illustrates the typical quality control process for the Group products, which the quality process for the Group's products did not have material variation from such workflow during the Track Record Period:



The Group implements an enterprise resource planning (ERP) system for its entire supply chain to ensure the efficiency of its supply chain so that the inventory can be maintained at an optimal level. The chart sets forth the structure of the enterprise resource planning (ERP) system of the Group and approximate lead time of the flow:

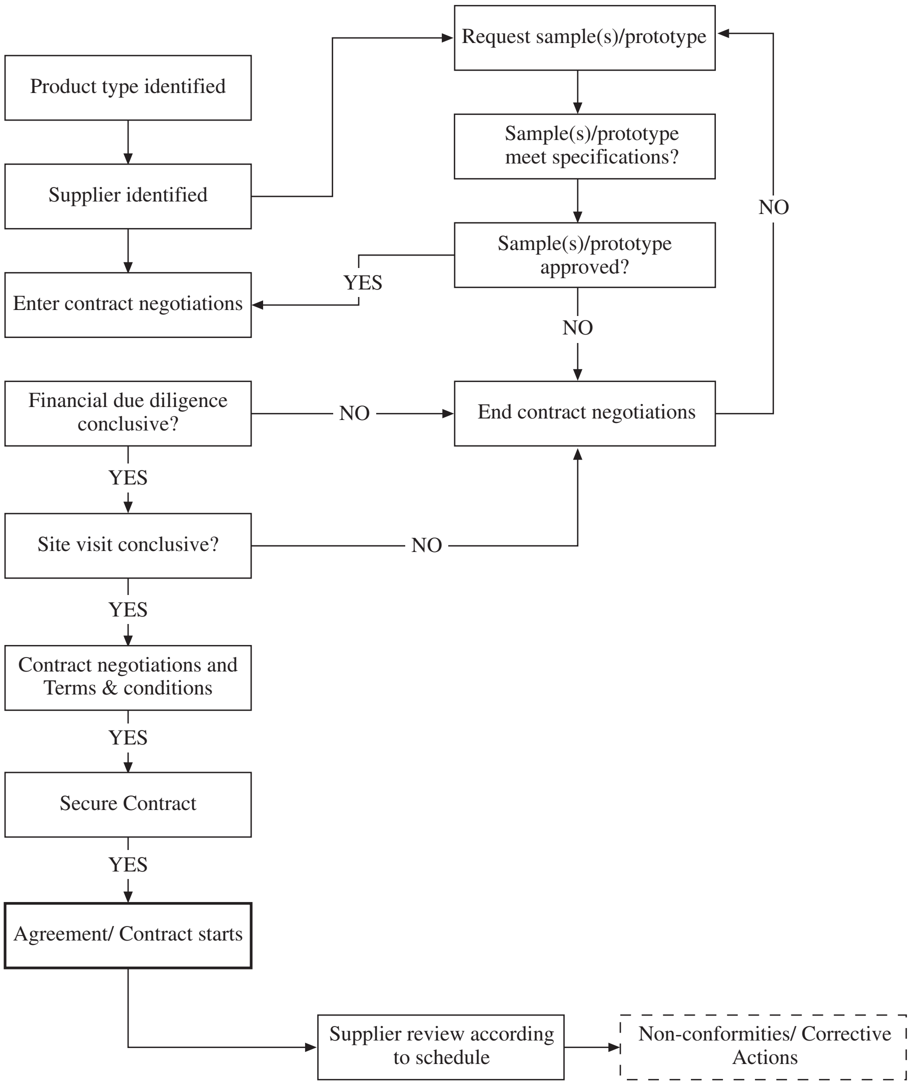


PROCUREMENT AND SOURCING

Raw Materials

The Group purchases hardware raw materials from the PRC which are mainly resistors, capacitors, chips, connectors, indicators, PCBs, cables and transformers. In addition, the Group also sources from other suppliers in North America and Europe, including PCBs, peripherals, software as well as controllers for further assembly in the Canadian or French facilities. For the supply of all major raw materials, the Group has entered into master supply agreements with suppliers in order to secure a stable source of supply. Such contracts are usually entered into for a term of one to five years and have automatic extension for one to two years subject to satisfaction from both parties. During such period, the suppliers are not permitted to sell directly to the Group's distributors under the Group's trademarks. To the best knowledge of the Directors, the Group's suppliers did not sell directly to the Group's distributors under the Group's trademarks during the Track Record Period. The master supply agreements will usually set out the type of materials to be sourced, indicative minimum purchase amount during such period, payment terms and warranties. Further, the Group and such suppliers also maintain close communications to ensure smooth production and delivery schedule and from time to time, the parties may amend or acknowledge the changes to the indicative minimum purchase amount during a certain period as such purchases by the Group may be postponed and in consideration for the long term business relationships among the parties. The Group then enters into purchasing agreements with major suppliers whereby further details such as prices, quantity, and specification of the raw material are fixed. Lead time for the delivery of raw materials varies from product to product, but owing to the strategic location of the Group's facilities, the average lead time is usually around two weeks to four months. The Directors confirm that the Group has not encountered any difficulty in the sourcing of raw materials during the Track Record Period. Further, the Directors confirm that the Group did not encounter any dispute with the Group's suppliers as a result of the failure to meet the indicative minimum purchase amount under the master supply agreements during the Track Record Period. As at the Latest Practicable Date, the Group had over 500 suppliers that supply raw materials to the Group.

The following table sets out the supplier selection process that the Group adopts:



The core components required for the assembly of complete integrated building automation and energy management systems are manufactured primarily in the Group's PRC facilities and assembled for final delivery to its customers in the Group's various facilities. From time to time, the Group's export/import activities may be conducted by certain independent agents which facilitate the Group's sales/purchases into certain jurisdictions where the Group does not have relevant export/import license(s). Further, in order to maintain an efficient operation, the Group members may source their raw materials from different suppliers from time to time.

Prior to the acquisition of Distech Controls in 2008, the Group's overseas business was relatively small and the Group worked with independent agents, including but not limited to a company called Beijing Sunshine Eternity Technology Co., Ltd ("**Beijing Sunshine Eternity**"), to facilitate the Group's export activities. The Group commenced its business relationship with Beijing Sunshine Eternity in mid 2007, which was before the acquisition of Distech Controls by the Group in 2008. On the other hand, Distech Controls has been sourcing raw materials from Independent Third Parties prior to the acquisition by the Group in 2008 and during the Track Record Period. Further, Distech Controls also sourced raw materials from Beijing Sunshine Eternity during the Track Record Period as the terms offered by Beijing Sunshine Eternity were comparable to terms offered by Independent Third Parties. In addition, the Group did not have approvals to exercise import activities for the sale/purchase of materials between the PRC and overseas, and therefore Distech Controls could not source directly from the Group. Owing to the Group's expansion of business and geographical coverage, Distech Controls in North America and Comtec and Acelia in Europe, the Group has obtained approvals from relevant PRC authorities to exercise export/import activities in early 2011 to facilitate the Group's export/import activities between the PRC and overseas operations. Beijing Sunshine Eternity is regarded as a direct customer of Technovator Beijing as Beijing Sunshine Eternity is regarded as the end-customer of Technovator Beijing when a sale is completed and risk is being transferred; on the other hand, Beijing Sunshine Eternity is regarded as a direct supplier of Distech Controls as Beijing Sunshine Eternity is regarded as the supplier of Distech Controls when a purchase by Distech Controls is completed and risk is being transferred. During the Track Record Period, major products sourced by Beijing Sunshine Eternity from Technovator included printed circuit boards and certain software products; and major products sold by Beijing Sunshine Eternity to Distech Controls included PCBs, printed circuit board assembled (PCBA), peripheral products for further integration into the Group's products. Further, the transactions between the Group and Beijing Sunshine Eternity were conducted on arm's length basis and the terms offered by Beijing Sunshine Eternity for purchases by the Group were comparable to terms offered by Independent Third Parties materials, and the terms offered to Beijing Sunshine Eternity for sales by the Group were comparable to terms offered to Independent Third Parties materials. Since early 2011, the Group has obtained approvals from relevant PRC authorities to exercise export/import activities and has terminated the business relationship with Beijing Sunshine Eternity. During the three years ended 31 December 2010, sales made to Beijing Sunshine Eternity by the Group amounted to approximately US$1.0 million, US$2.1 million, US$3.5 million, representing approximately 3.4%, 4.4%, 4.7% of the Group's revenue respectively. Purchases made by the Group from Beijing Sunshine Eternity amounted to approximately US$0.9 million, US$3.0 million and US$5.2 million, representing approximately 3.6%, 11.1% and 12.1% of the Group's purchases during the three years ended 31 December 2010 respectively.

The credit terms granted by the top five suppliers during the Track Record Period generally ranged from cash on delivery to 90 days. The Group usually settles the payment through telegraphic transfer, letter of credits and cheques. Settlement currencies included both RMB and US dollars. The Group has made settlement to its suppliers largely according to the terms of payment which usually ranged from cash on delivery to 90 days as reflected by the historical creditors' turnover days ranging from approximately 61 days to approximately 112 days during the Track Record Period. Payment is made by telegraphic transfer and bank draft.

The Directors believe that the contract and purchasing department at each major operating location is able to monitor the progress of every project and purchases the necessary raw materials according to the progress of the projects. Further, as far as practicable the Group usually requires these personnel to have a territory education and have certain years of experience in purchasing and supply chain management. The management at each of the operating locations of the Group reviews the satisfaction, in particular quality of products, delivery time and price to ensure the Group's operation is effectively managed. The Directors believe that this would help to manage the working capital of the Group in a more efficient manner.

For the three years ended 31 December 2010 and the four months ended 30 April 2011, purchases from the five largest suppliers accounted for approximately 36.9%, 34.6%, 34.6% and 32.3% respectively, and the top supplier accounted for approximately 11.7%, 11.1%, 12.1% and 9.9% respectively of the Group's total purchases. During the Track Record Period, as the Group's major production took place in the PRC and the majority of the Group's revenue were derived from the iBAS business, the Group's major top five suppliers were mostly located in the PRC and supplied cables and wirings, PCBs, and certain components to the Group's iBAS products.

None of the Directors, their respective associates or shareholders holding more than 5% of the total number of issued Shares has any interest in any of the Group's five largest suppliers, with the exception of Tongfang. Except for Tongfang, the Group's five largest suppliers are Independent Third Parties during the Track Record Period.

Inventory Control

The Group's inventories mainly consist of raw materials, which are mainly resistors, capacitors, chips, connectors, indicators, PCB, cables and transformers. The inventories of the Group are utilized on a first in, first out basis. The Group usually maintains records of its inventory levels to enable its production and purchasing departments to monitor changes and levels of inventory on a timely basis.

The amount of raw materials to be ordered by the Group is based on the level of sales orders, market conditions of raw material supplies, and the time required for the delivery of raw materials. The Group's enterprise resource planning (ERP) system enables it to monitor the inventory level and usage on a regular basis in order to maintain an appropriate inventory level for its operational needs. This close monitoring process avoids excessive inventories that may remain unused for a long period of time.

The management of the Group reviews the inventory aging analysis at each balance sheet date and identifies the slow-moving inventory items that are no longer suitable for sales. The management estimates the net realizable value for finished goods based primarily on the latest invoice prices. In addition, the Group carries out an inventory review on a product-by-product basis at balance sheet date and makes the necessary allowance if the net realizable value is below the cost. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of inventories and write down charge/reversal in the period in which such estimate has been changed.

The Group currently monitors the inventory using inventory management software, which assists the personnel in charge of the contract and the purchasing department to manage the inventory in a more efficient way. The Directors believe that, by implementing the above measures, the Group can avoid accumulating excessive raw materials or creating obsolete inventories. The Group's inventories as at 31 December 2008, 2009 and 2010 and 30 April 2011 amounted to approximately US$8.4 million, US$7.0 million, US$10.4 million and US$11.4 million respectively. For the three years ended 31 December 2010 and the four months ended 30 April 2011, the Group recorded a provision for the write-down of inventories of approximately US$0.05 million, US$0.07 million, US$0.12 million and nil respectively.

COMPETITION

The Group competes with domestic and international competitors, which vary widely by region and size of operations.

The overall competitiveness of the Group depends upon a number of factors, including:

- product offerings
- quality of systems and services
- ability to meet the requirements of its customers
- geographical location and coverage
- technological level of the systems
- pricing
- reliability of the systems
- relationship with major industry players
- expertise and experience of the Group
- flexibility and timeless in responding to design and schedule changes

- the Group's manufacturing capacity and capability; and
- breadth of the Group's product segments

Further, some of the customers of the Group, including larger international companies, purchase and use the Group's products and systems for production of their own branded downstream products. In addition, the Group has the capability to tailor certain products for such customers to suit for their needs. The Group's role is similar to a commonly known term called "original equipment manufacturer", which the Group had relevant business during the Track Record Period. The Directors believe that the business relationship with such international companies signify the competitive edge of the Group and its products and services and a clear indicator of its high quality design and manufacturing standards.

Although some of the Group's international competitors may have substantially greater financial, engineering, and manufacturing resources as well as greater name recognition and stronger customer relationships than it does, the Directors believe the Group differentiates itself from its competitors by the breath and innovativeness of its product portfolio, the higher degree to which its products and services can be tailored for its customers, its technology advantage and dedicated research and development abilities and its agility with an international geographical coverage.

Regardless of the degree or type of competition, to remain competitive, the Directors believe the Group must continue to aggressively explore new customer relationships and business opportunities and gain market share by providing an ever-expanding, comprehensive, and innovative product portfolio, offering advanced technological and innovative features in its products and systems, offering close proximity and timely services to its customers around the world and providing competitive pricing.

INTELLECTUAL PROPERTY RIGHTS

As the Group operates in a high-tech industry, it is important for the Group to seek protection for its technology from being infringed. In order to protect its intellectual property rights, the Group relies on a combination of patent, copyright, trademark, and trade secret laws, as well as other methods. Further, the Group has a policy on intellectual property rights protection, which sets out proper steps and procedures that employees of the Group should carry out in order to protect the intellectual property rights of the Group. The employees of the Group are required to sign an employment agreement which prohibits the disclosure of any of its proprietary technologies and the Group also requires the technical personnel to assign to the Group any inventions they develop that are related to its business.

As at the Latest Practicable Date, the Group held six patents and three pending patents, the applications for registration of which have been accepted in the PRC and France, which the Directors believe these registrations would be one of the key methods to protect the Group from potential infringement.

As at the Latest Practicable Date, the Group has registered eight trademarks and applied for the registration of six trademarks in the PRC and Canada. The Group has also registered several domain names including ***www.technovator.com.sg***, ***www.distech-controls.com***, ***acelia.cn*** and ***comtec-technologie.com***. For details of the Group's domain names, please refer to the section headed "Appendix VI — Statutory and general information — Domain names."

The Directors also confirm that the Group had not experienced any infringement of its intellectual property rights by third parties or infringement of any intellectual property rights owned by third parties during the Track Record Period.

PROPERTIES

The Group leases real estate in the PRC, Canada, Singapore, France and the Netherlands, including eight leased properties, which are used as the Group's representative offices and constitute a significant part of the Group's global wide distribution network.

The Group leases its headquarter offices covering an area of approximately 1,652 square meters in Singapore ("**Singapore Property**") since 1 January 2010 from an Independent Third Party and the lease will expire on 31 December 2011. Apart from the Singapore Property, the Group has no other leased or owned properties in Singapore.

The Group's operations in the PRC has manufacturing facilities and offices on three leased properties in Beijing ("**PRC Properties**") to serve as the manufacturing sites for Technovator Beijing's production, ancillary purposes and office premises. Two of the three leased properties occupying approximately 2,200 square meters of land and which serve as the manufacturing facilities and offices of Technovator Beijing are leased from Tongfang. The third property occupying 600 square meters is leased from an Independent Third Party in the PRC for the purposes of Technovator Beijing's ancillary purposes. The terms of the leases for the PRC Properties each cover five years with the tenancy rights expiring during the years 2011 to 2015. As advised by the PRC legal advisors to the Company, Tongfang, and the Independent Third Party in the PRC have obtained land use right certificates of the land and the building ownership certificate in respect of these properties and confirm that Technovator Beijing have complied with applicable tenancy laws and regulations in the PRC.

In addition, Distech Controls leases its premises occupying approximately 1,707 square meters from an Independent Third Party in Brossard Québec, Canada ("**Canada Property**") which it uses as Distech Controls' manufacturing facilities and office premises. The term of the lease covers seven years and the lease will expire in 2013. The Canadian legal advisors to the Company also confirms that the Distech Controls has entered into a valid lease agreement on the Canada Property. Apart from the Canada Property, the Group has no other leased or owned properties in Canada.

As for the Group's European operations, the Group has three leased properties occupying 1,656 square meters in Brindas, France and the Netherlands ("**Europe Properties**") which serves as Distech France's manufacturing facilities and office premises. The term of the leases cover between two to nine years and the leases will expire between 2011 to 2016. As confirmed by the French legal advisors to the Company, each of the lease agreements in which the Group has entered into on the Europe Properties respectively is valid. Apart from the Europe Property, the Group has no other leased or owned properties in Europe.

Please refer to the paragraph headed "Valuation Certificate" in Appendix III to this prospectus for further details about the properties of the Group.

INSURANCE

The insurance policies which the Company maintains include work injury compensation policies. The Company is required under the Work Injury Compensation Act (Cap. 354) of Singapore (the "**WICA**") to insure and maintain insurance under one or more approved policies against all liabilities which it may incur under the provisions of the said Act in respect of any employee who is employed by him and who is a manual worker or a non-manual worker with monthly earnings of S$1,600 and below.

The Group maintains a property insurance policy, which covers the Group's equipment, machinery and inventories located on the Group's facilities in the PRC and Canada. Such property insurance policy covers losses arising from burglary, accidents, and natural disasters subject to certain exclusions such as terrorists' attacks and governmental actions.

As at the Latest Practicable Date, the Group has not made any material claims under the Group's insurance policies and has not experienced any material business interruptions since the Group commenced operations.

EMPLOYEES

As of 31 December 2008, 2009 and 2010, 30 April 2011 and the Latest Practicable Date, the Group had approximately 116, 131, 311, 338 and 343 full-time employees respectively. As at the Latest Practicable Date, all of the Group's employees of the Group had completed tertiary education or obtained relevant professional qualifications for their employments with the Group. The Group's employees, on average, had over 11 years of experience in their relevant work within the Group and joined the Group for over three years. The following table sets forth a breakdown of the number of its full-time employees by function as at the Latest Practicable Date:

	Number of employees
Production	77
Sales and marketing	86
Research and development	63
Quality control	14
General and administrative	104
Total	343

The Group has an employee compensation plan in place with different benefits including medical, disability, and life insurance. Furthermore, a profit sharing program is implemented whereby the annual bonus compensation of each employee is based on set tangible and measurable individual objectives. Each employee of the Group has received retroactivity during the formal yearly performance evaluation process.

The Group provides training to its employees locally on a regular basis to keep them abreast of their knowledge in the Group's products, technology developments and market conditions of its industry. The Group also provides additional training for each new product launch 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.

ENVIRONMENTAL, LABOR AND SAFETY MATTERS

Environmental issues

The Group has installed waste treatment facilities and implemented waste treatment procedures in each of the Group's production facilities to treat waste discharged during the production process. The types of waste discharged include waste water, smoke emissions, metal and plastic waste, and industrial waste. All waste produced by the Group is treated before being discharged in compliance with applicable environmental standards.

The Group's operations are subject to regulations and periodic monitoring by the Environment Protection and Resources Conservation Committee of the National People's Congress in the PRC and the relevant local governmental protection authorities. In accordance with the Environmental Protection Law of PRC (中華人民共和國環境保護法) adopted by the Standing Committee of the National People's Congress on 26 December 1989, the administration department of environmental protection of the State Council (國務院環境保護行政主管部門) sets the national guidelines for the discharge of pollutants. The provincial and municipal governments of each province, autonomous region and municipality may also set their own guidelines for the discharge of pollutants within their own territory in the event that the national guidelines are inadequate.

Under the national guidelines, a company or enterprise which causes environmental pollution and discharges other polluting materials which endanger the public must implement environmental protection methods and procedures into their business operations. Compliance with such guidelines may be achieved by setting up a system of accountability within the company's business structure for environmental protection and adopting effective procedures to prevent environmental hazards such as waste gazes, water and residues, dust powder, radioactive materials, and noise arising from production, construction, and other activities from polluting and endangering the environment. The environmental protection system and procedures must be implemented simultaneously with the commencement of, and during the operation of, construction, production, and other activities undertaken by a company. Any company or enterprise which discharges environmental pollutants must report and register such discharge with the administration department of environmental protection and pay any fee imposed for such discharge. A fee may also be imposed on a company for the cost of any work required to restore the environment to its original state. Companies which have caused severe pollution to the environment have to remedy the effects of the pollution within a prescribed time limit.

If a company fails to report and/or register the environmental pollution caused by it, it will receive a warning or be penalized. Companies which fail to restore the environment or remedy the effects of the pollution within the prescribed time will be penalized or have their business operation terminated. Companies or enterprises which have polluted and endangered the environment must bear the responsibility for remedying the danger and effects of the pollution, as well as to compensate for any losses or damages suffered as a result of such environmental pollution.

During the production and assembly process, the Group generates minimal wastage and therefore its production/assembly process has minimal impact to the environment. The Group does not have specific plan to adopt further technology nor investment in research and development to reduce its impact on the environment as a result of its production and assembly process.

On the other hand, as the Group is principally engaged in the provision of building energy management and solution services, and certain of its products namely, integrated building automation systems and energy management systems, are designed and targeted to preserve energy consumption and carbon emission, hence its products will help reduce the impact on the environment.

During the Group's production and assembly process, there are certain wastage generated, yet, the Group has adequate facilities to treat such wastage before being discharged. To its best knowledge, the Group has complied with the applicable laws and regulations on environmental protection in all material respects and was not in breach of such laws and regulations during the Track Record Period. The Group has not been subject to any fines or legal action involving non-compliance with any relevant environmental regulations, nor are the Directors aware of any threatened or pending action by any environmental regulatory authority in any place where the Group operates its business. For details of environmental laws the Group is subject to, please refer to the section headed "Regulatory overview" in this prospectus.

The Group obtained the ISO 14001 Environmental Management System Certification of the China Quality Certification Centre in 2008. ISO 14001 is an international standard on the operation of an environmental management system.

In addition to environmental regulations in the PRC, the Group must comply with certain international environmental regulations and standards applicable to its customers and products. In particular, the Group's products which are exported to the European Union must fully comply with the European Union's directive on the RoHS. Since the Group commenced the export of products to the European Union and up until the Latest Practicable Date, all of the Group's products which are exported to the European Union have met the requirement under RoHS that they not contain lead, mercury, cadmium, or other hazardous substances.

The Group's administrative department, together with the personnel from each operating subsidiary, are responsible to keep abreast of the latest requirements in relation to environmental issues in ensuring that the Group is in compliance with applicable environmental protection and safety laws and regulations from time to time. During the Track Record Period, the Group has complied with all the applicable rules and regulations and incurred immaterial cost in this regard.

Labor and safety issues

The Group places efforts to provide a safe working environment for its employees. The Group implements safety guidelines and operating procedures for its production processes and provide employees with occupational safety education and training to enhance their awareness of safety issues. Suitable protective devices are provided for the Group's employees to ensure their safety. In addition, the Group has formulated an internal safety guidebook, which describes various measures taken by the Group to ensure that the operation is in compliance with applicable laws and regulations in relation to social responsibility, and in particular, in respect of health, safety, and accidents matters. The Group also performs regular and irregular safety inspections, where its dedicated safety inspection team is required to keep records of details of and to summarize the results of each inspection.

During the Track Record Period, the Group has complied with all local rules on labor and safety in all material respects, and strictly implemented internal safety guidelines and operating procedures. Since the commencement of its business, none of the employees of the Group has been involved in any major accident in the course of their employment and it has never been subject to disciplinary actions with respect to the labor protection issues.

For details of labor and safety laws the Group is subject to, please refer to the section headed "Regulatory overview" in this prospectus.

LEGAL COMPLIANCE AND PROCEEDINGS

To the best knowledge of the Directors, the Directors confirmed that the Group has complied with the applicable laws and regulations in all material respects in all jurisdictions where it operates during the Track Record Period, and the Group has obtained all such applicable approvals, permits, certifications, inspections or registrations in accordance with the relevant PRC laws and regulations as referred in the section headed "Regulatory overview" and Appendix IV to this prospectus. There was no material litigation or claim known to the Directors to be pending or threatened by or against the Group.

RELATED PARTY TRANSACTIONS

During the Track Record Period, the Group entered into certain related party transactions, details of which are set out in note 35 headed "Material related party transactions" to the Accountants' Report set out in Appendix I to this prospectus.

Further, the outstanding amounts for the non-recurring transactions will be settled before the Listing and the recurring transactions will be settled according to the terms agreed among the relevant parties.

THE CONTROLLING SHAREHOLDERS

Background of Tongfang

Immediately after completion of the Share Offer, the Controlling Shareholders, being Tongfang and its investment holding subsidiary, Resuccess will together control the exercise of voting rights of more than 30% of the Shares eligible to vote in the general meeting of the Company (assuming the Over-allotment Option is not exercised). Save and except for their respective interests in the Company and its subsidiaries, as at the Latest Practicable Date, none of the Controlling Shareholders nor any of their respective associates had interests in any other companies which (i) held interests in the business of the Group during the Track Record Period and ceased to hold such interests after the Corporate Reorganization; or (ii) may, directly or indirectly, compete with the Group's business.

Tongfang is a company listed on the Shanghai Stock Exchange with Tsinghua Holdings Co., Ltd. being its single largest shareholder holding approximately 23.88% of Tongfang. Tsinghua Holdings Co., Ltd. is a State-owned limited liability corporation and wholly-owned by Tsinghua University, which is in turn controlled by the MoE.

As disclosed in the annual report of Tongfang for the year ended 31 December 2010 (the "**Tongfang 2010 Report**"), Tongfang is engaged in a wide range of industries, supplying different products and services for the information, media, energy and environment industries. According to the Tongfang 2010 Report, Tongfang's business is internally divided into 12 divisions and carry a wide range of products and services. Tongfang offers home appliances, including home theater products and television products; IT products comprising desktops, laptops, servers, workstations, CD products, multimedia products, digital products, and mobile storage products; lighting products, such as photovoltaic systems; and air conditioners consisting of air-end processing equipment, air purifiers, heat-pump water heaters, gas-driven central air conditioning systems, commercial/residential central air conditioning systems, and central air conditioning systems. Tongfang also provides intelligent cards, power generators, power distribution products, firefighting products, control products, security products, and software products; shipbuilding, hi-tech information products, information security products, encryption devices, airborne equipment, satellite navigation equipment, technical detection equipment, electronic countermeasures equipment; and security products, such as explosive/drug detection, irradiation sterilization, radioactive substance/special nuclear, liquid safety inspection, luggage inspection, and bulky cargo/vehicle inspection systems. In addition, it offers tax controlled gathering machines, sorting machines, currency counting machines, and e-finance solutions; electronic components comprising inductors and capacitors; and water supply, wastewater treatment, and gray water reuse solutions, as well as air control, rail transportation, media and entertainment, education, solid waste treatment and resource utilization services. For the avoidance of doubt, the businesses of Tongfang are carried by different internally divided divisions rather than different group companies carrying out different types of businesses.

For the three years ended 31 December 2010, turnover of Tongfang based on PRC GAAP amounted to approximately RMB13,928.0 million, RMB15,387.7 million and RMB18,257.5 million respectively while the profit of Tongfang based on PRC GAAP amounted to approximately RMB386.1 million, RMB489.5 million and RMB599.7 million respectively. The total assets and net assets value of Tongfang as of 31 December 2010 based on PRC GAAP amounted to approximately RMB24,864.6 million and RMB10,597.8 million respectively. Further, as disclosed in the interim report of Tongfang for the six months ended 30 June 2011, turnover and profit of Tongfang based on PRC GAAP amounted to approximately RMB8,547.6 million and RMB210.1 million respectively. The total assets and net assets value of Tongfang as of 30 June 2011 based on PRC GAAP amounted to approximately RMB26,518.3 million and RMB10,612.7 million respectively.

As shown on the Tongfang 2010 Report, as Tongfang has a controlling interest in the Company, the Group's results were consolidated into the results of Tongfang as its subsidiary during the Track Record Period.

Delineation of business

The Directors are of the view that there is a clear delineation between the business of the Group and the business of Tongfang, as a result of which, none of the business of Tongfang would compete, or is expected to complete, directly or indirectly with the business of the Group.

The Group is the only group of companies under Tongfang operating the Group's present business, i.e. design, manufacturing and distribution of integrated building automation and energy management systems which are categorized as energy-saving solutions, and also the provision of products and solutions for control security and fire alarm systems. These businesses are not and will not form part of other business of Tongfang after the Share Offer. Further, as at the Latest Practicable Date, the Group did not engage in other business of Tongfang.

As mentioned in the section headed "History and corporate structure" of this prospectus, the history of the Group can be traced back to 2005 when Tongfang and Mr. Seah Han Leong (an executive Director) incorporated the Company in Singapore, with the view to conduct the current business of the Group, in particular the provision of building-related automation system and energy management system related products and solution services, which Tongfang did not participate in such business. Further, the Group has been operating independently from Tongfang since its establishment and it is the Group's intention and strategy to operate the Group as an independent entity. In addition, the Group does not have any interest, ownership nor control over the businesses, divisions or entities of Tongfang. As such, the Directors are of the view that the Listing has no correlation with other businesses of Tongfang and the Listing is in relation to the Company and the companies owned by the Company. In addition, the Group does not have any interest in the businesses or business divisions of Tongfang. Nonetheless, Tongfang is only one of the investors of the Company and does not involve in the daily operation and management of the Group. In view of the above, the Group does not include other businesses, companies or entities not owned by the Company. Furthermore, the listing of the Company, which constitutes a spin-off of Tongfang is merely because Tongfang is a domestic listed company and the single largest Shareholder, therefore the Listing would require certain approvals from relevant authorities, including the approval from the CSRC.

As mentioned above, the businesses of Tongfang are carried out by different divisions that are internally divided. One of the divisions of Tongfang, namely "Digital City" Division, is principally engaged as a system integrator to contracting business for city-railed transportation control systems, city-wide district heating systems and extra low voltage systems in buildings. The extra low voltage systems consist of, among others, public address systems, car park systems, building automation, security systems and other systems that are extra low voltage. Further, none of the products or services offered by "Digital City" Division involves energy management nor energy efficiency. On the other hand, the Group is focused on the provision of building-related automation and energy management related products and solution services, namely integrated building automation systems (iBAS) and energy management systems (EMS). Since the time of establishment of the Group, the Group has been focusing on, among others, the production and manufacturing of building automation and energy management/efficiency systems and products to customers related to the building construction industries. The transactions between the Group and "Digital City" Division are only related to building automation and security systems, where the Group supplies its products to "Digital City" Division. As such, the Group treats "Digital City" Division no different from other downstream system integrator customers. In addition, to the best knowledge of the Directors, during the Track Record Period, "Digital City" Division did not procure their required products solely from the Group but also from other suppliers, including competitors of the Group, as well.

As Tongfang was the major shareholder of the Company, for the ease of dividing Tongfang's investments or businesses in different divisions, the financial results of the Group were presented together with the "Digital City" Division as the Group's business nature was relatively closer to the "Digital City" Division as compared to other divisions controlled by Tongfang such as "Computer System (計算機系統)", "Web-of-things Application (物聯網應用)", "Military Enterprise (軍工產業)",

"Digital Television System (數字電視台系統)", "Semiconductor and Lighting (半導體與照明)" and "Science Park Enterprise (科技園產業)". Apart from the "Digital City" Division, none of the other divisions controlled by Tongfang has any business correlation with, or any business similar to, the Group. Nonetheless, the management, operation, financial and administrative matters of the Group are independent from Tongfang. Further, the Group and the subsidiaries of Tongfang ("**Tongfang Group Companies**") do not share common research and development personnel nor relevant capability.

As mentioned above, the "Digital City" Division is principally engaged as a system integrator to contracting business for city-railed transportation control systems, city-wide district heating systems and extra low voltage systems in buildings. The "Digital City" Division does not carry any products but focus solely on system integrations. On the other hand, the Group focuses on the provision of building-related automation system and energy management system related products and solution services. Further, the core products and solution services of the Group are related to and with the view to achieve energy efficiency for the buildings. As such, the technology and application of the products and services of the Group are different from the services of "Digital City" Division, and they are not in competition with each other's businesses.

Owing to the differences in the services offered by "Digital City" Division and the products and services offered by the Group, the produces and services (as the case may be) required by the customers of the Group and "Digital City" Division are different. For example, the major customers of the Group are system integrators and distributors whereas the major customers of "Digital City" Division, to the best knowledge of the Directors, are property developers, property owners, and enterprises that require various systems installations (which the system contractor would then subcontract certain required installations such as utilities, electricity, building automation to other parties). In such event when the Group's building-related products are required under a system integration project of "Digital City" Division, the Group would sell such products to "Digital City" Division, which is the system integrator or contractor to a specific project. The Directors consider that this kind of transaction is no different from the Group's sale to other system integrator customers of the Group. In addition, as "Digital City" Division provides system integrations, the customers of the Group may also compete with "Digital City" Division from time to time. During the three years ended 31 December 2010 and the four months 30 April 2011, the Group sold approximately RMB44.7 million, RMB59.5 million, RMB35.8 million and RMB15.4 million (equivalent to approximately US$6.4 million, US$8.7 million, US$5.3 million and US$2.3 million) worth of products to Tongfang (including its subsidiaries and associated companies), representing approximately 20.9%, 18.0%, 7.1% and 9.7% of the Group's revenue respectively.

As Tongfang offers a wide range of products among different divisions, the Group has been sourcing certain raw materials (for example, cables, peripheral equipment, resistors, capacitors, chips, connectors, indicators, printed circuit boards and transformers), the prices of which will be based on terms that are comparable to those from Independent Third Parties. Further, these materials are widely available in the market and the Group has been sourcing and has alternate suppliers to source such raw materials. During the three years ended 31 December 2010 and the four months ended 30 April 2011, the Group purchased approximately RMB9.6 million, RMB2.6 million, RMB10.5 million and RMB1.7 million (equivalent to approximately US$1.4 million, US$0.4 million, US$1.6 million and US$0.3 million) worth of raw materials from Tongfang (including its subsidiaries and associated companies) respectively, representing approximately 5.9%, 1.4%, 3.6% and 2.1% of the Group's purchases respectively.

In conclusion, the following table sets out the different aspects of the Group and the "Digital City" Division (to the best knowledge of the Directors):

	The Group	**"Digital City" Division**
Major business	Focuses on the provision of building-related automation system and energy management system related products and solution services. Further, the core products and solution services of the Group are related to and with the view to achieve energy efficiency for the buildings.	Principally engaged as a system integrator to contracting business for city-railed transportation control systems, city-wide district heating systems and extra low voltage systems in buildings. The extra low voltage systems consist of, among others, public address systems, car park systems, building automation, security systems and other systems that are extra low voltage.
Products and services	Products for integrated building automation systems, energy management system, control security system and fire alarm system; and solution providers surrounding integrated building automation systems and energy management system.	Does not carry any products but focus solely on system constructions and integrations; and none of the products or services offered by "Digital City" Division involves energy management nor energy efficiency.
Technology	Self-developed and produced products and services for building related industries.	Nil. "Digital City" Division focuses on project management and system integrations.
Typical profile of customers	System integrators and distributors.	Property developers, property owners, and enterprises that require various systems installations.
Marketing strategy	Products and services are promoted by the Group's sales and marketing teams, independent sales representatives and distributors; and certain projects may comprise a bidding process (open-end as well as close-end), especially for sale to institutional or government project business.	Provides system integration services to vertical market industry such as airports, railway, district heating, hotel chain, etc.

	The Group	"Digital City" Division
Major raw materials	Software, printed circuit boards, cables, peripheral equipment, resistors, capacitors, chips, connectors, indicators and transformers	None. The Digital City Division focuses on project management and system integrations.
Typical profile of suppliers	Software developer, manufacturers of printed circuit boards and other peripheral products.	Product developers and manufacturers of the products required for specific projects.

Owing to the different business nature of the Group and "Digital City" Division, though the Group has overlapping customers to those of "Digital City" Division, the products sold are different and therefore the Directors do not consider the overlapping of customers would impact the business development of the Group.

As mentioned above, the Group sources certain raw materials, such as cables, peripheral equipment, resistors, capacitors, chips, connectors, indicators, printed circuit boards and transformers from Independent Third Parties as well as Tongfang, which these materials are widely available in the market. During the Track Record Period, the Group sourced raw materials from some of the suppliers which may have business relationships with Tongfang as well but the Directors do not consider the overlapping of suppliers would impact the business development of the Group as such raw materials are widely available in the market.

In terms of personnel, apart from Mr. Zhao Xiaobo, executive Director, there is no other overlapping employee between the Group and Tongfang.

The following table sets out the revenue of the Group, "Digital City" Division and Tongfang (based on PRC GAAP and as extracted from the Tongfang 2010 Report) and the respective percentage to Tongfang's revenue during the three years ended 31 December 2010:

	For the year ended 31 December		
	2008	**2009**	**2010**
The Group *(in US$ million)*	30.7	48.2	74.1
The Group *(equivalent in RMB million)*	213.3	329.5	501.3
"Digital City" Division *(in RMB million)*	1,255.1	1,516.2	1,717.4
Tongfang *(in RMB million)*	13,928.0	15,387.7	18,257.5
The Group as a percentage of "Digital City" Division	17.0%	21.7%	29.2%
The Group as a percentage of Tongfang	1.5%	2.1%	2.7%
"Digital City" Division as a percentage of Tongfang	9.0%	9.9%	9.4%

In view of the above, the Directors are of the view and the Sponsor concurs that the business of the Group are clearly differentiated from those of Tongfang, in particular "Digital City" Division of Tongfang as there are clear differences in terms of their business nature, products (which "Digital

City" Division does not carry any), services and there is no major overlapping of their respective direct customers and suppliers. Further, the Directors do not consider that the businesses of the Group and "Digital City" Division to be inter-changeable. In addition, as the Group and the Controlling Shareholders (being Tongfang (and including "Digital City" Division) and Resuccess) have entered into the Non-competition Agreement, in the event that the Group extends or expands its business to those that are carried out by the Controlling Shareholders, the Controlling Shareholders would not participate in such business, therefore the business coverage of the Group would not be restrained. At present, the Directors do not have any intention to participate in businesses that are carried out by the Controlling Shareholder.

NON-COMPETITION AGREEMENT

Each of the Controlling Shareholders has entered into the Non-competition Agreement in favor of the Company, pursuant to which each of the Controlling Shareholders for itself and/ or on behalf of its associates, controlled subsidiaries, and subsidiaries has undertaken to the Company (for itself or for the benefit of its subsidiaries) that such Controlling Shareholder would not and would procure that its associates, controlled subsidiaries, and subsidiaries (except any members of the Group) would not, during the period that the Non-competition Agreement remains effective, directly or indirectly, either on such Controlling Shareholder's own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate, or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, agent, employee or otherwise) any business, in any form, which is or may be in competition with the current and post-listing business of any member of the Group from time to time at present or after the Listing, including but not limited to current business of the Group (the "**Restricted Business**").

Where there is any opportunity available to the Controlling Shareholders or their associates in relation to the Restricted Business, the Controlling Shareholders and/ or its associates shall inform the Group of such opportunity, and assist us to obtain such opportunity at the same term or no less favorable terms than these offered to the Controlling Shareholders or its associates.

The above undertaking does not apply where any opportunity to invest, participate, be engaged in, and/ or operate any Restricted Business has first been offered or made available by the Controlling Shareholders and/ or their respective associates and the Controlling Shareholders or their respective associates inform the Company immediately of such opportunity and assist it and/ or its subsidiaries or affiliates to obtain such opportunity at the same conditions as offered to the Controlling Shareholders or more favorable conditions or any conditions acceptable to us, and the Company has declined such opportunity to invest, participate, be engaged in, or operate the Restricted Business, and that the principal terms by which such Controlling Shareholder (or his or its respective associates) subsequently invests, participates, engages in, or operates the Restricted Business are no more favorable than those offered to the member of the Group.

Pursuant to the Non-competition Agreement, the above restrictions would only cease to have effect upon the earlier of: (i) prior to the Listing, Shareholders passed the Shareholders' resolutions of the Company terminating the Listing or the Listing was not approved by the CSRC; (ii) the Shares cease to be listed on the Stock Exchange; (iii) in relation to each Controlling Shareholder, such Controlling Shareholder or such Controlling Shareholder's associate(s) cease(s) to hold any equity interest in the Company; and (iv) the relevant Controlling Shareholders and/ or their respective associates jointly are entitled to exercise or control the exercise of less than 30% in aggregate of the voting power at general meetings of the Company and no longer are, under the relevant PRC laws, controlling shareholders of the Company.

CORPORATE GOVERNANCE MEASURES

The Company will adopt the following measures to manage any conflict of interests arising from the competing business of the Controlling Shareholders and to safeguard the interests of the Shareholders:

(i) the independent non-executive Directors will review, at least on an annual basis, the compliance with the undertaking given by the Controlling Shareholders under the Non-competition Agreement;

(ii) Any decision to exercise or non-exercise of the right of first refusal on any opportunity in relation to the Restricted Business shall be made by independent non-executive Directors. When considering whether or not to exercise or not exercise the first rights of refusal pursuant to the Non-competition Agreement, the independent non-executive Directors will take into consideration the following factors: (i) whether the Group has already established a business presence in the relevant location; (ii) whether the relevant business or company has a good and broad client base; (iii) whether the relevant business is expected to present a sustainable level of profitability; (iv) whether the relevant business accords with the then current development strategy of the Group; and (v) whether the relevant business in other respects would be in the best interests of the Company and its shareholders as a whole;

(iii) the independent non-executive Directors are empowered to engage professional advisors at the Company's costs for advices on matters relating to the right of first refusal or any business opportunities referred to the Company by the Controlling Shareholders;

(iv) the Controlling Shareholders have undertaken to provide all information requested by the Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Non-competition Agreement;

(v) the Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the Non-competition Agreement in the annual reports of the Company as well as the decision and basis of the independent non-executive Directors to pursue or decline any opportunity to engage in the Restricted Business; and

(vi) the Controlling Shareholders will make an annual declaration in relation to compliance with the Non-competition Agreement in the annual reports of the Company.

Corporate governance measures to avoid conflict of interests

In the event that there are conflicts of interests in the operations of the Group and Tongfang Group Companies, and in respect of any proposed contract or arrangement between the Group and the Tongfang Group Companies, including any connected transactions or continuing connected transactions entered or to be entered into between the Group and the Tongfang Group Companies and matters referred to in the paragraph headed "Non-competition Agreement" in this section of the prospectus, a relevant board meeting attended by disinterested Directors who have no material interest in the matter shall be held to deliberate on the matter.

The articles of association of the Company provide that, a Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he or any of his associates has directly or indirectly any material interest. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is prohibited from voting, save for a few exceptions provided in the Articles. Such Director will be required to physically absent himself from the relevant session of the Board meeting before the disinterested Directors discuss and decide on the matter, unless he is required to be present by resolution of the disinterested Directors. Even if a Director who has conflict of interests is invited to attend the relevant session of the meetings of the Board where transactions between the Group and the Tongfang Group Companies are to be discussed, such Director may not vote and shall not be counted in the quorum for the voting on such transactions.

In view of the above, the Directors are of the view, and the Sponsor concurs, that the Group will have adequate corporate governance mechanisms in place to manage potential conflict of interests between the Group and the Controlling Shareholders and to protect the rights of the minority shareholders after the Listing.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS

Having considered the matters described above and the following factors, the Directors believe that the Group is capable of carrying on its business independently of and does not place undue reliance on our Controlling Shareholders and their respective associates.

Management and Administrative Independence

The Board comprises two executive Directors, five non-executive Directors and three independent non-executive Directors. Mr. Zhao Xiaobo, an executive Director, is also an assistant to the president of Tongfang, and a general manager of "Digital City" Division in Tongfang. Mr. Lu Zhicheng, the chairman of the Board and a non-executive Director, is also the vice-chairman of Tongfang. Mr. Li Jisheng, a non-executive Director, is also the vice president of Tongfang. Save as disclosed above, none of the Directors and senior management staff of the Company holds any position in Tongfang.

Although three out of the ten Directors hold positions in Tongfang, the business of Tongfang is different from that of the Group and none of the Directors holds directorship with Tongfang. The daily operations of the Group are principally managed by (i) Mr. Seah, the executive director and chief operating officer of the Company; (ii) Mr. Leung Lok Wai, the chief financial officer of the Group and a joint company secretary of the Company; and (iii) Mr. Étienne Veilleux, the president and chief executive officer of Distech Controls, all of whom have no past or present position with Tongfang.

In relation to the Directors who also hold positions in Tongfang, Mr. Zhao Xiaobo, an executive Director, assumes no directorship nor executive function with Tongfang and he is in charge of strategic planning and general management of the Group. Though Mr. Zhao is an assistant to the president of Tongfang, he does not have an active role in Tongfang nor "Digital City" Division. He does not actively participate in the daily operation or management of Tongfang nor "Digital City" Division but provide strategic advice in his capacity as a general manager of "Digital City" Division. Mr. Lu Zhicheng and Mr. Li Jisheng, while assuming executive roles in Tongfang, are non-executive Directors with no executive function in the Group. They are expected to maintain only an advisory role with the Group and will not be involved in the day-to-day management or affairs and operations of the businesses of the Group.

Each of the Directors is aware of his fiduciary duties as a director of the Company which require, among other things, that he acts for the benefit and in the best interests of the Company and does not allow any conflict between his duties as a Director and his personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between the Group and the Directors or their respective associates, as stipulated under the Articles of Association, the interested Director(s) shall abstain from voting at the relevant board meetings of the Company in respect of such transactions and shall not be counted in the quorum on any resolution of the Board in respect of any transaction or matter out of which a potential conflict of interest will arise, subject to certain exceptions as set out in the Articles of Association. In addition, the Company has an independent senior management team to carry out the business decisions of the Group independently. The Directors are satisfied that the senior management team is able to perform their roles in the Company independently, and the Directors are of the view that the Group will be capable of managing its business independently from the Controlling Shareholders.

Operational Independence

The Group has established its own organisational structure comprised of individual departments, each with specific areas of responsibilities. The Group has independent access to sources of its major supplies or raw materials for production as well as customers. The Group's major customers and suppliers are all accessible independently from the Controlling Shareholders and their associates. The Group does not rely on the Controlling Shareholders or their associates for provision of raw materials or sale of products. The Group has also established various internal controls procedures to facilitate the effective operation of the business. Having considered the above and the reasons stated in the paragraph headed "Delineation of business" of this section, the Directors believe that the Group is capable of operating and conducting its businesses independently from the Controlling Shareholders and their associates. The Directors confirmed that the Group will not enter into any other transactions of similar nature with the connected persons and their associates after the Listing that will affect the operational independence.

Save and except for the transactions with Tongfang which are set out in the section headed "Continuing connected transactions" in this prospectus, the Group has not entered into any other transactions with the Controlling Shareholders and their associates. The Directors consider that the Group's operations do not rely on these transactions with Tongfang for the following reasons:

(i) The Group has already established and registered its own trademarks in the PRC to market its integrated building automation and energy management systems, as well as certain of its control security systems. As the trademark application of this trademark made by Technovator Beijing in the PRC in relation to certain of its control security systems were rejected because similar trademarks have been registered by another company in the PRC in relation to those products, and fire alarm system is a non-core product segment of the Group, the Company intends to use the trademarks licensed from Tongfang for these products, unless the circumstances otherwise require. These trademarks are licensed to Technovator Beijing at nil consideration for a period of five years from 28 May 2010 and are automatically renewable every five years unless confirmed otherwise by both parties at least one month prior to the expiry of the five-year period. The trademarks licensed by Tongfang to the Group are not an integral part of the Group's business. These trademarks are only used in the Group's control security systems and fire alarm systems in the PRC, and the revenue generated from these two reportable segments accounted for approximately 26.3%, 16.7% and 11.4% of the Group's revenue for the years ended 31 December 2008, 2009 and 2010 respectively. Both of these reportable segments will remain as non-core product segments of the Group to its integrated buildings automation and energy management systems segments. In addition, the Company utilized its marketing team of over 60 personnel in various locations throughout the PRC to market its products in the PRC and the Directors therefore believe that the Group does not unduly rely on these trademarks to market its products.

(ii) The Group has independent production and operation capability. While the Group leased an office in Beijing from Tongfang for a period of five years from 1 September 2009 to 31 August 2014, the property has a total lease area of only approximately 700 square meters. The Group also leased a factory and warehouse in Beijing with a gross floor area of only

500 square meters from Tongfang for a period of five years from 1 December 2006 to 30 November 2011. The rents for these premises were based on the prevailing market rent. The Directors therefore believe that in the event that Tongfang ceases to lease the premises to the Group, the Group would be able to find suitable alternative premises from Independent Third Parties within the proximity of its existing premises without undue delay or inconvenience. In addition, while the machinery and equipment leased by the Group from Tongfang were entered into on normal commercial terms, they are not significant compared to the other machinery and equipment owned by the Group and the transactions fall within the de minimis threshold under Rule 14A.33(3)(c) of the Listing Rules.

(iii) The Group has independent access to customers. The amount of the Group's revenue derived from the sale of integrated building automation and energy management systems to Tongfang accounted for only approximately 20.9%, 18.0%, 7.1% and 9.7% of the Group's revenue for the years ended 31 December 2008, 2009 and 2010 and the four months ended 30 April 2011 respectively. The Directors expect that such sale to Tongfang will decrease in the future and will account for only approximately 10%, 9% and 8% of the Group's revenue for the three years ending 31 December 2013 respectively. As disclosed in the paragraph headed "Delineation of business", the Group did not have major overlapping customers during the Track Record Period.

(iv) The Group has independent access to raw materials. The raw materials supplied by Tongfang to the Group are cables, peripheral equipments and other materials that are readily available from other independent suppliers in the market at comparable prices and with comparable quality. Further, alternative suppliers of cables, peripheral equipments and other materials are readily available in the market at comparable prices and with comparable quality. The Group intends to procure its future raw material requirement from other independent suppliers and maintain its purchase of raw materials from Tongfang at a low level at approximately 3% of the Group's costs of goods sold for the three years ending 31 December 2013. The Directors confirm that any sudden or unexpected shortage or suspension of supply of cables and peripheral equipments from Tongfang will not have a material adverse impact on the continuous business operation of the Group. As disclosed in the paragraph headed "Delineation of business", the Group did not have major overlapping suppliers during the Track Record Period.

(v) In addition, the Directors (including the independent non-executive Directors) consider that the transactions under the non-exempt continuing connected transactions have been entered into in the ordinary and usual course of business of the Group and have been based on arm's length negotiation and on normal commercial terms that are fair and reasonable and are in the interest of the Shareholders as a whole.

Financial Independence

The Group has an independent financial system and makes financial decisions according to the Group's own business needs. During the Track Record Period and up to the Latest Practicable Date, the Group had its own internal control and accounting system, accounting and finance department, independent treasury function for receiving cash/making payments and independent access to third party financing. The Directors confirm that, as at the Latest Practicable Date, all financial assistance, including amounts due to, and loans or guarantees provided by the Controlling Shareholders to the Group, were repaid or released or otherwise settled in full. Therefore, there is no financial dependence on the Controlling Shareholders.

In view of the above, the Directors are of the view and the Sponsor concurs that, the Group has adequate corporate governance mechanism in place to manage the potential conflict of interests between the Company and the Controlling Shareholders. As such, the Directors and the Sponsor consider that the rights of the minority shareholders are being reasonably protected in the aforesaid regard.

DEED OF INDEMNITY

Pursuant to a deed of indemnity dated 14 October 2011 entered into between the Controlling Shareholders and the Company, the Controlling Shareholders have given certain indemnities in favor of the Group containing, among other things, indemnities referred to in the paragraph headed "Estate Duty and Tax Indemnity" in Appendix VI to this prospectus.

CONTINUING CONNECTED TRANSACTIONS

Following the Listing, the Group will continue to have certain transactions with certain entities which will be regarded as connected persons of the Company on an on-going basis in the normal course of business of the Group. Such transactions will be regarded as continuing connected transactions of the Company under the Listing Rules after the Listing. A summary of these continuing connected transactions is set out below:

	Type of Transaction	Term	Applicable Listing Rule	Waiver Sought
1.	License of trademarks by Tongfang to Technovator Beijing	28 May 2010 to 27 May 2015	Rule 14A.33(3)(a)	None (De minimis transaction)
2.	Industrial building lease from La Société IMMO Delta B to Acelia	1 July 2007 to 30 June 2016	Rule 14A.33(3)(c)	None (De minimis transaction)
3.	Machinery and equipment lease from Tongfang to Technovator Beijing	1 January 2007 to 31 December 2011	Rule 14A.33(3)(c)	None (De minimis transaction)
4.	Factory and warehouse lease from Tongfang to Technovator Beijing	1 December 2006 to 30 November 2011	Rule 14A.33(3)(c)	None (De minimis transaction)
5.	PRC office lease from Tongfang to Technovator Beijing	1 September 2009 to 31 August 2014	Rule 14A.34	Reporting and announcement requirements
6.	Industrial building lease from La Société IMMO Delta B to Comtec	1 July 2007 to 30 June 2016	Rule 14A.34	Reporting and announcement requirements
7.	Sales of products to Tongfang from Technovator Beijing and such other parties procured by Technovator Beijing and agreed by Tongfang	9 February 2011 to 8 February 2014	Rule 14A.35	Reporting, announcement and independent shareholders' approval requirements
8.	Purchase of raw materials from Tongfang and such other parties procured by Tongfang and agreed by Technovator Beijing to Technovator Beijing	9 February 2011 to 8 February 2014	Rule 14A.35	Reporting, announcement and independent shareholders' approval requirements

CONNECTED PERSONS

The relevant connected persons, with whom certain members of the Group have entered into continuing connected transactions, are as follows:

(a) *Tongfang*: Tongfang is a Controlling Shareholder of the Company and is therefore a connected person of the Company under Rule 14A.11(1) of the Listing Rules.

(b) *La Société IMMO Delta B*: La Société IMMO Delta B is wholly-owned by five individuals and entities who together hold approximately 63.65% of Groupe Arcom. Groupe Arcom is a substantial shareholder of a subsidiary of the Company, Distech Controls, and holds approximately 11.14% of its issued shares. Accordingly, the Directors consider it appropriate to treat La Société IMMO Delta B as a connected person of the Company upon the Listing.

EXEMPTED CONTINUING CONNECTED TRANSACTIONS

The following continuing connected transactions will constitute exempted continuing connected transactions for the Group under Rule 14A.33(3) of the Listing Rules and accordingly, will be exempted from the reporting, announcement and independent shareholders' approval requirements stipulated under the Listing Rules. Each of the following transactions is undertaken on an arm's length basis and on normal commercial terms or terms no less favorable to the Group and the percentage ratios (other than the profit ratio) of each of the following transactions on an annual basis is less than 0.1%, or less than 5% and the annual consideration is less than HK$1,000,000.

1. License of trademarks by Tongfang to Technovator Beijing

Historically, as the trademark applications made by Technovator Beijing in the PRC in relation to trademark intended to be used by the Group for certain of its control security systems were rejected because similar trademarks have been registered by another company in the PRC in relation to those products, and fire alarm system is a non-core product segment of the Group, certain trademarks used by the Group in the PRC have been licensed by Tongfang at nil consideration. On 28 May 2010, Technovator Beijing and Tongfang entered into four trademark license agreements (collectively, "**Trademark License Agreements**") which were amended on 4 August 2011, pursuant to which Technovator Beijing was granted non-exclusive license to use four trademarks registered by Tongfang in the PRC in relation to control security systems and fire alarm systems at nil consideration for a period of five years from 28 May 2010 to 27 May 2015, automatically renewable every five years unless confirmed otherwise by both parties at least one month prior to the expiry of the five-year period. For details of these trademarks, please refer to the paragraph headed "Intellectual property rights of the Group" in Appendix VI to this prospectus.

These trademarks were used by the Group in relation to its control security systems and fire alarm systems. While Tongfang has used and will use these trademarks in its own business operations, Tongfang has never used these trademarks in control security systems and fire alarm systems since Technovator Beijing was first licensed by Tongfang to use these trademarks on 24 May 2007. The Directors consider that the license of trademarks from Tongfang is in the interest of the Company and the Shareholders as the Group can minimize its overhead costs for the operations of the CSS and FAS businesses.

The Directors, including the independent non-executive Directors, consider that the Trademark License Agreements were entered into on normal commercial terms, in the ordinary and usual course of business, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As percentage ratios (other than the profit ratio) in respect of the transactions contemplated under the Trademark License Agreements are expected to be less than 0.1%, they fall within the de minimis threshold under Rule 14A.33(3)(a) of the Listing Rules and hence they are exempt from the reporting, announcement and independent shareholders' requirements under the Listing Rules.

2. Industrial building lease from La Société IMMO Delta B to Acelia

On 25 June 2007, La Société IMMO Delta B and Acelia entered into an industrial building lease ("**Acelia Lease**") which was amended on 28 September 2009, pursuant to which Acelia leased office space in a building located in Brindas, France for a period of nine years from 1 July 2007 to 30 June 2016. The space rented and the rent payable have been modified on 1 October 2009 and 1 July 2010. The lease now covers a gross floor area of approximately 255 square meters, together with the right to five parking spaces from La Société IMMO Delta B.

The rent payable by Acelia to La Société IMMO Delta B was EUR8,400 per annum (equivalent to approximately US$12,000 per annum) from 1 July 2007 to 30 September 2009, and EUR36,000 per annum (equivalent to approximately US$50,000 per annum) from 1 October 2009 to 30 June 2010. Since 1 July 2010, the rent is EUR28,415 per annum (equivalent to approximately US$39,000 per annum). The rent is determined with reference to the prevailing market rent.

All the rights and obligations of Acelia under the Acelia Lease have been rented to Comtec pursuant to the management rental agreement between Acelia and Comtec that came into effect on 1 October 2010. Consequently, the rent payable by Acelia to La Société IMMO Delta B under the Acelia Lease is now paid by Comtec.

The Directors, including the independent non-executive Directors, consider that the Acelia Lease was entered into on normal commercial terms, in the ordinary and usual course of business, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As percentage ratios (other than the profit ratio) in respect of the transactions contemplated under the Acelia Lease are expected to be less than 5% and the annual consideration is less than HK$1,000,000, they fall within the de minimis threshold under Rule 14A.33(3)(c) of the Listing Rules and hence they are exempt from the reporting, announcement and independent shareholders' requirements under the Listing Rules.

3. Machinery and equipment lease from Tongfang to Technovator Beijing

In January 2007, Technovator Beijing and Tongfang entered into a machinery and equipment lease and a supplemental agreement in relation thereto (collectively, "**Machinery and Equipment Leases**"), pursuant to which Technovator Beijing leased certain machinery and equipment for the production and testing of printed circuit board assembled (PCBA) primarily for the Group's iBAS products, including surface mount technology (SMT) machines and other supporting testing equipment for one of the production lines at the PRC production facilities, from Tongfang for a period of five years from 1 January 2007 to 31 December 2011 at an annual rent of RMB325,000 with reference to depreciated value of the assets.

The Directors, including the independent non-executive Directors, consider that the Machinery and Equipment Leases were entered into on normal commercial terms, in the ordinary and usual course of business, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Further, the Directors consider that there are equipment suppliers in the market that the Group can purchase such machinery and equipment from, but entering into of the Machinery and Equipment Leases is in the interests of the Company and the Shareholders as a whole because it would require relatively less capital commitment from the Group.

As percentage ratios (other than the profit ratio) in respect of the transactions contemplated under the Machinery and Equipment Leases are expected to be less than 5% and the annual consideration is less than HK$1,000,000, they fall within the de minimis threshold under Rule 14A.33(3)(c) of the Listing Rules and hence they are exempt from the reporting, announcement and independent shareholders' requirements under the Listing Rules.

4. Factory and warehouse lease from Tongfang to Technovator Beijing

In November 2006, Technovator Beijing and Tongfang entered into a factory and warehouse lease and a supplemental agreement in relation thereto (collectively, "**Factory and Warehouse Lease**"), pursuant to which Technovator Beijing leased a factory and warehouse in Beijing with a gross floor area of approximately 500 square meters from Tongfang for a period of five years from 1 December 2006 to 30 November 2011.

Technovator Beijing did not pay any rent to Tongfang under the Factory and Warehouse Lease from December 2006 to April 2007, and the rent paid and payable by Technovator Beijing to Tongfang thereafter is RMB32,400 per month (equivalent to RMB388,800 per annum), which is determined with reference to the prevailing market rent.

The Directors, including the independent non-executive Directors, consider that the Factory and Warehouse Lease was entered into on normal commercial terms, in the ordinary and usual course of business, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As percentage ratios (other than the profit ratio) in respect of the transactions contemplated under the Factory and Warehouse Lease is expected to be less than 5% and the annual consideration is less than HK$1,000,000, they fall within the de minimis threshold under Rule 14A.33(3)(c) of the Listing Rules and hence they are exempt from the reporting, announcement and independent shareholders' requirements under the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Set out below are the terms of the continuing connected transactions which (i) in respect of transactions described in categories 5 to 6 below, are subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47A of the Listing Rules; and (ii) in respect of transactions described in categories 7 to 8 below, are subject to the reporting, announcement and independent shareholders' approval requirements under Rules 14A.45 to 14A.54 of the Listing Rules (the "**Non-exempt Continuing Connected Transactions**").

5. PRC office lease from Tongfang to Technovator Beijing

On 15 August 2009, Technovator Beijing and Tongfang entered into a lease ("**PRC Office Lease**") which was amended on 14 September 2011, pursuant to which Technovator Beijing leased an office in Beijing with a gross floor area of up to 700 square meters from Tongfang for a period of five years from 1 September 2009 to 31 August 2014.

The rent payable by Technovator Beijing to Tongfang was RMB152.78 per square meter per month (inclusive of management fee and electricity charges), which is determined with reference to the prevailing market rent. Jones Lang LaSalle Sallmanns Limited, an independent property valuer, has confirmed that the rent payable under the PRC Office Lease is comparable to the prevailing market rate and is fair and reasonable.

Historical Transaction Amounts

During the three years ended 31 December 2010 and the four months ended 30 April 2011, the rent paid by Technovator Beijing to Tongfang was RMB467,568, RMB476,674, RMB1,201,268 and RMB545,007 respectively.

Maximum Annual Transaction Amounts

The Directors estimate that the proposed annual rent under the PRC Office Lease for the three years ending 31 December 2013 will not exceed RMB1.3 million, RMB1.3 million and RMB1.3 million respectively, representing the annual rent payable under the PRC Office Lease during the relevant period, assuming Technovator Beijing will occupy no more than 700 square meters of office space under the PRC Office Lease.

The Directors, including the independent non-executive Directors, consider that the PRC Office Lease was entered into on normal commercial terms, in the ordinary and usual course of business, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

6. Industrial building lease from La Société IMMO Delta B to Comtec

On 25 June 2007, La Société IMMO Delta B and Comtec entered into an industrial building lease ("**Comtec Lease**"), pursuant to which Comtec leased space in a building located in Brindas, France from La Société IMMO Delta B for a period of nine years from 1 July 2007 to 30 June 2016. The lease was amended to increase the rental space and the rent payable. The lease now covers a gross floor area of approximately 1,004 square meters, together with the right to 20 parking spaces from La Société IMMO Delta B.

The rent payable by Comtec to La Société IMMO Delta B was EUR84,000 (equivalent to approximately US$120,000) per annum from 1 July 2007 to 30 September 2009, and EUR105,600 (equivalent to approximately US$145,000) per annum from 1 October 2009 to 30 June 2016. The rent is determined with reference to the prevailing market rent. Jones Lang LaSalle Sallmanns Limited, an independent property valuer, has confirmed that the rent payable under the Comtec Lease is comparable to the prevailing market rate and is fair and reasonable.

Historical Transaction Amounts

During the three years ended 31 December 2010 and the four months ended 30 April 2011, the rent payable by Comtec to La Société IMMO Delta B was in the amount of EUR84,000, EUR89,400, EUR105,600 and EUR35,200 respectively (equivalent to approximately US$124,000, US$125,000, US$140,000 and US$49,000 respectively).

Maximum Annual Transaction Amounts

The Directors estimate that the proposed annual rent under the Comtec Lease for the three years ending 31 December 2013 will not exceed EUR105,600, EUR105,600 and EUR105,600 (equivalent to approximately US$153,000, US$153,000 and US$153,000) respectively, representing the annual rent payable under the Comtec Lease during the relevant period.

The Directors, including the independent non-executive Directors, consider that the Comtec Lease was entered into on normal commercial terms, in the ordinary and usual course of business, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

7. Sales of products to Tongfang from Technovator Beijing and such other parties procured by Technovator Beijing and agreed by Tongfang

On 9 February 2011, Technovator Beijing and Tongfang entered into a sales agreement ("**Sales Agreement**") which was amended on 19 August 2011, pursuant to which Technovator Beijing agreed to sell or procure such other parties agreed by Tongfang to sell integrated building automation and energy management systems to Tongfang for a period of three years from 9 February 2011 to 8 February 2014.

The prices at which Technovator Beijing sells such products to Tongfang will be based on terms that are comparable to those available to Independent Third Parties and after arm's length negotiation on normal commercial terms.

Historical Transaction Amounts

During the three years ended 31 December 2010 and the four months ended 30 April 2011, the Group sold products to Tongfang, its subsidiaries and their respective associates in the amount of approximately RMB44.7 million, RMB59.5 million, RMB35.8 million and RMB15.4 million respectively.

Maximum Annual Transaction Amounts

It is expected that approximately 10%, 9% and 8% of the Group's revenue for the three years ending 31 December 2013, respectively, will be contributed by the sales to Tongfang under the Sales Agreement.

The Directors estimate that the proposed annual purchase under the Sales Agreement for the three years ending 31 December 2013 will not exceed RMB73 million, RMB88 million and RMB85 million respectively.

The annual cap for 2011 is based on (i) the actual sales from the Group to Tongfang, its subsidiaries and their respective associates during the historical periods, in particular the corresponding period in 2010; (ii) sales recognized subsequent to 30 April 2011 and up to 30 June 2011; (iii) sales orders entered into between the Group and Tongfang in relation to the Sales Agreement in 2011; and (iv) approximately RMB7 million of sales to Tongfang expected to be deferred to 2011 from 2010. The annual caps for 2012 and 2013 were determined based on, among other things, the historical transaction amounts, the expected transaction amount in 2011, anticipated increase in the business volume and sales level of the Group and the expected demand for the Group's products from Tongfang. For 2012, the Directors expect to recognize the remaining parts of certain sales made in 2010 (which parts of such sales are expected to be recognized in 2011 as aforementioned), hence the relatively higher annual cap in 2012 as compared to 2013.

Sales to Tongfang in 2009 increased by approximately 33% as compared to 2008, which was in line with the revenue growth of Technovator Beijing during the relevant period. Sales to Tongfang in 2010 decreased as compared to 2009 because approximately RMB18 million of the sales to Tongfang in 2010 was deferred to 2011 and 2012 due to the delay of certain projects conducted by Tongfang.

Given that the Group has independent access to customers for products supplied to Tongfang and the Group intends to conduct its business with other independent customers to increase its operational independence, it is expected that sales to Tongfang as a percentage of the Group's revenue will decrease through 2011 to 2013.

As at 30 April 2011, the amount of purchase orders placed by Tongfang with the Group amounted to approximately RMB15.4 million, representing approximately 21.1% of the annual cap for 2011. The Directors expect that demand will gradually increase in the later part of the year based on their experience in the past.

The Directors, including the independent non-executive Directors, consider that the Sales Agreement was entered into on normal commercial terms, in the ordinary and usual course of business, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

8. Purchase of raw materials from Tongfang and such other parties procured by Tongfang and agreed by Technovator Beijing to Technovator Beijing

On 9 February 2011, Technovator Beijing and Tongfang entered into a purchase agreement ("**Purchase Agreement**") which was amended on 19 August 2011, pursuant to which Tongfang agreed to sell or procure such other parties agreed by Technovator Beijing to sell cables and peripheral equipments to Technovator Beijing every three years from 9 February 2011 to 9 February 2014.

The prices at which Tongfang and its subsidiaries sell such raw materials to Technovator Beijing will be based on terms that are comparable to those available to the Independent Third Parties and after arm's length negotiation on normal commercial terms. Such raw materials are being utilized by Technovator Beijing in the production process as part of the materials or components required to produce the Group's products.

Historical Transaction Amounts

During the three years ended 31 December 2010 and the four months ended 30 April 2011, the Group purchased such raw materials from Tongfang, its subsidiaries and their respective associates in the amount of approximately RMB9.6 million, RMB2.6 million, RMB10.5 million and RMB1.7 million, respectively.

Maximum Annual Transaction Amounts

It is expected that approximately 3% of the Group's costs of good sold for the three years ending 31 December 2013, respectively, will be attributable by the purchase of such raw materials from Tongfang and its subsidiaries under the Purchase Agreement.

The Directors estimate that the proposed annual purchase under the Purchase Agreement for the three years ending 31 December 2013 will not exceed RMB13 million, RMB16 million and RMB21 million respectively.

The annual cap for 2011 is based on (i) the actual purchases by the Group from Tongfang, its subsidiaries and their respective associates during historical periods; and (ii) purchase orders entered into between the Group and Tongfang and its subsidiaries in relation to the Purchase Agreement in 2011. The annual caps for 2012 and 2013 were determined based on, among other things, the historical transaction amounts, anticipated increase in sales of the Group and the current production capacities of the Group's PRC manufacturing facility.

Amount of purchase from Tongfang in 2009 decreased as compared to 2008 because the Group was at a development stage in 2008 and acquired more raw materials in 2008 in anticipation of securing large projects for sufficient supply. Purchase from Tongfang in 2010 was utilized at the normal rate and accounted for approximately 3% of the Group's costs of good sold. Given that the Group has independent access to suppliers for raw materials supplied by Tongfang and the Group intends to procure its future raw material requirement from other independent suppliers to increase its operational independence, it is expected that purchase from Tongfang as a percentage of the Group's costs of good sold will remain the same through 2011 to 2013.

As at 30 April 2011, the amount of purchase orders placed by the Group with Tongfang and its subsidiaries amounted to approximately RMB1.7 million, representing approximately 13.1% of the annual cap for 2011. The Directors expect that the amount of purchase orders placed by the Group will gradually increase in the later part of the year based on their experience in the past.

The Directors, including the independent non-executive Directors, consider that the Purchase Agreement was entered into on normal commercial terms, in the ordinary and usual course of business, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

APPLICATION FOR WAIVER FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Directors (including the independent non-executive Directors) consider that the Non-exempt Continuing Connected Transactions have been and shall be entered into in the ordinary course of business of the Group and have been based on arm's length negotiation and on normal commercial terms, that are fair and reasonable so far as the Shareholders are concerned. The Directors also confirm that the proposed annual caps set out above are fair and reasonable.

Each of the applicable percentage ratios of the continuing connected transactions under categories 5 to 6 above, calculated with reference to Rule 14.07 of the Listing Rules is, on an annual basis, expected to be less than 5%. As such, pursuant to Rule 14A.34 of the Listing Rules, such transactions are exempt from the independent shareholders' approval requirements but are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47A of the Listing Rules, the annual review requirements set out in Rules 14A.37 to 14A.40 of the Listing Rules and the requirements set out in Rules 14A.35(1) and 14A.35(2) of the Listing Rules.

Each of the applicable percentage ratios of the continuing connected transactions under categories 7 to 8 above is on an annual basis, expected to be more than 5% and as the annual consideration for each of the continuing connected transaction under categories 7 to 8 above is more than HK$10,000,000, such transactions are subject to the reporting, announcement and independent shareholders' approval requirements set out in Rules 14A.45 to 14A.54 of the Listing Rules.

As the Non-exempt Continuing Connected Transactions will continue after the Listing on a recurring basis, the Directors consider that strict compliance with the announcement and/or independent shareholders' approval requirements under the Listing Rules would be unduly burdensome and impractical.

Accordingly, the Company has applied for, and has received from, the Stock Exchange a waiver from strict compliance with the announcement and/or independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules for the Non-exempt Continuing Connected Transactions. In addition, the Group will comply with all applicable rules as prescribed under Chapter 14A of the Listing Rules unless they are specifically exempted.

CONFIRMATION FROM THE SPONSOR

The Sponsor is of the view that the transactions under categories 5 to 8 above have been and shall be entered into in the ordinary and usual course of business of the Group and have been based on arm's length negotiation and on normal commercial terms, that are fair and reasonable so far as the Shareholders are concerned. In addition, the Sponsor, after (i) reviewing the continuing connected transactions during the Track Record Period; and (ii) discussing with the Directors in relation to the commercial reasoning and pricing policy of the transactions, concur with the view of the Directors that the continuing connected transactions described above were conducted in the ordinary and usual course of business of the Group and on normal commercial terms and that such transactions and the annual caps sought are fair and reasonable and in the interests the Company and the Shareholders as a whole.

DIRECTORS

The Board is responsible and has general powers for the management and conduct of business of the Group. The following table sets forth information regarding members of the Board:

Name	Age	Position, role and responsibilities	Date of appointment
Mr. Zhao Xiaobo (趙曉波)	42	Executive Director and chief executive officer, overall strategic planning and general management of the Group	Directorship: 26 May 2005 Chief executive officer: 8 September 2011
Mr. Seah Han Leong (謝漢良)	48	Executive Director and chief operating officer, day-to-day operations and general management of the Group	Directorship: 25 May 2005 Chief operating officer: 8 September 2011
Mr. Lu Zhicheng (陸致成)	63	Chairman and Non-executive Director	Directorship: 19 December 2005 Chairman: 21 December 2005
Dr. Li Jisheng (李吉生)	46	Non-executive Director	19 December 2005
Mr. Liu Tianmin (劉天民)	50	Non-executive Director	8 September 2011
Mr. Ng Koon Siong (黃坤商)	47	Non-executive Director	1 January 2011
Ms. Shi Shanshan (施珊珊)	30	Non-executive Director	5 March 2010
Mr. Fan Ren Da Anthony (范仁達)	51	Independent non-executive Director and chairman of the audit committee of the Company	8 September 2011
Mr. Chia Yew Boon (謝有文)	53	Independent non-executive Director	8 September 2011
Ms. Chen Hua (陳華)	45	Independent non-executive Director	8 September 2011

Executive Directors

Mr. Zhao Xiaobo (趙曉波), aged 42, is an executive Director and chief executive officer of the Company, responsible for overall strategic planning and general management of the Group. He joined the Group in May 2005 and was appointed a Director on 26 May 2005 and was re-designated as an executive Director on 12 April 2011. Apart from being the general manager of Technovator Beijing, Mr. Zhao is also an assistant to the president of Tongfang and a general manager of "Digital City" Division of Tongfang. Mr. Zhao received his Bachelor's degree in Thermal Engineering from Tsinghua University in 1993 and Executive Master of Business Administration from Tsinghua University in 2005. Mr. Zhao was qualified as professor and researcher level senior engineer (教授研究員級高級工程師) by the Human Resource and Social Security Department of Liaoning Province* (遼寧省人力資源和社會保障廳) in 2009 and was appointed as the vice-chairman of Intelligent Building Branch of China Construction Industry Association* (中國建築業協會智能建築分會) in April 2010.

Mr. Zhao joined the Beijing Tsinghua Artificial Environmental Engineering Co. (清華人工環境工程公司) in 1993 and worked in various departments related to environmental protection, responsible for research and development, business strategies, and planning. He had participated in many "intelligent building" projects, such as projects with the Beijing Hotel in the PRC and the Tehran Metro in Tehran, Iran. Mr. Zhao and such projects that he was involved in received various awards including the building low-carbon technology innovation award issued by Ministry of Science and Technology of the PRC (中華人民共和國科學技術部).

Mr. Seah Han Leong (謝漢良), aged 48, is a founder, an executive Director and chief operating officer of the Company, is responsible for the day-to-day operations and general management of the Group. He was appointed a Director on 25 May 2005 and was re-designated as an executive Director on 12 April 2011. Mr. Seah received a certificate for attending the INSEAD-T.A.C. Management Development Program from INSEAD Fontainbleau, France in 2003 and Technician Diploma in Electronics and Communication Engineering from Singapore Polytechnic in 1984.

Prior to founding the Company, Mr. Seah joined Honeywell Southeast Asia in 1990 and worked in various sales management positions covering different countries. In 1994, he was transferred to Honeywell China Inc. and his last position with Honeywell was the sales manager covering the Greater China market. He was also the managing director of TAC Controls Asia Pte Ltd from 1998 to 2005. Mr. Seah was recognized as the key personnel of the Asia Pacific management team of TAC Controls Asia Pte Ltd. He received various awards including Winners Club Award by Honeywell Asia Pacific Inc. and President's Club Award by Honeywell Inc.

Non-executive Directors

Mr. Lu Zhicheng (陸致成), aged 63, is the chairman of the Company and a non-executive Director and is responsible for the strategic planning, management, investment, and governmental relation of the Group. He joined the Group in December 2005 and was appointed a Director on 19 December 2005 and was re-designated as a non-executive Director on 12 April 2011. Mr. Lu received a Bachelor's and a Master's degree in Thermal Engineering from Tsinghua University in 1977 and 1983 respectively. He started his professional career with Tsinghua University in scientific research relating to computer-controlled artificial environment.

Mr. Lu was the general manager of Beijing Tsinghua Artificial Environmental Engineering Co. which was established in 1989. In 1997, this company was restructured with some other companies held by Tsinghua University and formed Tongfang. Tongfang has been listed on the Shanghai Stock Exchange since 27 June 1997. Mr. Lu is currently the vice-chairman of the board of directors of Tongfang and the president of Tongfang in charge of the high-level management functions including strategic planning, financing, investment and coordination with the government authorities.

Mr. Lu also serves as the chairman of Tellhow Sci-Tech Co. Ltd, a company whose shares have been listed and traded on the Shanghai Stock Exchange since 1996, and a non-executive director of CIAM Group Limited, a company whose shares have been listed and traded on the Main Board of the Stock Exchange since 15 July 2009.

Dr. Li Jisheng (李吉生), aged 46, is a non-executive Director. He joined the Group in December 2005 and was appointed a Director of the Company on 19 December 2005 and was re-designated as a non-executive Director on 12 April 2011. He is also a vice president of Tongfang since September 2002. Dr. Li received his Bachelor's degree from Tsinghua University in 1988, a Master's degree in Thermal Engineering from Tsinghua University in 1990, and a Doctor of Philosophy degree in Thermal Engineering from Tsinghua University in 1994. He became an assistant professor in Tsinghua University in 1996.

Dr. Li joined Tongfang in 1997. In 2001, he was appointed as the assistant to the president of Tongfang. In September 2002, Dr. Li took the position of vice president and general manager of Tongfang, and was responsible for the establishment of integrated marketing system and distribution channel system for Tongfang. Dr. Li is currently the chief engineer of Tongfang since June 2010.

Mr. Liu Tianmin (劉天民), aged 50, was appointed as a non-executive Director on 8 September 2011. Mr. Liu had over eight years of experience in strategic investments and portfolio management. In March 2003, he was appointed as the vice president and general manager of "Digital TV System" Division, one of the divisions of Tongfang. Such division stresses on enhancing technological products and services on digital television network and Mr. Liu was responsible for strategic investment and management of extensive portfolio of companies with business covering information technology, new media, internet, broadcasting services, telecommunication and information technologies equipment such as Beijing Tongfang Ehero Co., Ltd (北京同方易豪科技有限公司), Beijing Tsinghua Tongfang Innovative Investment Co., Ltd. (北京同方創新投資有限公司), Know China International Holdings Limited (知網國際控股有限公司), Beijing Tongfang Legend Silicon Tech. Co., Ltd (北京同方淩訊科技有限公司) and Beijing Tongfang Gigamega Tech Co., Ltd (北京同方吉兆科技有限公司).

Mr. Liu left Tongfang in 2009 and subsequently joined SB China Venture Capital (軟銀中國創業投資有限公司) as Managing Partner in November 2009. Established in 2000, SB China Venture Capital is a one of the top 10 venture capital firms in China as ranked by CNBWeekly in 2009. Mr. Liu's previous experience in investing in technological fields has allowed him to manage SBCVC's related funds.

Mr. Ng Koon Siong (黃坤商), aged 47, was appointed as a Director on 1 January 2011 and was re-designated as a non-executive Director on 12 April 2011. Mr. Ng was also a Director from 1 February 2008 to 4 March 2010 appointed by Zana as its representative on the Board and was replaced by Mr. Chan Hock Eng from 5 March 2010 to 31 December 2010 in accordance with the internal policy of Zana. Mr. Ng received his Bachelor of accountancy degree from the National University of Singapore in June 1989.

Mr. Ng over 10 years of experience in Asian private equity and venture capital, corporate banking and finance. Prior to joining the Group, he was the senior vice president at GIC Special Investments Pte Ltd and investment manager at Seavi Venture Services Pte. Ltd.

Ms. Shi Shanshan (施珊珊), aged 30, was appointed as a Director on 5 March 2010 and was re-designated as a non-executive Director on 12 April 2011. Ms. Shi Shanshan is a Director appointed by CTC Capital as its representative on the Board and replaced Mr. David Chow Dah-Jen on 5 March 2010. Ms. Shi received her Bachelor of Life Science degree in Biology, major in Biotechnology from Xiamen University in 2003 and a Master of Science degree in Management from Loughborough University in 2006.

Ms. Shi had around four years of experience in investment. Ms. Shi has been an investment manager of CTC Capital since 2009. Prior to joining the Group, Ms. Shi was an associate at the investment department of Tongfang from 2007 to 2009.

Independent non-executive Directors

Mr. Fan Ren Da Anthony (范仁達), aged 51, was appointed as an independent non-executive Director on 8 September 2011. He received his Master of Business Administration degree from the University of Dallas in 1986.

Mr. Fan has previously held senior positions with various international financial institutions and has gained extensive experience in reviewing and analyzing financial statements of public and private companies. He serves/has served as a director and held managerial positions in the following companies:

Period	Name of company	Position
December 1994 - present	Raymond Industrial Limited, listed on the Stock Exchange	Independent non-executive director and member of the audit committee
August 2000 - present	CITIC Resources Holdings Limited, listed on the Stock Exchange	Independent non-executive director and chairman of the audit committee
August 2007 - present	Shenzhen World Union Properties Consultancy Co., Ltd., listed on Shenzhen Stock Exchange	Independent non-executive director
August 2007 - present	Uni-President China Holdings Ltd., listed on the Stock Exchange	Independent non-executive director and chairman of the audit committee
July 2008 - June 2011	Chinney Alliance Group Limited, listed on the Stock Exchange	Independent non-executive director and member of the audit committee
August 2008 - present	Renhe Commercial Holdings Company Limited, listed on the Stock Exchange	Independent non-executive director and chairman of the audit committee
September 2008 - present	Hong Kong Resources Holdings Company Limited, listed on the Stock Exchange	Independent non-executive director and a member of the audit committee
July 2010 - present	Shanghai Industrial Urban Development Group Limited, listed on the Stock Exchange	Independent non-executive director and a member of the audit committee
May 2011 - present	AsiaLink Capital Limited	Chairman
August 2011 - present	Tenfu (Cayman) Holdings Company Limited, listed on the Stock Exchange	Independent non-executive director, member of the audit committee

In view of the past and current working experiences of Mr. Fan Ren-Da, Anthony, the Sponsor is of the view that Mr. Fan possesses the appropriate expertise as required under Rule 3.10(2) of the Listing Rules to be an independent non-executive Director and the chairman of the audit committee of the Company.

Mr. Chia Yew Boon (謝有文), aged 53, was appointed as an independent non-executive Director on 8 September 2011. He received his Diploma of Engineer from Université Louis-Pasteur Strasbourg-I, France in July 1983.

Before entering the financial sector, Mr. Chia worked for the Economic Development Board of the Singapore government in various capacities from 1985 to 1990. He then spent six years in equity research and corporate finance with regional investment banks from 1990 to 1996. From 1999 to 2005, Mr. Chia served as the senior vice president at GIC Special Investments Pte Ltd, a subsidiary of the Government of Singapore Investment Corporation. From 2005 to 2007, he was the chief executive officer of EasyCall International Ltd, a company which was previously listed on the ASX Limited (Australian Securities Exchange) and Singapore Stock Exchange Limited, and a director of strategic planning at Boustead Singapore Limited, an engineering and information technology services company whose shares are listed and traded on the Singapore Stock Exchange Limited. Since April 2007, he has been an independent private equity and venture capital consultant.

Ms. Chen Hua (陳華), aged 45, was appointed as an independent non-executive Director on 8 September 2011. Ms. Chen received a Bachelor's degree in science from New York University in 1988, and a Master's degree in Science with major in taxation from Fordham University in 1992. She has been a managing partner of SB China Venture Capital (軟銀中國創業投資有限公司) since 2010 and is currently the chief financial officer of SB China Venture Capital. Ms. Chen was a director in the asset management division of Credit Suisse from 25 September 2000 to 31 December 2009.

SENIOR MANAGEMENT

Mr. Zhao Xiaobo (趙曉波), please refer to the sub-section headed "Executive Directors" in this section for details.

Mr. Seah Han Leong (謝漢良), please refer to the sub-section headed "Executive Directors" in this section for details.

Mr. Leung Lok Wai (梁樂偉), aged 35, is the chief financial officer of the Group and a joint company secretary of the Company. He joined the Group in June 2010. Mr. Leung received his Bachelor's degree in accountancy from the Hong Kong Polytechnic University in December 1999. He is a member of Hong Kong Society of Accountants and a member of the Institute of Internal Auditors. Before joining the Group, Mr. Leung had over 10 years of experience in accounting, auditing and due diligence, including transaction services in PricewaterhouseCoopers, group internal audit in Swire Group and audit assurance services in KPMG.

Mr. Étienne Veilleux, aged 41, is the founder of Distech Controls and served as the president and chief executive officer of Distech Controls since 1995. Mr. Veilleux is also the senior vice president of the Group's international sales. He attended the University of Western Ontario's Richard Ivey School of Business, Canadian Quantum Shift program in 2009 and he became a Fellow of Quantum Shift. From May 2008 to September 2009, Étienne served at the board of directors of LONMARK International and was a sponsor of the same since 2005. He is a member of the Young Presidents' Organization and the Entrepreneur Organization in Montreal. Mr. Veilleux had over 16 years of experience in building automation, energy savings and new product development.

JOINT COMPANY SECRETARIES

The Companies Act (Cap. 50) of Singapore requires all companies incorporated in Singapore to appoint a company secretary who must be a resident residing in Singapore. Accordingly, two joint company secretaries of the Company, Mr. Luk Chiew Peng and Mr. Koh Kok Ong, are residents residing in Singapore, but they do not possess the qualifications or experience required under Rule 8.17(2) of the Listing Rules. As such, the Company has appointed Mr. Leung Lok Wai as a joint company secretary of the Company, who meets all requirements under Rule 8.17 of the Listing Rules to assist Mr. Luk Chiew Peng and Mr. Koh Kok Ong so as to enable them to acquire the relevant experience in order to discharge the duties of a company secretary under Rule 8.17(3) of the Listing Rules.

Mr. Luk Chiew Peng, aged 42, was appointed as a joint company secretary of the Company on 19 October 2005. He is a member of The Association of Chartered Certified Accountants, United Kingdom and Institute of Certified Public Accountants Singapore. Mr. Luk is currently serving as a director of G21 Consultants Pte. Ltd.

Mr. Koh Kok Ong, aged 40, was appointed as a joint company secretary of the Company on 25 May 2005. He received his Bachelor of accountancy degree from Nanyang Technological University in 1995. He is a member of Institute of Certified Public Accountants Singapore. Mr. Koh is currently serving as a director of G21 Consultants Pte. Ltd.

Mr. Leung Lok Wai (梁樂偉), please refer to the sub-section headed "Senior management" in this section for details.

PRE-IPO SHARE OPTION SCHEMES

The Group has adopted the following Pre-IPO Share Option Schemes to enable its employees to build up a stake in the Group:

(i) Technovator Employee Share Option Scheme 2009; and

(ii) Distech Controls Stock Option Plan.

The principal terms of the Technovator Employee Share Option Scheme 2009 were approved by resolutions of the Shareholders passed at an extraordinary general meeting of the Company on 11 August 2009 at an original exercise price per Share of US$3.57.

The terms of the Technovator Employee Share Option Scheme 2009 require that, if a variation in issued ordinary share capital of the Company (by way of a capitalization of profits or reserves or right issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, then the exercise price of Shares and/ or the number of Shares comprised in an option to the extent unexercised shall be adjusted in such manner as the committee.

The Company therefore adjusted the exercise price from US$3.57 to HK$0.69523 and granted an additional amount of options to subscribe for an aggregate of 35,412,000 Shares on 15 August 2011.

Pursuant to the Technovator Share Option Scheme 2009 and the relevant offer letters in respect of the grant of options, the adjusted exercise price per Share shall be HK$0.69523 (as amended on 15 August 2011), representing a 36.8% discount to the mid-point of the Offer Price range. These options may be exercised in accordance with the terms of the Technovator Employee Share Option Scheme 2009 during the period commencing after the date of grant and expiring on the third anniversary of such date of grant, subject to termination under the Technovator Employee Share Option Scheme 2009. The vesting period to exercise one-third of the total options granted under the Technovator Employee Share Option Scheme 2009 will be 18 months and the rest of the two-third will be 24 months after the grant.

The principal terms of the Distech Controls Stock Option Plan were approved by resolutions of board of directors of Distech Controls on 28 May 2008.

Pursuant to the Distech Controls Stock Option Plan and the relevant offer letters in respect of options already granted, the exercise price per Distech Controls Class B Common Share is CAD$0.60. Unless otherwise decided at the time of the grant, during the period between one year from the date of grant and the termination date of the Distech Controls Stock Option Plan, 25% of the options granted under the Distech Controls Stock Option Plan may be exercised; and the one thirty-sixth of the remainder of the options granted will become exercisable each month thereafter until the termination date of the Distech Controls Stock Option Plan.

Please refer to the section headed "Pre-IPO Share Option Schemes" in Appendix VI to this prospectus for further details of the Pre-IPO Share Option Schemes.

COMPETING INTERESTS

Each of the Directors has confirmed that he/she is not interested in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

BOARD COMMITTEES

Audit committee

The Company established an audit committee pursuant to a resolution of the Directors passed on 8 September 2011 in compliance with Rule 3.21 and Rule 3.23 of the Listing Rules. Written terms of reference in compliance with paragraph C3.3 of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules have been adopted. The primary duties of the audit committee are mainly to make recommendation to the Board on the appointment and removal of external auditor; review the financial statements and material advice in respect of financial reporting; and oversee internal control procedures of the Company. At present, the audit committee of the Company consists of three members, namely, Mr. Fan Ren Da Anthony, Mr. Chia Yew Boon and Ms. Chen Hua. Mr. Fan Ren Da Anthony is the chairman of the audit committee.

Nomination committee

The Company established a nomination committee pursuant to a resolution of the Directors passed on 8 September 2011. Written terms of reference in compliance with paragraph A4.4 of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules have been adopted. The primary function of the nomination committee is to make recommendations to the Board regarding candidates to fill vacancies on the Board. At present, the nomination committee of the Company consists of three members, namely, Mr. Seah Han Leong, Mr. Fan Ren Da Anthony, and Mr. Chia Yew Boon. Mr. Seah Han Leong is the chairman of the nomination committee.

Remuneration committee

The Company established a remuneration committee pursuant to a resolution of the Directors passed on 8 September 2011. Written terms of reference in compliance with paragraph B1.1 of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules have been adopted. The primary duties of the remuneration committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group; review performance based remuneration; and ensure none of the Directors determine their own remuneration. At present, the remuneration committee of the Company consists of three members, namely, Mr. Ng Koon Siong, Mr. Chia Yew Boon and Mr. Fan Ren Da Anthony. Mr. Ng Koon Siong is the chairman of the remuneration committee.

REMUNERATION POLICY AND RELATIONSHIP WITH STAFF

The Directors and senior management of the Company receive compensation in the form of salaries, benefits in kind and discretionary bonuses in relation to the performance of the Group. The Company also reimburses them for expenses which are necessarily and reasonably incurred for the provision of services to the Group or executing their functions in relation to the operations of the Group. The Company regularly reviews and determines the remuneration and compensation package of the Directors and senior management, by reference to, among others, market level of salaries paid by comparable companies, the respective responsibilities of the Directors, and the performance of the Group. For the three years ended 31 December 2010 and the four months ended 30 April 2011, the aggregate of remuneration paid and benefits in kind granted to the Directors and senior management amounted to approximately US$0.3 million, US$0.6 million, US$1.0 million and US$0.4 million respectively.

In addition, the Group continues to provide training to its employees to enhance their skills and knowledge. The Group's training programs are designed and conducted by a selected group of employees from various departments who are either managers or senior engineers with many years of related professional experience.

The Group has not experienced any significant problems with its employees or disruption to the Group's operations due to labor disputes, nor has experienced any difficulties in the recruitment and retention of experienced staff. The Directors believe that the Group has a good working relationship with its employees.

MANAGEMENT PRESENCE IN HONG KONG

Rule 8.12 of the Listing Rules requires that a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong.

The Group carries on a significant part of its business operations in Singapore, the PRC, North America and Europe and all of its production/assembly (as the case may be) facilities are located in the PRC, Canada and France. The Company's head office is located in Singapore and its Directors and senior management members are, and will continue to be based in Singapore, the PRC, North America or Europe. The Group does not carry on any business nor does it have any other form of presence in Hong Kong. Mr. Leung Lok Wai, a joint company secretary of the Company, is the holder of a Hong Kong permanent identity card and will be ordinarily resident in Hong Kong upon the proposed Listing, but none of the executive Directors are Hong Kong residents or are based in Hong Kong. The Company applied to the Stock Exchange for a waiver from the strict compliance with the requirement under Rule 8.12. For details of the waiver, please refer to the section headed "Waivers from strict compliance with the Listing Rules — Management presence" in this prospectus.

COMPLIANCE ADVISOR

In accordance with Rule 3A.19 of the Listing Rules, the Company has appointed Guotai Junan Capital Limited to be the compliance advisor, who will have access to the Company's authorized representatives, Directors and other officers at all times. The compliance advisor will advise the Company on on-going compliance requirements and other issues in accordance with Rule 3A.23 of the Listing Rules. The material terms of the compliance advisor's agreement entered into between the Company and the compliance advisor are as follows:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(iii) where proposal to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where the business activities, developments or results of the reorganised Group deviate from any forecast, estimate, or other information in this prospectus; and

(iv) where the Stock Exchange makes an inquiry of the Company of unusual movements in price or trading volume of its listed securities or any other matters, in accordance with Rule 13.10 of the Listing Rules.

It is expected that the appointment will commence on the Listing Date and will end on the day on which the Company sends its financial results as required under Rule 13.46 of the Listing Rules for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

SUBSTANTIAL SHAREHOLDERS

The Directors confirm that, immediately following the completion of the Share Offer but without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or the exercise of options granted under Technovator Employee Share Option Scheme 2009, the following persons/entities will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	Capacity/Nature of interest	Number of Shares	Approximate percentage of the total number of Shares issued
Tongfang	Beneficial owner	92,000,000	18.96%
	Interest in a controlled corporation(1)	80,000,000	16.49%
Resuccess	Beneficial owner	80,000,000	16.49%
Dragon Point Limited	Beneficial owner	108,436,320	22.35%
Zana China Fund L.P.	Interest in a controlled corporation(2)	108,436,320	22.35%
Mr. Seah Han Leong	Interest in a controlled corporation(3)	36,000,000	7.42%
	Interest in a controlled corporation(4)	8,000,000	1.65%
	Beneficial owner	4,000,000	0.83%
	Beneficial owner	12,120,000(5)	2.32%(6)

Notes:

(1) Tongfang is the sole shareholder of Resuccess and hence is deemed to be interested in all the Shares held by Resuccess.

(2) Zana China Fund L.P. is the sole shareholder of Dragon Point Limited and hence is deemed to be interested in all the Shares held by Dragon Point Limited.

(3) Mr. Seah Han Leong owns 50% of the issued share capital of Diamond Standard Ltd and hence is deemed to be interested in all the Shares held by Diamond Standard Ltd.

(4) Mr. Seah Han Leong is the sole shareholder of M2M Holdings Ltd and hence is deemed to be interested in all the Shares held by M2M Holdings Ltd.

(5) Shares subject to options under the Technovator Employee Share Option Scheme 2009.

(6) 2.32% is calculated based on the number of issued Shares after taking into account Shares which may be allotted and issued to all grantees upon their full exercise of the options under the Technovator Employee Share Option Scheme 2009.

Save as disclosed herein, the Directors are not aware of any person who will, immediately following the Share Offer, have an interest or short position in Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

SHARE CAPITAL

All of the issued Shares comprise fully paid ordinary shares. Pursuant to the Singapore Companies (Amendments) Act 2005, companies incorporated in Singapore no longer have an authorized share capital and there is no concept of par value in respect of issued Shares.

Assuming the Over-allotment Option is not exercised, the total number of Shares immediately following the Share Offer will be as follows:

Issued and to be issued, fully paid, or credited as fully paid upon completion of the Share Offer:		Approximate percentage of the total number of Shares issued
363,200,000	Shares in issue (immediately prior to completion of the Share Offer)	74.86%
122,000,000	Shares to be issued under the Share Offer	25.14%
485,200,000	Total	100.00%

Assuming the Over-allotment Option is exercised in full, the total number of Shares immediately following the Share Offer will be as follows:

Issued and to be issued, fully paid or credited as fully paid upon completion of the Share Offer:		Approximate percentage of the total number of Shares issued
363,200,000	Shares in issue (immediately prior to completion of the Share Offer)	72.14%
140,300,000	Shares to be issued under the Share Offer and the Over-allotment Option	27.86%
503,500,000	Total	100.00%

Note: The Shares referred to in the above tables have been or will be fully paid or credited as fully paid when issued.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08(1)(a) of the Listing Rules, at the time of the Listing and at all times thereafter, the Company must maintain the "minimum prescribed percentage" of 25% of the total issued Shares in the hands of the public (as defined in the Listing Rules).

RANKING

The Offer Shares are ordinary shares in the share capital of the Company and will rank equally in all respects with all Shares in issue or to be issued as set out in the above table, and will qualify and rank equally for all dividends or other distributions declared, made, or paid after the date of this prospectus.

TECHNOVATOR EMPLOYEE SHARE OPTION SCHEME 2009

The Company has adopted the Technovator Employee Share Option Scheme 2009. The principal terms of the Technovator Employee Share Option Scheme 2009 are summarized in the paragraph headed "Pre-IPO Share Option Schemes" in Appendix VI to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

The Directors have been granted a general unconditional mandate to allot, issue, and deal with the Shares not more than the sum of:

(i) 20% of the total number of issued Shares immediately following completion of the Share Offer but before any exercise of the Over-allotment Option; and

(ii) the aggregate number of Shares repurchased by the Company (if any) under the general mandate to repurchase Shares referred to below.

This mandate will expire at the earliest of:

(i) the conclusion of the next annual general meeting of the Company; or

(ii) the expiration of the period within which the Company is required by any applicable law or the Articles of Association to hold the next annual general meeting of the Company; or

(iii) the time when such mandate is varied or revoked by an ordinary resolution of the Shareholders in a general meeting.

For further details of this general mandate, please refer to the paragraph headed "Resolutions of the Shareholders passed at the Company's general meeting on 8 September 2011" in Appendix VI to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

The Directors have been granted a general unconditional mandate to exercise all the powers of the Company to repurchase such number of Shares not exceeding in aggregate 10% of the total number of Shares in issue or to be issued immediately following completion of the Share Offer but before any exercise of the Over-allotment Option.

This mandate only relates to repurchases made on the Stock Exchange, or any other approved stock exchange(s) on which the Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and/ or requirements of the Listing Rules. A summary of the relevant Listing Rules is set out under the paragraph headed "Repurchase by the Company of its own securities" in Appendix VI to this prospectus.

This mandate will expire at the earliest of:

(i) the conclusion of the Company's next annual general meeting; or

(ii) the expiration of the period within which the Company is required by any applicable law or the Articles of Association to hold the next annual general meeting of the Company; or

(iii) time when such mandate is varied or revoked by an ordinary resolution of the Shareholders in a general meeting.

For further details of this repurchase mandate, see the paragraph headed "Resolutions of the Shareholders passed at the Company's general meeting on 8 September 2011" in Appendix VI to this prospectus.

The following discussion and analysis should be read in conjunction with the consolidated financial statements as of and for, the three years ended 31 December 2010 and the four months ended 30 April 2011, in each case with the related notes thereto, included in the Accountants' Report set out in Appendix I to this prospectus. The consolidated financial statements of the Company have been prepared in accordance with HKFRSs, which differ in certain significant respects from generally accepted accounting principles in certain other countries. For further information, see "Appendix I — Accountants' Report". Any discrepancies in any table or elsewhere in this prospectus between totals and sums of amounts listed herein are due to rounding.

This discussion and analysis contains forward-looking statements that involve risks and uncertainties. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this prospectus, particularly in "Risk Factors".

OVERVIEW

The Group is one of the leading providers of building energy management and solution services in the PRC, according to Frost & Sullivan, with operations in Asia, North America and Europe and a global sales network. The Group is primarily engaged in the design, manufacturing and distribution of integrated building automation and energy management systems. In addition, the Group provides products and solutions for control security and fire alarm systems.

During the Track Record Period, the Group operated in the following business segments: (i) integrated building automation systems, (ii) energy management systems, (iii) control security systems, and (iv) fire alarm systems. Integrated building automation systems generated majority of the Group's revenue during the Track Record Period, and management expects to continue to derive a substantial majority of its revenue from integrated building automation systems in 2011 and 2012. The Group primarily sells its products in the PRC, North America and Europe which represented 61.8%, 22.5% and 13.2% of the Group's revenue for the year ended 31 December 2010 and 51.0%, 26.9% and 16.3% of the Group's revenue for the four months ended 30 April 2011.

The Group generated approximately US$20.8 million, US$36.4 million, US$60.0 million and US$19.7 million of revenue from its integrated building automation systems business for the three years ended 31 December 2010 and the four months ended 30 April 2011, representing approximately 67.9%, 75.5%, 81.0% and 82.3% of revenue for those periods respectively. Through the acquisition of Distech Controls in 2008, the energy management business became a core focus of the Group and generated approximately US$1.8 million, US$3.8 million, US$5.6 million and US$2.0 million of revenue from that business for the three years ended 31 December 2010 and the four months ended 30 April 2011, representing 5.8%, 7.8%, 7.6% and 8.3% of revenue for those periods respectively. The Group's control security systems business remained stable and generated approximately US$7.8 million, US$7.9 million and US$7.9 million of revenue for the three years ended 31 December 2010, representing 25.4%, 16.3% and 10.7% of revenue for those periods respectively. For the four months ended 30 April 2010 and 2011, revenue from the Group's control security system amounted to approximately US$1.3 million and US$2.2 million, representing approximately 8.3% and 9.1% of the Group's revenue for those periods respectively. Fire alarm systems remain a small business segment of the Group and generated US$0.3 million, US$0.2 million and US$0.5 million of revenue for the three years ended 31 December 2010, representing 0.9%, 0.4% and 0.7% of revenue for those periods respectively. For the four months ended 30 April 2010 and 2011, revenue from the Group's fire alarm systems amounted to approximately US$0.1 million and US$0.1 million, representing approximately 0.7% and 0.3% of the Group's revenue for those periods respectively.

FACTORS AFFECTING THE RESULTS OF OPERATIONS AND FINANCIAL CONDITION OF THE GROUP

The Directors consider the following factors affect the Group's results of operations and financial condition and the comparability of its results of operations between periods:

Implementation of green energy saving projects

As environmental consciousness grows, demand for environmentally-friendly "intelligent buildings" will follow. Rising standards of quality, energy conservation, comfort, and management convenience for buildings are a key market growth driver for green energy saving projects using energy management systems globally. The energy management systems industry has grown at a three-year CAGR since 2007 of 20.9% (2009: US$548.4 million), 14.2% (2009: US$5,733.0 million), -8.4% (2009:US$4,914.0 million), and 7.6% (2009: US$1,413.3 million) in the PRC, North America, Europe and Asia respectively. In comparison, the revenue of the Group has grown at a comparatively faster CAGR during the Track Record Period. As one of the leading providers of building energy management solutions and services in the PRC with a sizeable market share according to Frost & Sullivan, the Directors consider the Group to be in a competitive position to take advantage of the continued growth globally with ample room to grow.

Successful mergers and acquisitions

The Group's revenue has increased with each acquisition made during the Track Record Period, and results of operations have been significantly affected by the acquisitions of Distech Controls in 2008, and Acelia and Comtec in 2010, which accounted for 36.8% and 10.9% of its revenue for the period ending in each respective year of acquisition. The Directors believe the Group's future revenue growth will depend on its ability to continue to acquire profitable companies which would allow the Group to broaden its product offerings and enable the Group to acquire new technological expertise that are complementary to its business, which in turn, is expected to further increase its results of operations going forward.

Market dynamics

The Group began its operations in the PRC in 2007 and although many of its international competitors in the PRC have longer operating histories, the Group remains competitive as one of the leading providers in the building energy management and solution services industry in the PRC. Given the fragmentation of the industry in which the Group operates, the Group has continuously increased its market share through strategic acquisitions of complementary building energy management products and solutions companies in North America and Europe. Expanding on a geographical base and adding to its strong product portfolio will determine the Group's market positioning in the global building energy management industry, which in turn will have a material effect on its business, results of operations and prospects.

Regulatory environment

The Directors believe the overall demand for building energy management systems will be significantly affected by the increase in environmental awareness and heightening of environmental protection issues by government authorities worldwide. Governments in the PRC and in many countries increasingly instill requirements on building owners for energy efficient buildings, such as green certifications for buildings in which energy use is optimized. The PRC, North America and Europe have been the Group's largest markets during the Track Record Period and, for the near future, the Directors plan to continue to focus its main sales and marketing efforts in these regions. For instance, should governments provide subsidies and economic incentives to encourage the use of building energy management systems to promote efficient, safe, effective and comfortable green environments in buildings, demand for the building energy management products, including the Group's products, may grow rapidly.

New and growth opportunities for innovation

The maturity of the building energy management market varies by geographical regions and is considerably younger in the PRC than in North America and Europe. As a result, the PRC offers significant growth opportunities and presents an underserved market for the Group as one of the leading providers in the building energy management and solution services in the PRC. Accordingly, the Group's new product development is driven by both its strategy to deepen and broaden its product portfolio and the need for its products to innovate the latest technical developments in the market.

The Group commenced operations in 2007 as a manufacturer of control security and fire alarm systems in the PRC. In 2008, the Group acquired a majority position in Distech Controls which further expanded its production to new opportunities in integrated building automation systems, and in 2010, further increased its production to include energy management systems in North America and Europe as well.

The Directors intend to continue devoting significant resources to promote the organic growth of the Group through the research and development of new products for integrated building automation and energy management systems.

The Group's success in developing and selling its new products is dependent on its ability to:

- develop and launch new products in the developing markets such as the PRC, Southeast Asia, India and the Middle East that lead the industry in terms of quality standards, energy efficiency, price, technological superiority and other factors deemed important by building owners and government environmental regulatory authorities; and

- effectively expand its sales and marketing activities and its distribution network to gain market share for its new products.

New business segments entered into in the future by the Group may require allocation of significant capital expenditure and may, contrary to historical precedence, ultimately prove unsuccessful due to lack of experience and other reasons which in turn will adversely affect the Group's operating results.

Production capacity and efficiency

The Group has expanded its manufacturing capacity to accommodate the growing demand for its products in the PRC, North America and Europe. This increasing capacity allows the Group to post higher revenues as it produces and sells more building energy management products, and increases its economies of scale. The Group's component products are primarily manufactured in the PRC and assembled in North America and Europe. The profitability of the Group depends on its ability to increase efficiency through transfer production between its the PRC manufacturing facilities and North America and Europe assembly facilities.

From time to time, the Group's export activities may be conducted by certain independent agent(s) which facilitate the Group's sales into certain jurisdictions where the Group does not have relevant export license(s). In recognition of the globally integrated operations of the Group, the Company has obtained the relevant export licenses so as to eliminate the need to conduct the internal raw material supplies transactions through independent agents. Going forward, the Directors believe the cost savings obtained without the need for independent agent(s) will further improve the Group's cost-efficient operating structure.

The overall future growth of the Group depends on its ability to continue to expand its production capacity and to enhance production efficiency through its operations worldwide.

Procurement arrangement

Historically, costs of raw materials and components procured from suppliers represented a dominant component of the Group's cost of sales. During the Track Record Period, the Group in general did not enter into any long-term purchase agreements with its major suppliers and the price of raw materials were determined on a purchase order basis. The price of a particular product for a customer, which is subject to negotiation on a periodic basis, may decline over time and the profit margin will decline correspondingly if the cost of raw materials for such product remains unchanged. Furthermore, certain components are specifically designed for use in the Group's production process or to meet the specifications required by its customers and as a result, the Group's production capacity depends in part on the ability of its suppliers to supply the necessary raw materials and components on a timely basis.

BASIS OF PRESENTATION

The consolidated financial statements have been prepared in accordance with HKFRSs, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs"), and Interpretations issued by the HKICPA. The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules.

The consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments that are stated at their fair value. The consolidated financial statements are presented in United States Dollars, which is also the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated. Though the majority of the Group's revenue during the Track Record Period were derived from the sales in the PRC, the use of US$ as the presentation currency will be more suitable for the operations of the Group owing to its global presence. For the avoidance of doubt, under each operating subsidiary, revenue, costs and expenses were principally denominated in the functional currency of the subsidiary, and the Group does not have any hedging policy in place as the Group's sales and purchase activities are mostly conducted in relevant local currency.

Basis of consolidation

The financial statements of the Group incorporate the financial information of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the Track Record Period are included in the consolidated statements of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group such as HKFRSs. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. The methods, estimates and judgments that the Group used in applying accounting policies may have a significant impact on the results of the Company as reported in its consolidated financial statements included elsewhere in this prospectus. Some of the accounting policies require the Directors to make difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Below is a summary of the accounting policies in accordance with HKFRSs that the Directors believe are both important to the presentation of the financial results of the Group and involve the need to make estimates and judgments about the effect of matters that are inherently uncertain. For a further discussion of the application of these and other accounting policies, please refer to Note 1 in the Accountants' Report set out in Appendix I to this prospectus.

Business combination and goodwill

Goodwill represents the excess of the (i) aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognized immediately in profit or loss as a gain on a bargain purchase. In connection with the acquisition of subsidiaries, the assets acquired and liabilities assumed are adjusted to their estimated fair values on the date of acquisition. The determination of the fair value of the assets acquired and liabilities assumed involves management's judgement and assumptions. Any change in such judgement and assumptions would affect the fair value of assets acquired and liabilities assumed and would change the amount of depreciation or amortisation expenses recognized relating to those identifiable property, plant and equipment and intangible assets.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment.

On disposal of a cash-generating unit or an associate during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognized as a result of such transactions.

Revenue recognition

The Group measures revenue at the fair value of the consideration received or receivable, and is recognized provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably. The Group's sale of goods is recognized when goods are delivered which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership whereas the final testing of goods is completed at the customers' premises and there is no continuing management involvement with the goods. Service fee income is recognized when services are rendered to customers, the revenue can be reliably estimated and it is probable that the revenue will be received. The revenue can be recognized on a straight line basis over the service period. In regards to construction contract revenue, when the outcome of a construction contract can be estimated reliably, revenue from a fixed price contract is recognized using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract. In addition, when the outcome of a construction contract cannot be estimated reliably, revenue is recognized only to the extent of contract costs incurred that it is probable will be recoverable. Dividend income from unlisted investments is recognized upon the shareholder's right to receive payment is established. Interest income from bank deposits is recognized as it accrues using the effective interest method.

Government grants are recognized in the balance sheet initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognized in profit or loss over the useful life of the asset by way of reduced depreciation expense.

Construction contracts

Construction contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets, where the customer is able to specify the major structural elements of the design. The accounting policy for contract revenue is set out in the paragraph headed "Revenue recognition" above. When the outcome of a construction contract can be estimated reliably, contract costs are recognized as an expense by reference to the stage of completion of the contract at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognized as an expense in the period in which they are incurred.

Construction contracts in progress at the balance sheet date are recorded in the balance sheet at the net amount of costs incurred plus recognized profit less recognized losses and progress billings, and are presented in the balance sheet as the "Gross amounts due from customers for contract work" (as an asset) or the "Gross amounts due to customers for contract work" (as a liability), as applicable. Progress billings not yet paid by the customer are included in the balance sheet under "Trade and other receivables".

Income tax

Income tax expense represents the sum of the current tax and deferred tax. The current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided that they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognized is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabi1ities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

    — the same taxable entity; or

    — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is provided to write off the cost of property, plant and equipment, less their estimated residual value, if any, on a straight-line basis over their estimated useful lives. The major categories of property, plant and equipment are depreciated using the straight-line method as follows:

Leasehold improvements	5 years or over the remaining terms of leases, whichever is shorter
Furniture and fittings	5 — 10 years
Computers and office equipment	3 — 10 years
Plant and machinery	5 — 10 years
Motor vehicles	5 — 10 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

Intangible assets (other than goodwill)

Expenditure on an internal research and development projects is distinguished between the expenditures during the research phase and expenditures during the development phase. Research activities involve original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development activities involve a plan or design for the production of new or substantially improved materials, devices, products or processes before the start of commercial production or use.

Expenditure on research activities is recognized in profit or loss as incurred. Expenditure on development activities is capitalised if development costs can be measured reliably, the product or process is technically and commercially feasible, and the Group intends to and has sufficient resources to complete development. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses. Other development expenditure is recognized as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses. Expenditure on internally generated goodwill and brands is recognized as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. Other than trade name which has indefinite useful life, the following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

—	Patents and technology know-how	5 years
—	Customer relationship	5 - 7 years
—	Non-compete agreements	2 years

Both the period and method of amortisation are reviewed annually.

Additions through internal development

Additions through internal development represent the capitalized development costs for research and development projects that will result in the inflow of future economic benefits to the Group upon the commercialization of the newly developed technologies and products, such as software and integrated systems. Development costs are capitalized when the projects passed the technical feasibility and reliability assessment of the products by the Group's R&D departments.

Patents and technology know-how

Based on the best estimation by the management, the churn rate of technology is five years and patent and technology know-how continue to contribute the economic benefits to the Group in five years time before they are obsolete in technological means. Hence, the useful lives of patent and technology know-how are estimated to be five years. The Company also benchmarks the estimated useful life to some market players.

Customer relationship

The useful life of customer relationship is determined based on the historical customer retention and loyalty rates, the likelihood that the Group is able to maintain the long standing customer relationships and the anticipated behavior pattern of customers in the future. The management believes that the useful life of customer relationship is five to seven years based on their best estimation and the above assessments.

Non-compete agreements

The non-compete agreements cover a period of two years, and hence their estimated useful lives are two years.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

Trade and other receivables

Trade and other receivables are initially recognized at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

Trade and other payables

Trade and other payables are initially recognized at fair value and subsequently stated at amortised costs unless the effect of discounting would be immaterial, in which case they are stated at cost.

Impairment of tangible and intangible assets

Impairment of investments in equity securities and other receivables

Investments in equity securities and other current and non-current receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganization;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognized as follows:

— For investments in subsidiaries and associates (including those recognized using the equity method), the impairment loss is measured by comparing the recoverable amount of the investment as a whole with its carrying amount. The impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

— For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognized, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognized in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognized in respect of trade debtors and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognized in profit or loss.

Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognized no longer exists or may have decreased:

— property, plant and equipment;

— intangible assets; and

— goodwill.

If any such indication exists, the asset's recoverable amount is estimated by the Directors. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognized in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

— Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Employee benefits

Short term employee benefits and contributions to defined contribution retirement plans

Salaries, wages, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Share-based payments

The fair value of share options granted to employees is recognized as an employee cost with a corresponding increase in a share-based compensation reserve within equity. The fair value is measured at grant date using the binomial option pricing model and/or Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognized in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share-based compensation reserve. On vesting date, the amount recognized as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share-based compensation reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognized in the share-based compensation reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

Termination benefits

Termination benefits are recognized when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

Translation of foreign currencies

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances to that entity ("functional currency").

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognized in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into United States Dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of transactions. Balance sheet items, including goodwill arising on consolidation of foreign operations are translated into United States Dollars at the closing foreign exchange rates at the balance sheet date. The resulting exchange differences are recognized in other comprehensive income and presented separately in equity in the exchange reserves.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

PRINCIPAL ITEMS IN THE CONSOLIDATED INCOME STATEMENTS

Revenue

Revenue represents the net amount received and receivable for goods sold. The Group generates its revenue from sales of products, which is recognized once goods have been delivered to its customers and title has passed. For sales through distributors, transfer of ownership occurs at the time when the Group's products are shipped or collected by the distributors from its facilities without any recourse.

During the Track Record Period, the Group operated in the following business segments: (i) integrated building automation systems, (ii) energy management systems, (iii) control security systems, and (iv) fire alarm systems. Integrated building automation systems generated the majority of the Group's revenue during the Track Record Period, and the Directors expect to continue to derive the majority of the Group's revenue from integrated building automation systems in the near future. The Group primarily sells its products in the PRC, North America and Europe, which for the year ended 31 December 2010, approximately 61.8%, 22.5% and 13.2% of the Group's revenue were derived from such regions respectively.

The following table sets forth the breakdown of the Group's revenue and gross profit margin by business segments for the Track Record Period:

	For the year ended 31 December									For the four months ended 30 April					
	2008			2009			2010			2010			2011		
	US$'000	*% of revenue*	*Gross profit margin*	*US$'000*	*% of revenue*	*Gross profit margin*	*US$'000*	*% of revenue*	*Gross profit margin*	*US$'000 (unaudited)*	*% of revenue*	*Gross profit margin*	*US$'000*	*% of revenue*	*Gross profit margin*
Energy-saving solutions:															
Integrated building automation systems	20,825	67.9%	33.0%	36,389	75.5%	40.1%	59,989	81.0%	36.1%	12,392	82.5%	48.0%	19,714	82.3%	42.1%
Energy management systems	1,784	5.8%	49.6%	3,774	7.8%	58.3%	5,616	7.6%	51.2%	1,282	8.5%	59.3%	1,982	8.3%	61.5%
Others:															
Control security systems	7,805	25.4%	10.2%	7,870	16.3%	13.1%	7,935	10.7%	7.4%	1,253	8.3%	7.4%	2,179	9.1%	7.4%
Fire alarm systems	281	0.9%	11.0%	201	0.4%	10.4%	545	0.7%	11.7%	107	0.7%	11.2%	86	0.3%	11.6%
Total	30,695	100.0%	27.4%	48,234	100.0%	37.0%	74,085	100.0%	34.0%	15,034	100.0%	45.4%	23,961	100.0%	40.4%

The Group generated approximately US$20.8 million, US$36.4 million, US$60.0 million and US$19.7 million of revenue from its integrated building automation systems business for the three years ended 31 December 2010 and the four months ended 30 April 2011, representing approximately 67.9%, 75.5%, 81.0% and 82.3% of revenue for those periods respectively. Through the acquisition of Distech Controls in 2008, the energy management business became a core focus of the Group and generated approximately US$1.8 million, US$3.8 million, US$5.6 million and US$2.0 million of revenue for the three years ended 31 December 2010 and the four months ended 30 April 2011, representing 5.8%, 7.8%, 7.6% and 8.3% of revenue for those periods respectively. The Group's control security systems business remained stable and generated approximately US$7.8 million, US$7.9 million and US$7.9 million of revenue from that business for the three years ended 31 December 2010, representing 25.4%, 16.3% and 10.7% of revenue for those periods respectively. For the four months ended 30 April 2010 and 2011, revenue from the Group's control security system amounted to approximately US$1.3 million and US$2.2 million, representing approximately 8.3% and 9.1% of the Group's revenue for those periods respectively. Fire alarm systems remain a small business segment of the Group and generated US$0.3 million, US$0.2 million and US$0.5 million of revenue from that business for the three years ended 31 December 2010, representing 0.9%, 0.4% and 0.7% of revenue for those periods respectively. For the four months ended 30 April 2010 and 2011, revenue from the Group's fire alarm systems amounted to approximately US$0.1 million and US$0.1 million, representing approximately 0.7% and 0.3% of the Group's revenue for those periods respectively.

As mentioned above, the Group focuses on the sale of systems rather than standalone products, which for the sale of systems, the sales amounts are affected by, among others, the size, duration, complexity, location(s) and technology requirements of such transactions. As such, information such as average selling price and sales volume are not presented as the Directors consider such disclosure would be misleading. Further details of the fluctuations in the Group's revenue during the Track Record Period are set out in the paragraph headed "Historical operating results" in this section. In addition, information in relation to the total number of contracts for system sale by the Group during the Track Record Period is set out in section headed "Business" in this prospectus.

As mentioned in the section headed "History and corporate structure", the Group acquired a majority stake in Distech Controls in May 2008 and Comtec and Acelia in February 2010. During the three years ended 31 December 2010 and the four months ended 30 April 2011 (or from the date of acquisitional consolidation), Distech Controls contributed approximately 36.8%, 41.1%, 27.3% and 29.6% (excluding Comtec and Acelia) (after inter-company transactions) of the Group's revenue respectively. The acquisitions of Comtec and Acelia took place in February 2010 and these companies contributed approximately 10.9% and 19.2% of the Group's revenue for the year ended 31 December 2010 and the four months ended 30 April 2011.

The following table sets forth the breakdown of the Group's revenue by sales of goods, provision of services and contract revenue during the Track Record Period:

	For the year ended 31 December			For the four months ended 30 April	
Revenue	**2008**	**2009**	**2010**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(unaudited)	
Sales of goods	29,213	46,119	62,458	14,122	20,425
Provision of services	1,051	1,331	1,157	317	1,742
Contract revenue	431	784	10,470	595	1,794
	30,695	48,234	74,085	15,034	23,961

The increase in revenue during the Track Record Period was contributed by the organic growth of the Group, increase in sales of software products and integrated solutions and revenue contributions from Distech Controls and Comtec and Acelia after their respective acquisitions in 2008 and 2010 respectively.

Apart from its global expansion, the Group has also experienced an increase in contract revenue during the Track Record Period. Contract revenue in general refers to long term contracts of the Group's systems, which the Group has increasingly focused on such sale on long term contracts to provide enhanced visibility on revenue earnings. For each of the three years ended 31 December 2010 and the four months ended 30 April 2011, contract revenue amounted to approximately US$0.4 million, US$0.8 million, US$10.5 million and US$1.8 million, representing approximately 1.4%, 1.6%, 14.1% and 7.5% of the Group's total revenue for those periods respectively.

The increase in contract revenue during the year ended 31 December 2010 as compared to the previous year was mainly contributed by the supply of building automation systems for one of the stadiums for the 2010 Asian Games in Guangzhou (2010年廣州亞洲運動會) and contract revenue from certain commercial and hotel complex located in the PRC. For the four months ended 30 April 2011, contract revenue amounted to approximately US$1.8 million as compared to approximately US$0.6 million during the same period in 2010, which was due to the sales recognitions of several projects in the beginning of the year.

The following table sets forth the breakdown of the Group's revenue by geographical markets of its customers for the Track Record Period:

	For the year ended 31 December						For the four months ended 30 April			
	2008		2009		2010		2010		2011	
	US$'000	*% of revenue*	*US$'000*	*% of revenue*	*US$'000*	*% of revenue*	*US$'000 (unaudited)*	*% of revenue*	*US$'000*	*% of revenue*
The PRC	19,046	62.0%	28,879	59.9%	45,787	61.8%	7,612	50.6%	12,225	51.0%
U.S.	5,808	18.9%	12,242	25.4%	14,126	19.1%	3,745	24.9%	5,527	23.1%
Canada	818	2.7%	1,836	3.8%	2,547	3.4%	830	5.5%	908	3.8%
Europe	508	1.7%	654	1.4%	9,790	13.2%	2,134	14.2%	3,910	16.3%
Rest of the world	4,515	14.7%	4,623	9.5%	1,835	2.5%	713	4.8%	1,391	5.8%
	30,695	100.0%	48,234	100.0%	74,085	100.0%	15,034	100.0%	23,961	100.0%

As shown in the above table, the contribution from the sales in the PRC represented more than 50% throughout the Track Record Period. Owing to the acquisition of Comtec and Acelia in 2010, the amount of sales as a percentage of the Group's revenue derived from Europe had increased during the Track Record Period, from approximately 1.7% of the Group's revenue for the year ended 31 December 2008 to approximately 13.2% of the Group's revenue for the year ended 31 December 2010 and further increased to approximately 16.3% for the four months ended 30 April 2011. In terms of monetary value, the Group's revenue derived from Europe increased from approximately US$2.1 million for the four months ended 30 April 2010 to US$3.9 million for the same period in 2011 as the Group consolidated the result of Comtec and Acelia since the relevant acquisitions. As to the Group's business in North America (i.e. the U.S. and Canada), their contribution to the Group's revenue increased from approximately 21.6% in 2008 to approximately 29.2% in 2009, mainly due to the acquisition of Distech Controls in May 2008 which contributed a full year result in 2009 as compared to a shorter period in 2008. Further, the sales of the Group in North America increased in monetary value, from approximately US$14.1 million to US$16.7 million in 2010. For the four months ended 30 April 2011, the sales of the Group in North America amounted to US$6.4 million as compared to US$4.6 million during the same period in 2010. The increase in sales in North America was due to the Group's strategy to further roll out its expansion in North America.

The Group sells its products through its direct internal sales teams, as well as through independent distributors, depending on the location of the sales. The Group's direct internal sales teams sell its products to its customers in the PRC, Canada, France and Singapore. The Group also markets and sells its products in other countries and regions through its distributors and sales representatives. The Directors consider that each sales channel is regarded and accounted for in the same capacity as a normal customer given risks of sales are transferred once goods are delivered to every sales channel. During the Track Record Period, sales made to system integrators represented the majority of the Group's revenue.

Further, system integrators usually possess certain technology know-how and design and engineering capacities in carrying out their work. The following table sets out the percentage of revenue contribution from the Group's sales to system integrators and distributors during the Track Record Period based on the Group's operational data:

	For the year ended 31 December			For the four months ended 30 April
	2008	2009	2010	2011
		(Approximate)		
System integrators	82%	82%	82%	85%
Distributors	18%	18%	18%	15%

Further, the Group also had sales introduced by sales representatives during the Track Record Period. As the sales representatives do not take ownership of the products sold by the Group, sales introduced by the sales representatives are then grouped under sales made to distributors or system integrators for data recording purpose. Based on the operational data of the Group, sales introduced by the sales representatives (i.e. Middle East and India) amounted to approximately US$361,000, US$1,182,000, US$745,000 and US$429,000, representing approximately 1.2%, 2.5%, 1.0% and 1.8% of the Group's revenue during the three years ended 31 December 2010 and the four months ended 30 April 2011 respectively.

Cost of sales

The cost of sales comprises mainly cost of raw materials, manufacturing overhead costs and direct labor costs.

The following table sets forth the components of the Company's cost of sales for the Track Record Period:

	For the year ended 31 December						For the four months ended 30 April			
	2008		2009		2010		2010		2011	
	US$'000	*% of cost of sales*	*US$'000*	*% of cost of sales*	*US$'000*	*% of cost of sales*	*US$'000 (unaudited)*	*% of cost of sales*	*US$'000*	*% of cost of sales*
Direct raw materials cost	20,495	92.0%	28,937	95.3%	40,111	82.0%	7,307	88.9%	12,108	84.9%
Manufacturing overhead costs	1,256	5.6%	803	2.6%	1,840	3.8%	423	5.2%	416	2.9%
Direct labor cost	251	1.1%	170	0.6%	849	1.7%	237	2.9%	387	2.7%
Subcontracting and other costs	166	0.8%	385	1.2%	5,901	12.1%	139	1.7%	1,297	9.1%
Other service costs	112	0.5%	76	0.3%	187	0.4%	110	1.3%	61	0.4%
Total	22,280	100.0%	30,371	100.0%	48,888	100.0%	8,216	100.0%	14,269	100.0%

Gross profit margins

The following table sets out the gross profit margins of the Group by segment during the Track Record Period:

	For the year ended 31 December			For the four months ended 30 April	
	2008	2009	2010	2010	2011
Integrated building automation system (iBAS)	33.0%	40.1%	36.1%	48.0%	42.1%
Energy management system (EMS)	49.6%	58.3%	51.2%	59.3%	61.5%
Control security system (CSS)	10.2%	13.1%	7.4%	7.4%	7.4%
Fire alarm system (FAS)	11.0%	10.4%	11.7%	11.2%	11.6%

Integrated building automation system

The Group's gross profit margin of its integrated building automations systems increased from approximately 33.0% in 2008 to 40.1% in 2009, primarily due to the increase in demand of its integrated building automations systems. Further, the Group acquired Distech Controls, which focuses on integrated building automation systems, in May 2008. The increase in gross profit margin was also attributable to the consolidation of the full year result of Distech Controls in 2009, which some of its products had relatively higher gross profit margin due to certain specifications requirements by its customers for their specific needs. Gross profit margin of the Group's integrated building automation systems decreased from 40.1% in 2009 to 36.1% in 2010, primarily as the Group adjusted the price of its integrated building automations products with a view to capture greater market share. For the four months ended 30 April 2010 and 2011, gross profit margin was approximately 48.0% and 42.1% respectively, being relatively higher than gross profit margin for the year ended 31 December 2010, which was primarily owing to the sales cycle of the Group's products. The Group recognized relatively more service income, which had relatively higher margins, during the beginning of the year. In addition, the Group entered into relatively higher margin sales contracts during the beginning of the year. Gross profit margin of the Group decreased from approximately 45.4% for the four months ended 30 April 2010 to 40.4% for the same period in 2011 as the Group had a relatively higher margin contract in 2010 that was being recognized.

The following table sets out the gross profit and gross profit margin by geographical regions of the Group's integrated building automation segment during the Track Record Period:

	For the year ended 31 December						For the four months ended 30 April			
	2008		2009		2010		2010		2011	
	Gross profit	*Gross profit margin*	*Gross profit*	*Gross profit margin*	*Gross profit*	*Gross profit margin*	*Gross profit*	*Gross profit margin*	*Gross profit*	*Gross profit margin*
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*
							(unaudited)			
Integrated building automation system (iBAS)										
— PRC	1,394	15.1%	3,515	21.7%	7,547	24.0%	1,926	38.8%	2,442	30.6%
— North America	5,155	50.5%	10,863	55.5%	10,093	51.1%	3,126	58.5%	3,648	51.1%
— Europe	—	—	—	—	3,890	48.2%	839	45.3%	2,198	48.4%
— Other countries	323	23.2%	232	35.4%	144	21.6%	62	27.8%	14	25.9%
Total	6,872	33.0%	14,610	40.1%	21,674	36.1%	5,953	48.0%	8,302	42.1%

Energy management system

The Group acquired Distech Controls, which focuses on the technology development of energy management systems and integrated building automation systems, in 2008. Energy management systems comprise mainly of software and integrated solutions in energy analytics innovation and as such, incur less cost of sales and yield relatively higher gross profit margins. As a result, the gross profit margin of the Group's energy management systems increased from 49.6% in 2008 to 58.3% in 2009, primarily due to the increase in demand of its energy management systems and that the acquisition of Distech Controls in 2008 also brought along production cost synergy and economies of scale for the Group. Gross profit margin of the Group's energy management systems decreased from 58.3% in 2009 to 51.2% in 2010, primarily as the Group focused on increasing market share and expanding customer base by pricing its energy management systems products more competitively. Gross profit margin of the Group's energy management system was approximately 59.3% and 61.5% for the four months ended 30 April 2010 and 2011 respectively. The gross profit margin of the Group's energy management system in the beginning of the year is usually higher as the Group enters into higher margin sales contracts and revenue being recognized for the sales made in the previous year.

Control security system

The Group's gross profit margin of its control security systems increased from 10.2% in 2008 to 13.1% in 2009, primarily due to better cost control on the segment. The Directors believe that the decrease in gross profit margin of the Group's control security systems from 13.1% in 2009 to 7.4% in 2010 was primarily due to increase in cost of raw materials for its control security systems. The gross profit margin of the Group's control security systems remained stable at 7.4% for the four months ended 30 April 2011, as compared to the four months ended 30 April 2010.

Fire alarm system

The Group's gross profit margin of its fire alarm systems decreased slightly from approximately 11.0% in 2008 to 10.4% in 2009, primarily due to competitive pricing and that the Group lessened its focus on the sales of the segment. Gross profit margin of the Group's fire alarm systems increased slightly from approximately 10.4% in 2009 to 11.7% in 2010, primarily due to economies of scale. Gross profit margin of the Group's fire alarm systems remained stable at approximately 11.6% for the four months ended 30 April 2011, as compared to the year ended 31 December 2010 as well as the four months ended 30 April 2010.

As a result of the above factors, the gross profit margin of the Group increased from 27.4% in 2008 to 37.0% in 2009, and decreased slightly to 34.0% in 2010. For the four months ended 30 April 2011, gross profit margin of the Group was approximately 40.4% as compared to approximately 45.4% during the same period in 2010, which was due to the relatively lower margin recorded by the Group's iBAS business in the four months ended 30 April 2011.

Other revenue

Other revenue consists primarily of (i) interest income from bank deposits, (ii) government grants income, and (iii) value-added tax ("VAT") refunds. The Company receives government grants from time to time in connection with its research and development projects in the form of subsidies. Such government grants are recognized on a systematic basis in the same periods in which the expenses are incurred. The Group recognized government grant income of approximately US$0.1 million, nil, US$0.7 million and US$0.1 million for the three years ended 31 December 2010 and the four months ended 30 April 2011 respectively. The Group intends to seek additional government grants from time to time in the future, although the Directors cannot be certain if the Group will receive any new grants or, if they are granted, their amounts and terms and conditions. VAT refunds represent the refunds of VAT charged on qualified sales of software products by the PRC bureau. Other revenue amounted to approximately US$0.1 million, US$0.1 million, US$1.4 million and US$0.2 million for the three years ended 31 December 2010 and the four months ended 30 April 2011 respectively.

Other net (loss)/gain

Other net (loss)/gain consists of net (loss)/gain on disposal of fixed assets and net foreign exchange gains or loss. The Company recognized other net loss of approximately US$0.09 million, other net gain of US$0.03 million, other net gain of US$0.01 million and other net loss of US$0.07 million for the three years ended 31 December 2010 and the four months ended 30 April 2011 respectively.

Research and development expenses

Research and development expenses amounted to approximately US$0.5 million, US$1.8 million, US$1.9 million and US$0.9 million, representing approximately 1.7%, 3.8%, 2.6% and 3.6% of revenue for the three years ended 31 December 2010 and the four months ended 30 April 2011 respectively. Including those expenses being capitalized, the Group's research and development expenses amounted to approximately US$1.3 million, US$3.7 million, US$5.6 million and US$1.8 million, represented approximately 4.4%, 7.8%, 7.5% and 7.7% of the Group's revenue for the three years ended 31 December 2010 and the four months ended 30 April 2011 respectively. The Directors believe the expenditure on research and development as a percentage of revenue are relatively significant, which emphasizes the Group's effort on research and development in order to maintain its competitiveness in the market.

Research and development expenses consist primarily of (i) salaries, bonuses and related expenses for personnel engaged in research and development, (ii) purchases of supplies and materials used in the Group's research and development projects, and (iii) depreciation of property, plant and equipment used in connection with the Group's research and development efforts. The Group receives government grants from time to time in connection with its research and development projects in the form of subsidies, which were recorded as other revenue in its consolidated financial statements. See "Other revenue" above.

The following sets forth the components of the Group's research and development expenses for the Track Record Period:

	For the year ended 31 December						For the four months ended 30 April			
	2008		2009		2010		2010		2011	
	US$'000	*% of research and development expenses*	*US$'000*	*% of research and development expenses*	*US$'000*	*% of research and development expenses*	*US$'000* *(unaudited)*	*% of research and development expenses*	*US$'000*	*% of research and development expenses*
Amortisation of intangible assets	209	40.9%	965	53.1%	1,301	66.9%	429	60.9%	621	71.1%
Staff costs	223	43.6%	104	5.7%	309	15.9%	41	5.8%	214	24.5%
Consulting fee	—	—	732	40.3%	222	11.4%	220	31.3%	—	—
Others	79	15.5%	16	0.9%	113	5.8%	14	2.0%	39	4.4%
	511	100.0%	1,817	100.0%	1,945	100.0%	704	100.0%	874	100.0%

During the Track Record Period, the Group's research and development expense increased primarily as a result of its continued investment in research and development projects to develop and bring to market new products in order to enhance and expand its product portfolio. Management expects to place more emphases on the Group's research and development in the future to further enhance and develop new products, in particular in the energy management systems business.

Selling and distribution costs

Selling and distribution costs amounted to approximately US$2.9 million, US$4.3 million, US$6.7 million and US$2.9 million, representing approximately 9.5%, 8.9%, 9.1% and 12.1% of the Group's revenue for the three years ended 31 December 2010 and the four months ended 30 April 2011 respectively.

Selling and distributions costs consist primarily of (i) salaries, bonuses and related expenses for personnel engaged in sales and marketing, (ii) business development expenses for costs associated with attending conferences and seminars to promote our products, and participating in exhibitions and trade shows, and (iii) transportation expenses for costs associated with travelling and freight expenses of the Group's sales and marketing personnel. The Group expects that its selling and distributions costs will increase in the future because management intends to increase marketing efforts to continue to build a strong brand in the PRC, as well as to expand sales through enlarging its sales force internationally.

The following sets forth the components of the Group's selling and distribution costs for the Track Record Period:

	For the year ended 31 December						For the four months ended 30 April			
	2008		2009		2010		2010		2011	
	US$'000	*% of selling and distribution costs*	*US$'000*	*% of selling and distribution costs*	*US$'000*	*% of selling and distribution costs*	*US$'000* *(unaudited)*	*% of selling and distribution costs*	*US$'000*	*% of selling and distribution costs*
Staff costs	1,892	64.5%	2,423	56.2%	4,149	61.7%	1,310	65.7%	1,964	67.5%
Business development expenses	219	7.5%	724	16.8%	1,286	19.1%	355	17.8%	488	16.8%
Commission	147	5.0%	297	6.9%	188	2.8%	20	1.0%	55	1.9%
Transportation expenses	551	18.8%	568	13.2%	737	11.0%	207	10.4%	263	9.0%
Others	123	4.2%	296	6.9%	360	5.4%	103	5.1%	141	4.8%
	2,932	100.0%	4,308	100.0%	6,720	100.0%	1,995	100.0%	2,911	100.0%

Administrative and other operating expenses

Administrative and other operating expenses amounted to approximately US$3.0 million, US$4.5 million, US$8.8 million and US$3.1 million, representing approximately 9.7%, 9.3%, 11.9% and 12.8% of revenue for the three years ended 31 December 2010 and the four months ended 30 April 2011 respectively.

Administrative and other operating expenses consist primarily of (i) salaries, bonuses and related expenses for administrative personnel and management, (ii) depreciation of property, plant and equipment used for administrative purposes, (iii) amortisation of intangible assets used for administrative purposes, (iv) agent fees paid to professionals such as auditors and legal advisors from time to time in connection with administrative activities, and (iv) expenses associated with administrative offices. The Group expects that its administrative expenses will increase as additional personnel are hired in connection with anticipated growth of its business and in order to further improve its business management.

The following sets forth the components of the Group's administrative and other operating expenses for the Track Record Period:

	For the year ended 31 December						For the four months ended 30 April			
	2008		2009		2010		2010		2011	
	US$'000	*% of administrative and other operating expenses*	*US$'000*	*% of administrative and other operating expenses*	*US$'000*	*% of administrative and other operating expenses*	*US$'000* *(unaudited)*	*% of administrative and other operating expenses*	*US$'000*	*% of administrative and other operating expenses*
Staff costs	686	23.0%	1,691	37.7%	2,323	26.4%	714	34.4%	1,092	35.5%
Insurance	84	2.8%	196	4.4%	310	3.5%	79	3.8%	132	4.3%
Depreciation of property, plant and equipment	133	4.5%	297	6.6%	463	5.3%	130	6.3%	135	4.4%
Amortisation of intangible assets	48	1.6%	65	1.4%	781	8.9%	159	7.7%	320	10.4%
Provision for doubtful debt	263	8.8%	80	1.8%	560	6.4%	3	0.1%	20	0.6%
Audit and other professional fees	90	3.0%	135	3.0%	330	3.8%	78	3.8%	66	2.1%
Office expenses	118	4.0%	227	5.1%	379	4.3%	50	2.4%	70	2.3%
Entertainment expense	28	0.9%	46	1.0%	50	0.6%	4	0.2%	5	0.2%
Employee training	16	0.5%	11	0.2%	39	0.4%	1	0.0%	11	0.4%
Transportation expenses	219	7.3%	359	8.0%	593	6.7%	83	4.0%	95	3.1%
Director's and management's remuneration	448	15.0%	688	15.3%	868	9.9%	225	10.8%	350	11.4%
Legal and professional fee	496	16.6%	410	9.1%	973	11.1%	231	11.1%	141	4.6%
Operating lease charges	135	4.5%	182	4.1%	505	5.7%	81	3.9%	210	6.8%
Listing expenses	—	—	—	—	228	2.6%	76	3.7%	177	5.8%
Others	220	7.5%	100	2.3%	396	4.4%	163	7.8%	251	8.1%
	2,984	100.0%	4,487	100.0%	8,798	100.0%	2,077	100.0%	3,075	100.0%

Finance costs

Finance costs amounted to approximately US$0.2 million, US$0.1 million, US$0.5 million and US$0.3 million, representing approximately 0.5%, 0.3%, 0.7% and 1.1% of revenue for the three years ended 31 December 2010 and the four months ended 30 April 2011 respectively. Finance costs consist primarily of (i) interest on borrowings, (ii) finance charges on obligations under finance leases, and (iii) interest on liability component and change in fair value of redeemable convertible preference shares.

Income tax

The following table summarizes the applicable tax rates for the Company and each of Group companies during the Track Record Period:

	For the year ended 31 December			For the four months ended 30 April
	2008	2009	2010	2011
The Company *(Singapore)*	18%	17%	17%	17%
Technovator Beijing *(PRC)*	0% *(Note 1)*	15% *(Note 2)*	15% *(Note 2)*	15% *(Note 3)*
Technovator Shanghai *(PRC)*	N/A *(Note 4)*	N/A *(Note 4)*	25%	25%
Distech Controls *(Canada)*	30.9%	30.9%	29.9%	28.4%
Distech France *(France)*	N/A *(Note 4)*	N/A *(Note 4)*	33.33%	33.33%
Comtec *(France)*	N/A *(Note 4)*	N/A *(Note 4)*	33.33%	33.33%
Acelia *(France)*	N/A *(Note 4)*	N/A *(Note 4)*	33.33%	33.33%
Distech Europe *(Netherlands)*	Progressive rates from 20% to 25.5%	Progressive rates from 20% to 25.5%	Progressive rates from 20% to 25.5%	Progressive rates from 20% to 25%
Distech US *(U.S.)*	N/A *(Note 5)*	N/A *(Note 5)*	N/A *(Note 5)*	N/A *(Note 5)*

Notes:

1. Technovator Beijing, being a PRC-production type foreign investment enterprise was granted a 2-year exemption followed by a 3-year 50% reduction of income tax rate starting from its first profit-making year from tax perspective. Technovator Beijing was exempt from income tax for the two financial years ended 31 December 2008.

2. Technovator Beijing was recognized as a high and new technology enterprise for a period of three years from 2008 to 2010, which preferential tax rate under the high and new technology enterprise status expired on 1 January 2011.

3. Technovator Beijing is in the process of renewing its high and new technology enterprise status based on the guidance provided by Beijing Municipal Science & Technology Commission* (北京市科學技術委員會), Beijing Municipal Bureau of Finance* (北京市財政局), Beijing Municipal Office of State Administration of Taxation* (北京市國家稅務局) and Beijing Local Taxation Bureau* (北京市地方稅務局). The renewal of such status will entitle Technovator Beijing to the preferential tax rate of 15% from 2011 to 2013. In the event that Technovator Beijing fails to obtain such recognition, the applicable tax rate of Technovator Beijing will be 25%.

4. The relevant Group's subsidiaries that were established/incorporated/acquired in 2010 and therefore there were no applicable tax concession for these years.

5. Distech US was incorporated in the United States on 17 February 2010. It is a single member limited liability company and was structured as a disregarded entity for the United States, Federal, state and local income tax purpose. Accordingly, no provision for the United States, corporate income tax was made for the Track Record Period.

Singapore (The Company)

The Company was incorporated in Singapore and is subject to Singapore corporate income tax at 18%, 17%, 17% and 17% for the three years ended 31 December 2010 and the four months ended 30 April 2011, respectively. No provision for Singapore income tax was made because the Company sustained tax losses during the Track Record Period.

PRC (Technovator Beijing and Technovator Shanghai)

Technovator Beijing and Technovator Shanghai were incorporated in the PRC and are subject to PRC corporate income tax. Effective from 1 January 2008, the PRC's statutory income tax rate is 25%.

Technovator Beijing, being a PRC-production type foreign investment enterprise, was granted 2-year exemption followed by 3-year 50% reduction of income tax rate starting from its first profit-making year from tax perspective ("2+3 tax holiday"). Technovator Beijing started its tax holiday in 2007. As such, it was exempt from income tax for 2007. On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the "new CIT Law"), which unified the income tax rate to 25% for all enterprises. The new CIT Law was effective on 1 January 2008. Under the new CIT Law and its relevant regulations, Technovator Beijing's 2+3 tax holiday is grandfathered and, as such, it was exempt from income tax for 2008 and its applicable income tax rate should be reduced by half from 2009 to the end of 2011.

Technovator Beijing was recognized as a high and new technology enterprise for a period of three years from 2008 to 2010. The new CIT Law and its relevant regulations do not allow PRC companies to enjoy the 2+3 tax holiday and the tax benefits under the high and new technology enterprise status at the same time. As a result, Technovator Beijing has elected the tax benefits under the high and new technology enterprise and as such is eligible to enjoy a preferential tax rate of 15% for the years ended 31 December 2009 and 2010. The preferential tax rate under the high and new technology enterprise status of Technovator Beijing expired on 1 January 2011 which will be due for renewal by the end of 2011. The PRC tax authorities provide further guidance on the extension of high and new technology enterprise status during 2011. Technovator Beijing is in the process of renewing its high and new technology enterprise status based on the guidance provided by Beijing Municipal Science & Technology Commission* (北京市科學技術委員會), Beijing Municipal Bureau of Finance* (北京市財政局), Beijing Municipal Office of State Administration of Taxation* (北京市國家稅務局) and Beijing Local Taxation Bureau* (北京市地方稅務局). The renewal of such status will entitle Technovator Beijing to the preferential tax rate of 15% from 2011 to 2013. In the event that Technovator Beijing fails to obtain such recognition, the applicable tax rate of Technovator Beijing will be 25%.

Canada (Distech Controls)

Distech Controls was incorporated in Canada and is subject to Canadian corporate income tax at 30.9%, 30.9%, 29.9% and 28.4% for the three years ended 31 December 2010 and the four months ended 30 April 2011 respectively. Federal and provincial tax rate 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.

France (Distech France, Comtec and Acelia)

Distech France, and its subsidiaries Comtec and Acelia, were incorporated in France and are subject to French corporate income tax at 33.33%. Comtec and Acelia were acquired by the Group on 25 February 2010 and Distech France was incorporated in France on 24 February 2010.

The Netherlands (Distech Europe)

Distech Europe was incorporated in the Netherlands and is subject to Netherland corporate income tax at progressive rates ranging from 20% to 25.5%, depending on the amount of taxable income, for the Track Record Period.

U.S. (Distech US)

Distech US was incorporated in the United States on 17 February 2010. It 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 Track Record Period.

The Group's effective tax rate

Technovator Beijing was recognized as a high and new technology enterprise in 2008 for a period of three years to 2010 and is eligible to enjoy a preferential tax rate of 15% for the years ended 31 December 2009 and 2010. The preferential tax rate under the high and new technology enterprise status of Technovator Beijing expired on 1 January 2011 which will be due for renewal by the end of 2011. The PRC tax authorities provide further guidance on the extension of high and new technology enterprise status during 2011. Technovator Beijing is in the process of renewing its high and new technology enterprise status based on the guidance provided by Beijing Municipal Science & Technology Commission* (北京市科學技術委員會), Beijing Municipal Bureau of Finance* (北京市財政局), Beijing Municipal Office of State Administration of Taxation* (北京市國家税務局) and Beijing Local Taxation Bureau* (北京市地方税務局). The renewal of such status will entitle Technovator Beijing to the preferential tax rate of 15% from 2011 to 2013. In the event that Technovator Beijing fails to obtain such recognition, the applicable tax rate of Technovator Beijing will be 25%. For the purpose of the preparation of the financial results for the four months ended 30 April 2011, the Directors have assumed that Technovator Beijing will continue to enjoy such preferential tax rate at 15%. The applicable tax rates for the other major subsidiary, Distech Controls, were 30.9% and 29.9% for the years ended 31 December 2009 and 31 December 2010 respectively. In addition, the revenue contribution from Technovator Beijing increased from 58% of sales for the year ended 31 December 2009 to 61% of sales for the year ended 31 December 2010. The above factors combined resulted in a decrease in the Group's effective tax rate from 21.9% in 2009 to 16.9% in 2010. Further, there was no transfer pricing implications between the Group companies. The improvement in profit margin as a result does not warrant actual steps taken by the Group but rather as a decrease in the effective tax rate, and as such, there is no transfer pricing implication, legal and/or financial impact to the Group should any existing actual steps taken by the Group be challenged by the relevant authorities.

Net profit margin

The Group's net profit margin was approximately 5.0%, 11.7%, 9.7% and 9.2% for the three years ended 31 December 2010 and the four months ended 30 April 2011 respectively. The net profit margin was comparatively lower for the year ended 31 December 2010 and the four months ended 30 April 2011 as compared to the year ended 31 December 2009 mainly due to certain one-off expenses related to the acquisitions of Comtec and Acelia in 2010 and the Listing.

RESULTS OF OPERATIONS

The following table sets forth a summary of the Group's results by amount and as a percentage of its revenue for the Track Record Period:

	For the year ended 31 December						For the four months ended 30 April			
	2008		2009		2010		2010		2011	
	US$'000	*% of revenue*	*US$'000*	*% of revenue*	*US$'000*	*% of revenue*	*US$'000 (unaudited)*	*% of revenue*	*US$'000*	*% of revenue*
Revenue										
— Integrated building automation systems	20,825	67.9%	36,389	75.5%	59,989	81.0%	12,392	82.5%	19,714	82.3%
— Energy management systems	1,784	5.8%	3,774	7.8%	5,616	7.6%	1,282	8.5%	1,982	8.3%
— Control security systems	7,805	25.4%	7,870	16.3%	7,935	10.7%	1,253	8.3%	2,179	9.1%
— Fire alarm systems	281	0.9%	201	0.4%	545	0.7%	107	0.7%	86	0.3%
Sub-total	30,695	100.0%	48,234	100.0%	74,085	100.0%	15,034	100.0%	23,961	100.0%
Cost of sales	(22,280)	(72.6%)	(30,371)	(63.0%)	(48,888)	(66.0%)	(8,216)	(54.6%)	(14,269)	(59.6%)
Gross profit	8,415	27.4%	17,863	37.0%	25,197	34.0%	6,818	45.4%	9,692	40.4%
Selling and distribution costs	(2,932)	(9.5%)	(4,308)	(8.9%)	(6,720)	(9.1%)	(1,995)	(13.3%)	(2,911)	(12.1%)
Administrative and other operating expenses	(2,984)	(9.7%)	(4,487)	(9.3%)	(8,798)	(11.9%)	(2,077)	(13.8%)	(3,075)	(12.8%)
Research and development expenses	(511)	(1.7%)	(1,817)	(3.8%)	(1,945)	(2.6%)	(704)	(4.7%)	(874)	(3.6%)
Other revenue	127	0.4%	54	0.1%	1,433	2.0%	19	0.1%	155	0.6%
Other net (loss)/gain	(87)	(0.3%)	31	0.1%	13	0.0%	(189)	(1.3%)	(72)	(0.3%)
Profit from operations	2,028	6.6%	7,336	15.2%	9,180	12.4%	1,872	12.4%	2,915	12.2%
Finance costs	(154)	(0.5%)	(139)	(0.3%)	(541)	(0.7%)	(170)	(1.1%)	(250)	(1.1%)
Profit before taxation	1,874	6.1%	7,197	14.9%	8,639	11.7%	1,702	11.3%	2,665	11.1%
Income tax	(336)	(1.1%)	(1,576)	(3.2%)	(1,459)	(2.0%)	(303)	(2.0%)	(454)	(1.9%)
Profit for the year/period	1,538	5.0%	5,621	11.7%	7,180	9.7%	1,399	9.3%	2,211	9.2%

HISTORICAL OPERATING RESULTS

Four months ended 30 April 2011 compared with four months ended 30 April 2010

Revenue

Revenue increased by approximately 59.4%, from approximately US$15.0 million for the four months ended 30 April 2010 to US$24.0 million for the four months ended 30 April 2011. The increase was primarily due to an increase in the Group's revenue from integrated building automation systems.

Revenue from integrated building automation systems

Revenue from integrated building automation systems increased by approximately 59.1%, from approximately US$12.4 million for the four months ended 30 April 2010 to US$19.7 million for the four months ended 30 April 2011. The increase was primarily due to (i) the continued effort of the Group's expansion of their iBAS business, (ii) the sales conducted in the previous year and carried onto the four months ended 30 April 2011, and (iii) the contribution by Comtec and Acelia since their respective acquisitions in 2010. Revenue generated from the Group's Europe operation increased by approximately US$2.6 million, from approximately US$1.9 million during the four months ended 30 April 2010 to US$4.5 million for the corresponding period in 2011. As to the Group's operation in the PRC, revenue increased by approximately US$3.0 million, from approximately US$5.0 million during the four months ended 30 April 2010 to US$8.0 million for the corresponding period in 2011.

Revenue from energy management systems

Revenue from energy management systems increased by approximately 54.6%, from approximately US$1.3 million for the four months ended 30 April 2010 to US$2.0 million for the four months ended 30 April 2011. The increase was primarily due to the Group's continual effort to promote its EMS business in the PRC.

Revenue from control security systems

Revenue from control security systems increased from approximately US$1.3 million for the four months ended 30 April 2010 to US$2.2 million for the four months ended 30 April 2011 as the Group carried out some of the sales brought forward from previous year. The Group's CSS remained as a non-core product segment of the Group to its integrated building automation and energy management systems segments.

Revenue from fire alarm systems

Revenue from fire alarm systems maintained at around US$0.1 million for the four months ended 30 April 2010 and 2011 and remained as a non-core product segment of the Group to its integrated building automation and energy management systems segments.

Cost of sales

Cost of sales increased by approximately 73.7%, or US$6.1 million, from approximately US$8.2 million for the four months ended 30 April 2010 to US$14.3 million for the four months ended 30 April 2011. The increase was primarily due to (i) an increase in cost of raw materials from approximately US$7.3 million during the four months ended 30 April 2010 to US$12.1 million during the four months ended 30 April 2011, mainly as a result of an overall increase in sales volume, and (ii) an increase in subcontracting and other costs from approximately US$0.1 million during the four months ended 30 April 2010 to US$1.3 million during the corresponding period in 2011.

Gross profit

As a result of the foregoing factors, gross profit increased by approximately 42.2% from approximately US$6.8 million during the four months ended 30 April 2010 to US$9.7 million during the corresponding period in 2011. Gross profit margin was approximately 45.4% during the four months ended 30 April 2010 and 40.4% during the corresponding period in 2011 as gross profit margin was relatively high in 2010 due to a relatively higher margin contract that the Group recognized in 2010. Specifically,

- Gross profit margin of the Group's integrated building automations systems decreased from approximately 48.0% for the four months ended 30 April 2010 to 42.1% for the four months ended 30 April 2011, primarily as the Group recognized a relatively high margin contract in the four months ended 30 April 2010.

- Gross profit margin of the Group's energy management systems was relatively stable during the four months ended 30 April 2010 and 2011, at approximately 59.3% and 61.5% respectively. The gross profit margin of the Group's energy management system in the beginning of the year is usually higher as the Group enters into higher margin sales contracts and revenue being recognized for the sales made in the previous year.

- Gross profit margin of the Group's control security systems was stable around 7.4% during the four months ended 30 April 2010 and 2011, as well as the year ended 31 December 2010.
- Gross profit margin of the Group's fire alarm systems was between 11% and 12% during the four months ended 30 April 2010 and 2011 as well as the year ended 31 December 2010.

Other revenue

Other revenue increased from approximately US$19,000 during the four months ended 30 April 2010 to US$155,000 during the corresponding period in 2011, due to the receipt of a government grant in the amount of US$122,000 from PRC tax bureau.

Other net (loss)/gain

Other net loss decreased from approximately US$189,000 during the four months ended 30 April 2010 to US$72,000 during the corresponding period in 2011 primarily due to the decrease in net exchange loss.

Selling and distribution costs

Selling and distribution costs increased by approximately 45.9%, from approximately US$2.0 million during the four months ended 30 April 2010 to US$2.9 million during the four months ended 30 April 2011. The increase was primarily due to an approximately US$0.7 million increase in staff costs associated with the expansion of the Group's sales and marketing sales force and US$0.2 million increase in business development expenses associated with additional advertising efforts and related exhibition and marketing costs.

Administrative and other operating expenses

Administrative and other operating expenses increased by approximately 48.1%, from approximately US$2.1 million during the four months ended 30 April 2010 to US$3.1 million during the corresponding period in 2011 mainly due to the inclusion of the related expenses from Comtec and Acelia.

Research and development expenses

Research and development expenses increased from approximately US$0.7 million during the four months ended 30 April 2010 to US$0.9 million during the corresponding period in 2011, mainly due to the increase the Group's effort in research and development activities.

Finance costs

Finance costs increased by approximately 47.1%, from approximately US$170,000 for the four months ended 30 April 2010 to US$250,000 for the corresponding period in 2011. The increase was primarily due to the increase in interest on loans and borrowings after the acquisitions of Comtec and Acelia in 2010.

Income tax

Income tax increased from approximately US$0.3 million for the four months ended 30 April 2010 to US$0.5 million for the corresponding period in 2011. The increase was mainly due to the increase in profit before taxation while the effective tax rate of the Group for the four months ended 30 April 2011 was 17.0%.

For the purpose of the preparation of the financial results for the four months ended 30 April 2011, the Directors have assumed that Technovator Beijing will continue to enjoy such preferential tax rate at 15%.

Profit for the year

As a result of the foregoing factors, profit for the year increased by approximately 58.0% from US$1.4 million for the four months ended 30 April 2010 to US$2.2 million for the four months ended 30 April 2011. Net profit margin decreased from 9.3% for the four months ended 30 April 2010 to 9.2% for the corresponding period in 2011.

Year ended 31 December 2010 compared with year ended 31 December 2009

Revenue

Revenue increased by approximately 53.6%, from approximately US$48.2 million in 2009 to US$74.1 million in 2010. The increase was primarily due to the increase in the Group's revenue from integrated building automation systems and energy management systems.

Revenue from integrated building automation systems

Revenue from integrated building automation systems increased by approximately 64.9%, from approximately US$36.4 million in 2009 to US$60.0 million in 2010. The increase was primarily due to (i) the increase in the revenue from the sale of integrated building automation system in the PRC through the increase in sales and marketing effort, and (ii) the increase in the overseas business of the Group, in particular the contribution from the sale of iBAS in Europe after the acquisitions of Comtec and Acelia in February 2010. The Directors believe the increase in sales primarily resulted from (i) increasing awareness of the need to promote energy efficiency in buildings in the PRC, (ii) the overall growth of the market for building energy efficiency, and (iii) the increasing recognition of the quality and brands of the Group's products internationally.

In terms of the Group's iBAS business in other countries (including Singapore and other Southeast Asia countries), revenue amounted to approximately US$673,000 and US$668,000 and had operating losses of approximately US$408,000 and US$571,000 for the two years ended 31 December 2010 respectively. As Singapore is the Group's headquarters, most of the Group key executives' compensations and certain one-off expenses in relation to, among others, the preparation of the Listing, were borne by the Singapore operation. It also had relatively less amount of business activities as compared to other operating locations of the Group therefore it recorded an operating loss during such periods. As mentioned in the paragraph headed "Business strategies" in the "Business" section, the Group intends to leverage on the robust growth in new building construction industries in developing regions such as Southeast Asia, the Directors expect the revenue-generating activities of the Group's Singapore operation to increase in the near future.

Revenue from energy management systems

Revenue from energy management systems increased by approximately 48.8%, from approximately US$3.8 million in 2009 to US$5.6 million in 2010. The increase was primarily due to the Group's continued efforts to promote the segment amidst a global environment increasingly dedicated to green energy savings projects.

Revenue from control security systems

Revenue from control security systems increased marginally by approximately 0.8%, from approximately US$7.9 million in 2009 to US$7.9 million in 2010 and remained as a non-core product segment of the Group to its integrated building automation and energy management systems segments.

Revenue from fire alarm systems

Revenue from fire alarm systems increased by approximately 171.1%, from approximately US$0.2 million in 2009 to US$0.5 million in 2010. The increase is primarily due to an increase in demand for the Group's fire safety system products as a complementary product to the Group's integrated building automation and energy management systems. However, the Directors expect the fire alarm systems segment to remain as a non-core product segment to its integrated building automation and energy management systems segments as part of the Group's strategy going forward.

Cost of sales

Cost of sales increased by approximately 61.0%, from approximately US$30.4 million in 2009 to US$48.9 million in 2010. Cost of sales, as a percentage of total revenue, increased from approximately 63.0% in 2009 to 66.0% in 2010. The increase was primarily due to (i) an increase in cost of raw materials from approximately US$28.9 million in 2009 to US$40.1 million in 2010, mainly as a result of an overall increase in sales volume, (ii) an increase in manufacturing overhead cost from approximately US$0.8 million in 2009 to US$1.8 million in 2010, mainly as a result of the increased production in line with the overall increase in sales volume, (iii) an increase in direct labor cost from approximately US$0.2 million in 2009 to US$0.8 million in 2010, mainly as a result of an increase in manufacturing staff and an increase in employee salaries, (iv) an increase in subcontracting and other costs from approximately US$0.4 million in 2009 to US$5.9 million in 2010 as a result of an increase in the number of construction contracts, and (v) an increase in other service costs from approximately US$0.1 million in 2009 to US$0.2 million in 2010.

Gross profit

As a result of the foregoing factors, gross profit increased by approximately 41.1%, from approximately US$17.9 million in 2009 to US$25.2 million in 2010. Gross profit margin decreased from approximately 37.0% in 2009 to 34.0% in 2010. Specifically,

- Gross profit margin of the Group's integrated building automations systems decreased from approximately 40.1% in 2009 to 36.1% in 2010, primarily as the Group priced its integrated building automations products more competitively with a view to capture greater market share and increased production efforts, which resulted in higher fixed costs.

- Gross profit margin of the Group's energy management systems decreased from approximately 58.3% in 2009 to 51.2% in 2010, primarily as the Group focused on increasing market share and expanding customer base by pricing its energy management systems products more competitively.

- Gross profit margin of the Group's control security systems decreased from approximately 13.1% in 2009 to 7.4% in 2010, primarily due to increase in cost of raw materials in addition to a lower sales effort in revenue for its control security systems.

Other revenue

Other revenue increased from approximately US$0.1 million in 2009 to US$1.4 million in 2010. The increase was primarily due to an approximately US$0.7 million increase in government grants income pursuant to a change in the PRC taxes whereby the Group was entitled to receive government subsidies equal to a certain percentage of the corporate income tax paid in 2009 in view of its high and new technology enterprise status, and an approximately US$0.6 million increase in value added tax refunds by the PRC tax bureau for the sale of the Group's energy management systems.

Other net (loss)/gain

Other net gain decreased from approximately US$0.03 million in 2009 to US$0.01 million in 2010, primarily due to an approximately US$0.2 million increase in net gain on disposal of fixed assets, partially offset by US$0.2 million increase in foreign exchange loss.

Selling and distribution costs

Selling and distribution costs increased by approximately 56.0%, from approximately US$4.3 million in 2009 to US$6.7 million in 2010. The increase was primarily due to an approximately

US$1.7 million increase in staff costs associated with the expansion of the Group's sales and marketing sales force, US$0.5 million increase in business development expenses associated with additional advertising efforts and related exhibition and marketing costs, and US$0.2 million increase in transportation expenses in correspondence with the expansion.

Administrative and other operating expenses

Administrative and other operating expenses increased by approximately 96.1%, from approximately US$4.5 million in 2009 to US$8.8 million in 2010. The increase was primarily due to an approximately US$0.6 million increase in administrative staff costs, US$0.2 million in administrative transportation expenses associated with the expansion of the Group's offices to new markets internationally, US$0.7 million in amortisation of intangible assets acquired in connection with the acquisition of Distech Controls in 2008, and Acelia and Comtec in 2010, US$0.5 million increase in provision for doubtful debt, US$0.6 million in legal and professional fees and US$0.2 million in listing expenses incurred in preparation for the Group's corporate restructuring and the Listing.

Research and development expenses

Research and development expenses increased by approximately 7.0%, from approximately US$1.8 million in 2009 to US$1.9 million in 2010. The increase was primarily due to an approximately US$0.3 million increase in amortisation of intangible assets used in connection with the Group's research and development efforts, US$0.2 million increase in staff costs, and US$0.1 million increase in others, which was partially offset by US$0.5 million decrease in consulting fee.

Finance costs

Finance costs increased by approximately 289.2%, from approximately US$0.1 million in 2009 to US$0.5 million in 2010. The increase was primarily due to an US$0.4 million increase in interest on loans and borrowings wholly repayable within five years.

Income tax

Income tax decreased by approximately 7.4%, from approximately US$1.6 million in 2009 to US$1.5 million in 2010. The decrease was primarily due to the reversal of deferred taxes resulting from a change in the Group's tax rate, and partially offset by (i) an increase in the Group's profit before taxation, and (ii) the overall change in the profit structure of the Group in which profit before tax contributed by Technovator Beijing and Distech Controls were accounted for approximately 96% and 4% respectively in 2010 while profit before tax contributed by Technovator Beijing and Distech Controls were approximately 73% and 27% respectively in 2009. As Technovator Beijing is subject to lower income tax rate of 15% in 2010, therefore, the Group's effective tax rate decreased from approximately 21.9% in 2009 to 16.9% in 2010. Further, there was no transfer pricing implications between the Group companies. The improvement in profit margin as a result does not warrant actual steps taken by the Group but rather as a decrease in the effective tax rate, and as such, there is no transfer pricing implication, legal and/or financial impact to the Group should any existing actual steps taken by the Group be challenged by the relevant authorities.

Profit for the year

As a result of the foregoing factors, profit for the year increased by approximately 27.7% from approximately US$5.6 million in 2009 to US$7.2 million in 2010. Net profit margin decreased from approximately 11.7% in 2009 to 9.7% in 2010.

Year ended 31 December 2009 compared with year ended 31 December 2008

Revenue

Revenue increased by approximately 57.1%, from approximately US$30.7 million in 2008 to US$48.2 million in 2009. The increase was primarily due to the increase in the Group's revenue from integrated building automation systems and energy management systems.

Revenue from integrated building automation systems

Revenue from integrated building automation systems increased by approximately 74.7% from approximately US$20.8 million in 2008 to US$36.4 million in 2009. The increase was primarily due to (i) the increase in the revenue from the sale of integrated building automation system in the PRC through the increase in sales and marketing effort, and (ii) the increase in the overseas business of the Group as a result of the acquisition of Distech Controls in May 2008 and the Group's global expansion plan. The Directors believe the increase in sales primarily resulted from (i) increasing awareness of the need to promote energy efficiency in buildings in the PRC, (ii) the overall growth of the market for building energy efficiency, and (iii) the increasing recognition of the quality and brands of the Group's products internationally.

Revenue from energy management systems

Revenue from energy management systems increased by approximately 111.5% from approximately US$1.8 million in 2008 to US$3.8 million in 2009. The increase was primarily due to the overall growth of the energy management systems market and the Group's increased efforts to promote the segment. Further, the results of Distech Controls were consolidated for the full year of 2009 as compared to a relatively shorter period in 2008.

Revenue from control security systems

Revenue from control security systems increased by approximately 0.8%, from approximately US$7.8 million in 2008 to US$7.9 million in 2009. Control security systems remained as a non-core product segment of the Group complementary to the integrated building automation and energy management systems segments, and the Directors expect to maintain relatively steady growth of the segment as overall growth of the market remains stagnant internationally.

Revenue from fire alarm systems

Revenue from fire alarm systems decreased by approximately 28.5%, from approximately US$0.3 million in 2008 to US$0.2 million in 2009. The decrease is primarily due to the Group's lessened effort in the marketing of such products as the Group placed more emphases on integrated building automation and energy management systems segments.

Cost of sales

Cost of sales increased by approximately 36.3%, from approximately US$22.3 million in 2008 to US$30.4 million in 2009. Cost of sales, as a percentage of total revenue, decreased from approximately 72.6% in 2008 to 63.0% in 2009, mainly due to economies of scale and the contributions from relatively higher margin products. The increase in cost of sales was primarily due to (i) an increase in cost of raw materials from approximately US$20.5 million in 2008 to US$28.9 million in 2009, mainly as a result of an overall increase in sales volume, and (ii) an increase of subcontracting and other costs from approximately US$0.2 million in 2008 to US$0.4 million in 2009, which were partially offset by (i) a decrease in manufacturing overhead cost from approximately US$1.3 million in 2008 to US$0.8 million in 2009, and (ii) a decrease in direct labor cost from approximately US$0.3 million in 2008 to US$0.2 million in 2009, both mainly as the Group shifted to a less-production and labor intensive business model with a stronger focus on research and development as a result of the acquisition and integration of Distech Controls into the Group.

Gross profit

As a result of the foregoing factors, gross profit increased by approximately 112.3% from approximately US$8.4 million in 2008 to US$17.9 million in 2009. Gross profit margin correspondingly increased from approximately 27.4% in 2008 to 37.0% in 2009. Specifically,

- Gross profit margin of the Group's integrated building automations systems increased from approximately 33.0% in 2008 to 40.1% in 2009, primarily due to the increase in demand of its integrated building automations systems and the contribution of the full year of results by Distech Controls, which some of its products had relatively higher gross profit margins due to certain specifications requirements by its customers for their specific needs.

- Gross profit margin of the Group's energy management systems increased from approximately 49.6% in 2008 to 58.3% in 2009, primarily as the increase in demand of its energy management systems and efficient production cost as the Group acquired Distech Controls in 2008 also brought along production cost synergy and economies of scale for the Group.

- Gross profit margin of the Group's control security systems increased from approximately 10.2% in 2008 to 13.1% in 2009, primarily due to better cost control on the segment.

Other revenue

Other revenue decreased by approximately 57.5%, from approximately US$0.1 million in 2008 to US$0.05 million in 2009. The decrease was primarily due to an one-off government grant amounting to approximately US$0.06 million in 2008, and an approximately US$0.04 million decrease in interest income from bank deposits as a result of a decrease in interest rates, partially offset by a US$0.03 million increase in other revenue.

Other net (loss)/gain

Other net (loss)/gain changed from other net loss of approximately US$0.09 million to other net gain of US$0.03 million in 2009. The change was primarily due to an approximately US$0.16 million increase in foreign exchange gain, partially offset by an approximately US$0.04 million increase in net loss on disposal of fixed assets.

Selling and distribution costs

Selling and distribution costs increased by approximately 46.9%, from approximately US$2.9 million in 2008 to US$4.3 million in 2009. The increase was primarily due to a US$0.5 million increase in staff costs associated with the expansion of the Group's sales and marketing sales force and an approximately US$0.7 million increase in business development expenses associated with additional advertising efforts and related exhibition and marketing costs with the anticipated its need to increase expansion sales and marketing force for future expansion into new markets intentionally.

Administrative and other operating expenses

Administrative and other operating expenses increased by approximately 50.4%, from approximately US$3.0 million in 2008 to US$4.5 million in 2009. The increase was primarily due to an approximately US$1.0 million increase in administrative staff costs, US$0.05 million in operating leases charges associated with the expansion of the Group's offices to new markets internationally, US$0.2 million increase in the depreciation of administrative equipment, US$0.2 million increase in director's and management's remuneration and US$0.1 million increase in administrative transportation expenses. The increase was primarily offset by a US$0.2 million decrease in provision for doubtful debts as the Group strengthened their receivables credit policies, US$0.09 million decrease in legal and other professional fees after the acquisition of Distech Controls in 2008.

Research and development expenses

Research and development expenses increased by approximately 255.6%, from approximately US$0.5 million in 2008 to US$1.8 million in 2009. The increase was primarily due to an approximately US$0.8 million increase in amortisation of intangible assets used in connection with the Group's research and development efforts and US$0.7 million increase in consulting fee, offset by an approximately US$0.1 million decrease in staff costs.

Finance costs

Finance costs decreased by approximately 9.7%, from approximately US$0.2 million in 2008 to US$0.1 million in 2009. The decrease was primarily due to the financial expense recognized on the redeemable convertible preference shares in 2008. The redeemable convertible preference shares were fully converted into ordinary shares in May 2008 and thus no such finance expense was incurred in 2009.

Income tax

Income tax increased by approximately 369.0%, from approximately US$0.3 million in 2008 to US$1.6 million in 2009. The increase was primarily due to (i) an increase in the Group's profit before taxation, (ii) an increase in the income tax rate of Technovator Beijing, and (iii) the overall change in the profit structure of the Group. Technovator Beijing was granted the two-year exemption followed by three-year 50% reduction of income tax rate starting from its first profit-making year from tax perspective. The company's tax holiday began in 2007, as such it was exempt from income tax for 2007 and 2008, and its application tax rate is reduced by half for three years beginning 2009. Technovator elected to apply a preferential tax rate of 15% under the high and new technology enterprise status in 2009. The Group's effective tax rate increased from approximately 17.9% in 2008 to 21.9% in 2009.

Profit for the year

As a result of the foregoing factors, profit for the year increased by approximately 265.5%, from approximately US$1.5 million in 2008 to US$5.6 million in 2009. Net profit margin correspondingly increased from approximately 5.0% in 2008 to 11.7% in 2009.

CERTAIN BALANCE SHEET ITEMS

Inventories

The Group's inventories consist of raw materials, work in progress and finished goods. Inventories decreased from approximately US$8.4 million as at 31 December 2008 to US$7.0 million as at 31 December 2009. The Directors note that the decrease was primarily due to a decrease in finished goods of approximately US$2.2 million resulting from, what they believe to be a change in the Group's inventory accumulation policy, which was offset by an increase in (i) raw materials of US$0.5 million, and (ii) work in progress of US$0.4 million as a result of the Group's increase in production to ensure sufficient inventory level. The Group's inventories increased to US$10.4 million as of 31 December 2010 primarily due to additional storage of raw materials of US$0.9 million and finished goods of US$2.4 million in anticipation of securing large projects for sufficient supply. As at 30 April 2011, the Group's inventories increased from US$10.4 million as at 31 December 2010 to US$11.4 million to cope with the expansion of the Group. Most of the Group's inventories during the Track Record Period were associated with the Group's iBAS and EMS businesses.

The following table sets forth the breakdown of the Group's inventories as of 31 December 2008, 2009 and 2010 and 30 April 2011:

	As at 31 December			As at 30 April
	2008	**2009**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Raw materials	438	965	1,871	1,992
Work in progress	136	486	561	672
Finished goods	7,795	5,576	8,016	8,710
	8,369	7,027	10,448	11,374

The Group actively monitors its inventory levels and seeks to maintain a low level of inventory of raw materials, work in progress and finished goods. The Group has established computerised enterprise resource planning systems which provide better operational efficiency by assisting in inventory planning and management through controlling purchasing, supply chain management, planning, manufacturing, subcontracting as well as general and analytical accounting ledgers. The supply of raw materials may be increased when management believes the costs of raw materials and the Group's estimates of production and sales make it prudent to do so. The Group has an inventory provisioning policy to assess the condition of its inventories and write off inventories when they become obsolete or damaged, or when their market value is below their carrying costs. The inventory write down amounted to approximately US$53,000, US$72,000 and US$122,000 for the three years ended 31 December 2010 respectively, which was made for impairment loss on finished goods which were considered obsolete. For the four months ended 30 April 2011, the Group had a reversal of write-down of inventories of approximately US$48,000.

The Group's average inventory turnover days decreased from approximately 114 days in 2008 to 93 days in 2009, and 65 days in 2010, resulting primarily from the Group's improved and more effective inventory management system. For the four months ended 30 April 2011, the Group's average inventory turnover was approximately 93 days to cope with the Group's expansion. Further, as recognitions of certain sales are not be recognized (which usually take place in later part of the year) while inventories were increased to cope with such sales during the four months ended 30 April 2011, the turnover days would be relatively higher as compared to a full year. The following table sets forth the Group's average turnover days for the Track Record Period:

	For the year ended 31 December			For the four months ended 30 April
	2008	**2009**	**2010**	**2011**
Average inventory turnover days [1]	114	93	65	93

Note:

(1) Average inventory turnover days is equal to the average inventory divided by costs of sales and multiplied by 365 days for 2008, 2009 and 2010. Average inventory turnover days is equal to the average inventory divided by cost of sales and multiplied by 121.7 days for four months ended 30 April 2011. The Group had costs of sales of approximately US$22.3 million, US$30.4 million, US$48.9 million and US$14.3 million for the three years ended 31 December 2010 and the four months ended 30 April 2011 respectively.

Subsequent to 30 April 2011 (being the latest audited balance sheet date), the Group utilized approximately US$6.1 million worth of inventories up until 31 August 2011.

Trade and other receivables

The Group's trade and other receivables consist of trade receivables, bill receivables, deposits, prepayments and other receivables, amounts due from related parties, and allowance for doubtful debts. The Group's trade receivables represent the balances due from its customers, to which certain terms of credit are offered, in the ordinary course of business. The Group generally extends to its customers credit terms varying from cash on delivery to 180 days, basing on its relationships with the customers, the credit track record of the customers and size and type of purchases. In view of the lead time to complete a system, the Sponsor is of the view that it is not unusual to have relatively longer credit period awarded to customers. Please refer to the section headed "Business — Sales, marketing and distribution" in this prospectus for more details.

The Group's trade and other receivables amounted to approximately US$9.9 million, US$10.9 million, US$24.1 million and US$27.3 million as of 31 December 2008, 2009 and 2010 and 30 April 2011 respectively. Such increase in trade and other receivables are due to the increase in the revenue of the Group as well as its global expansion. The following table sets forth the breakdown of the Group's trade and other receivables as of 31 December 2008, 2009 and 2010 and 30 April 2011:

	As at 31 December			As at 30 April
	2008	**2009**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Trade and bills receivable	6,539	8,937	19,262	19,274
Less: allowance for doubtful debts	(282)	(362)	(720)	(695)
	6,257	8,575	18,542	18,579
Deposits, prepayments and other receivables	3,382	2,106	5,508	8,065
Amounts due from related parties	254	189	92	623
	9,893	10,870	24,142	27,267

The Group's allowance for doubtful debts mainly reflects provisions for receivables related to customers whose debts have been long outstanding with no subsequent settlement received or customers that were in financial difficulties and management assessed that these receivables are not expected to be recovered. The Group's allowance for doubtful debts increased from approximately US$282,000 in 2008 to US$362,000 in 2009 primarily as a result of an impairment loss of US$89,000 for the provision of doubtful debts made. The Group's allowance for doubtful debts increased to US$720,000 as of 31 December 2010 due to an impairment loss of US$560,000 for the provision of doubtful debts made which was partially offset by uncollectible amounts written off of US$202,000. As at 30 April 2011, the Group's allowance of doubtful debts slightly decreased to approximately

US$695,000 as there were certain reversal of impairment loss. The following table sets forth the movement in the allowance for doubtful debts as of 31 December 2008, 2009 and 2010 and 30 April 2011:

	As at 31 December			As at 30 April
	2008	**2009**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*
At 1 January	19	282	362	720
Impairment loss recognized	269	89	560	50
Reversal of impairment loss	(4)	(9)	—	(63)
Uncollectible amounts written off	(2)	—	(202)	(12)
At 31 December/30 April	282	362	720	695

The following table sets forth the aging analysis of our trade receivables and amounts due from related parties, net of allowance for doubtful debts, as of 31 December 2008, 2009 and 2010 and 30 April 2011:

	As at 31 December			As at 30 April
	2008	**2009**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Current	2,314	4,160	9,106	9,744
Less than one month past due	282	1,182	3,461	3,548
More than 1 month but less than 3 months past due	2,636	1,145	4,707	1,783
More than 3 months but less than 12 months past due	773	1,723	815	2,733
More than 12 months past due	252	365	453	771
	6,257	8,575	18,542	18,579

Receivables that were current or not more than 12 months past due but not impaired primarily relate to either those long-term customers with no recent history of default. Receivables that were more than 12 months past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors believe that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

Subsequent to 30 April 2011 (being the latest audited balance sheet date), the subsequent settlements of the Group's trade receivables amounted to approximately US$13.7 million up 31 August 2011.

The following table sets forth our average trade receivable turnover days for the Track Record Period:

	For the year ended 31 December			For the four months ended 30 April
	2008	2009	2010	2011
Average trade receivable turnover days[1]	44	56	67	94

Note:

(1) Average trade receivable turnover days is equal to the average trade receivable from the Group's external debtors divided by revenue and multiplied by 365 days for 2008, 2009 and 2010. Average trade receivable turnover is equal to the average trade receivable from the Group's external debtors divided by revenue and multiplied by 121.7 days for four months ended 30 April 2011.

The Group's average trade receivable turnover days was approximately 44 days, 56 days, 67 days and 94 days for the three years ended 31 December 2010 and the four months ended 30 April 2011 respectively. The Group implemented a change in product mix from primarily the selling and distribution of products to the promotion of the Group's systems to project-based clients, in particular in late 2008 after the integration of Distech Controls given the technology advantage that the Group possess. Sales contracts of the Group's systems on long term contracts, as "Contract revenue", have comparatively longer receivable contract periods due to the longer time period required to complete systems installation for projects. For instance, the receivable contract period has in general extended from payment in advance to 90 days to payment in advance to 180 days, which lead to a relatively higher trade receivable turnover days. Further, the average trade receivable turnover days of Distech Controls was relatively higher than other Group members during the Track Record Period. As such, the average trade receivable turnover days increased over the course of the three years ended 31 December 2010. During the beginning of the year, given the credit period of up to 180 days granted to certain customers and the relatively stronger sales at the end of the previous year, and certain contracts signed at the beginning of the year were not realized yet), the average trade receivables turnover days for the four months ended 30 April 2011 was relatively higher as compared to a full year.

Trade and other payables

The Group's trade and other payables consist of trade payables, bills payables, amounts due to related parties, receipts in advance, other payables and accruals, VAT payable, and deferred income. Trade payables mainly relate to the purchase of raw materials for production, and other payables and accruals mainly relate to the purchase of services. The Group usually enters into purchasing agreements with major suppliers whereby the prices, quality, and specification of the raw materials are fixed. In line with market practice, the credit terms granted by the Group's suppliers during the Track Record Period generally ranged from cash on delivery to 90 days. Please refer to the section headed "Business — Procurement and Sourcing" in this prospectus for more details.

The Group's trade and other payables decreased from approximately US$11.5 million in 2008 to US$10.3 million in 2009, primarily due to a decrease in amounts due to related parties of approximately US$2.8 million to repay previous financing efforts obtained from related parties. The Group's trade and other payables increased to US$21.4 million in 2010, primarily due to an increase in trade and bills payables of US$8.1 million. The Group's trade and other payables decreased to approximately US$19.5 million as at 30 April 2011, mainly due to the decrease in trade payables and amounts due to related parties. The following table sets forth the breakdown of the Group's trade and other payables as of 31 December 2008, 2009 and 2010 and 30 April 2011:

	As at 31 December			As at 30 April
	2008	**2009**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Trade payables	5,710	5,867	13,773	12,599
Bills payable	—	369	587	467
Amounts due to related parties	3,559	767	1,602	568
Receipts in advance	750	1,379	649	929
Other payables and accruals	1,182	1,274	4,218	4,708
VAT payables	42	558	360	53
Deferred income	221	80	168	168
	11,464	10,294	21,357	19,492

The following table sets forth the aging analysis of the Group's trade payables as of 31 December 2008, 2009 and 2010 and 30 April 2011:

	As at 31 December			As at 30 April
	2008	**2009**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*
By date of invoice:				
Within 3 months	5,106	4,486	10,818	10,275
More than 3 months but within 6 months	546	647	1,655	851
More than 6 months but within 12 months	38	149	702	601
More than 12 months	20	585	598	872
	5,710	5,867	13,773	12,599

Subsequent to 30 April 2011 (being the latest audited balance sheet date), the subsequent settlements of the Group's trade payables amounted to approximately US$7.9 million up until 31 August 2011.

The following table sets forth the Group's average trade payable turnover days for the Track Record Period:

	For the year ended 31 December			For the four months ended 30 April
	2008	2009	2010	2011
Average trade payable turnover days [(1)]	61	70	73	112

Note:

(1) Average trade payable turnover days is equal to the average trade payable divided by cost of sales and multiplied by 365 days for 2008, 2009 and 2010. Average trade payable turnover days is equal to the average trade payable divided by cost of sales and multiplied by 121.7 days for four months ended 30 April 2011. The Group had cost of sales of approximately US$22.3 million, US$30.4 million, US$48.9 million and US$14.3 million for the three years ended 31 December 2010 and the four months ended 30 April 2011 respectively.

The Group's average trade payable turnover days increased from 61 days in 2008 to 70 days in 2009, and increased to 73 days in 2010. For the four months ended 30 April 2011, the Group's trade payable turnover days increased to 112 days. The increase in trade payable turnover days during the Track Record Period was primarily attributable to the Group's capability to negotiate for longer credit periods, in particular, to cope with the longer credit period provided to the Group's customers (especially those project base customers) and the increased volume of the Group's business. During the beginning of the year, as certain cost of sales, in particular longer term sales, are not recognized (which usually take place in later part of the year), the average trade payable turnover days for the four months ended 30 April 2011 was relatively higher as compared to a full year.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows

To date, the Group has financed its operations primarily through cash flow from operations. As at 30 April 2011, the Group had approximately US$11.3 million in cash and cash equivalents. The Group's cash and cash equivalents consist primarily of cash at bank and on hand and deposits that are readily convertible into known amounts of cash.

The following table sets forth a summary of the consolidated cash flows of the Group for the Track Record Period:

	For the year ended 31 December			For the four months ended 30 April 2011	
	2008	2009	2010	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Net cash (used in)/generated from operating activities	(3,749)	7,402	4,477	(5,105)	(2,523)
Net cash used in investing activities	(13,021)	(3,266)	(9,785)	(7,021)	(933)
Net cash generated from/(used in) financing activities	20,369	(942)	5,351	4,552	(564)
Net increase/(decrease) in cash and cash equivalents	3,599	3,194	43	(7,574)	(4,020)
Cash and cash equivalents at the beginning of the year/period	8,295	11,606	14,811	14,811	15,243
Effect of foreign exchange rate changes	(288)	11	389	4	121
Cash and cash equivalents at the end of the year/period	11,606	14,811	15,243	7,241	11,344

Operating activities

During the Track Record Period, the Group derived net cash inflow from operations primarily through the receipt of payments for the sales of its products. The Group's cash outflow from operations is used primarily for raw material purchases, staff costs and miscellaneous expenses used in operating activities. The Group's net cash generated from operating activities reflects its profit for the year, as adjusted for non-cash items such as depreciation and equity-settled share-based payment expenses, and the effects of changes in working capital such as increase or decrease in trade and other receivables and trade and other payables.

Net cash used in operating activities was approximately US$2.5 million during the four months ended 30 April 2011 as compared to US$5.1 million during the corresponding in 2010. The Group usually make purchases and payments during the beginning of the year and hence, the net cash outflow is greater than inflow during the beginning of the year. Owing to the Group's effort to better manage of its operating cashflow, the net cash used in operating activities decreased in 2011 as compared to 2010, in particular, increase in trade and other receivables decreased from approximately US$6.4 million during the four months ended 30 April 2010 to US$3.1 million during the corresponding period in 2011.

Net cash generated from operating activities was approximately US$4.5 million in 2010, which was primarily attributable to (i) profit before taxation of approximately US$8.6 million, (ii) amortisation of intangible assets of approximately US$2.1 million, and (iii) an increase in trade and other payables of approximately US$7.3 million. This was partially offset by (i) an increase in trade and other receivables of approximately US$10.3 million, (ii) an increase in inventories of approximately US$2.2 million, and (iii) a decrease in gross amounts due to customers for contract works of approximately US$2.6 million which relate to construction contracts in progress which the Group recognized as a result of increased revenue generated.

Net cash generated from operating activities was approximately US$7.4 million in 2009, which was primarily attributable to (i) profit before taxation of approximately US$7.2 million, (ii) amortisation of intangible assets of approximately US$1.1 million, and (iii) a decrease in inventories of approximately US$1.3 million, partially offset by (i) an increase in trade and other receivables of US$1.1 million, and (ii) a decrease in gross amounts due to customers for contract works of approximately US$1.0 million which relate to construction contracts in progress.

Net cash used in operating activities was approximately US$3.7 million in 2008, which was primarily attributable to (i) profit before taxation of approximately US$1.9 million, and (ii) amortisation of intangible assets of approximately US$0.6 million, partially offset by (i) an increase in inventories of approximately US$1.7 million, (ii) an increase in trade and other receivables of approximately US$3.8 million, (iii) a decrease in trade and other payables of approximately US$0.7 million, and (iv) a decrease in gross amounts due to customers for contract works of approximately US$0.4 million which relate to construction contracts in progress.

Investing activities

Net cash used in investing activities was approximately US$0.9 million during the four months ended 30 April 2011 as compared to US$7.0 million during the corresponding in 2010 as the Group acquired Comtec and Acelia in early 2010 and incurred an amount of approximately US$5.3 million in addition to an expenditure on purchase of intangible assets in the amount of approximately US$1.6 million.

Net cash used in investing activities was approximately US$9.8 million in 2010, which was primarily attributable to (i) payment for the purchase of fixed assets of approximately US$1.0 million in connection with the Group's purchase of machinery and office equipment, (ii) expenditure on purchase of intangible assets of approximately US$3.6 million in connection with the Group's purchase of patents and technology know-how, and (iii) payment for the acquisition of Acelia and Comtec of approximately US$5.3 million.

Net cash used in investing activities was approximately US$3.3 million in 2009, which was primarily attributable to (i) payment for the purchase of fixed assets of approximately US$0.7 million in connection with the Group's purchase of machinery and office equipment, (ii) expenditure on purchase of intangible assets of approximately US$2.0 million in connection with the Group's purchase of patents and technology know-how, and (iii) payment for the purchase of other financial assets of approximately US$0.3 million in connection with the acquisition of the available-for-sale unlisted equity securities of E2 Solutions.

Net cash used in investing activities was approximately US$13.0 million in 2008, which was primarily attributable to (i) payment for the purchase of fixed assets of approximately US$0.3 million in connection with the Groups' purchase of machinery and office equipment, (ii) expenditure on purchase of intangible assets of approximately US$1.4 million in connection with the Group's purchase of trade name, patents and technology know-how, and (iii) payment for the acquisition of Distech Controls of approximately US$11.7 million, partially offset by an increase in financial liabilities of approximately US$0.2 million.

Financing activities

Net cash used in financing activities was approximately US$0.5 million during the four months ended 30 April 2011, which was primarily attributable to repayment of loans and borrowings of approximately US$0.7 million for the period.

Net cash generated from financing activities was approximately US$5.4 million in 2010, which was primarily attributable to proceeds from loans and borrowings of approximately US$9.2 million in connection with the acquisition of Acelia and Comtec, and partially offset by repayment of loans and borrowings of approximately US$3.3 million and other borrowing costs paid of approximately US$0.5 million.

Net cash used in financing activities was approximately US$0.9 million in 2009, which was primarily attributable to the repayment of loans of approximately US$1.2 million, partially offset by proceeds from further loans of approximately US$0.4 million.

Net cash generated from financing activities was approximately US$20.4 million in 2008, which was primarily attributable to proceeds from the issuance of shares and financial liabilities of approximately US$21.0 million, partially offset by the repayment of loans and borrowings of approximately US$0.4 million.

Working capital

Based on past performance and current expectations, the Directors are of the opinion that cash on hand, cash generated from operations, available credit facilities, access to credit markets, and the estimated net proceeds from the Share Offer will be adequate to support currently planned business operations, commitments, and other contractual obligations for at least the next 12 months from the date of this prospectus and the Group has sufficient working capital for its present requirements and for at least the next 12 months from the date of this prospectus.

Net current assets

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

	As at 31 December			As at 30 April	As at 31 August
	2008	**2009**	**2010**	**2011**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
					(unaudited)
Current assets					
Inventories	8,369	7,027	10,448	11,374	13,924
Trade and other receivables	9,893	10,870	24,142	27,267	33,584
Gross amounts due from customers for contract work	—	—	52	305	527
Income tax recoverable	219	4	30	—	44
Pledged deposits	123	—	—	—	—
Cash and cash equivalents	11,606	14,811	15,243	11,344	3,911
	30,210	32,712	49,915	50,290	51,990
Current liabilities					
Trade and other payables	11,464	10,294	21,357	19,492	19,674
Gross amounts due to customers for contract work	3,933	2,888	310	239	157
Other financial liabilities	248	—	—	—	—
Loans and borrowings	1,439	810	9,344	9,431	3,786
Promissory note payable	—	143	—	—	—
Obligations under finance leases	61	92	119	125	96
Income tax payable	11	405	592	235	—
	17,156	14,632	31,722	29,522	23,713
Net current assets	13,054	18,080	18,193	20,768	28,277

The net current assets of the Group amounted to approximately US$13.1 million, US$18.1 million, US$18.2 million, US$20.8 million and US$28.3 million as at 31 December 2008, 2009 and 2010, 30 April 2011 and 31 August 2011 (the date of the indebtedness statement for this prospectus). The increase during the Track Record Period and up until 31 August 2011 was mainly due to the increase in trade and other receivables (being an item under current assets), which was the result from the increased revenue and business operations of the Group, while the current liabilities of the Group increased at a relatively slower pace than the current assets.

CAPITAL EXPENDITURES

The Group made capital expenditures of approximately US$1.7 million, US$2.9 million, US$4.6 million and US$1.2 million for the three years ended 31 December 2010 and the four months ended 30 April 2011 respectively, primarily in connection with the acquisition of intangible assets including trade name, patents and technology know-how, and purchases of machinery and equipment.

The Group may increase or decrease the amount of its planned capital expenditures depending on, among other factors, market conditions, the financial results, and other future developments. For the year ending 31 December 2011, the Directors estimated the capital expenditures to amount to approximately US$5.1 million.

INDEBTEDNESS

The following table sets forth the borrowings of the Group as of the dates indicated:

Borrowings

	As at 31 December			As at 30 April	As at 31 August
	2008	**2009**	**2010**	**2011**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
					(unaudited)
Secured bank overdraft	966	473	1,433	1,585	1,649
Bank loans					
- secured	798	409	5,733	5,990	4,833
- unsecured	—	—	1,574	1,572	291
	1,764	882	8,740	9,147	6,773
Obligations under financial leases	194	254	198	168	127
Other borrowings	121	398	977	728	927
	2,079	1,534	9,915	10,043	7,827

As of 31 August 2011, the date of the indebtedness statement for this prospectus, the Group's indebtedness consisted of short-term loans of approximately US$3.8 million, long-term loans of US$3.9 million and obligations under finance leases of US$0.1 million. The short-term loans represented a secured term loan of US$1.3 million, a secured bank overdraft of US$1.3 million from an international bank in Canada and other short-term loans and bank overdrafts of US$1.2 million. The increase in the Group's borrowings over the course of the Track Record Period was mainly due to the financing for the acquisition of Comtec and Acelia in 2010, as part of the Group's strategy to expand its presence in the European market. Further, the Group's borrowings maintained at a similar level as at 30 April 2011 as compared to 31 December 2010. The decrease in the Group's borrowings as at 31 August 2011 as compared to 30 April 2011 was mainly due to the repayment of an unsecured term loan from a bank in the PRC.

Further, the Directors confirm that there has not been any delay or default in repayment of the Group's bank loans during the Track Record Period.

The following table sets forth the secured and unsecured banking facilities, together with their utilization, of the Group as of the dates indicated:

	As at 31 December			As at 30 April	As at 31 August
	2008	**2009**	**2010**	**2011**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
					(unaudited)
Banking facilities					
- Secured	3,678	3,690	9,368	9,609	8,495
- unsecured	—	—	22,714	22,828	31,611
	3,678	3,690	32,082	32,437	40,106
Utilised facilities	1,764	882	8,969	9,353	6,941
Unutilised facilities	1,914	2,808	23,113	23,084	33,165

As of 31 August 2011, the Group had approximately US$8.5 million of secured banking facilities and US$31.6 million of unsecured banking facilities. Such secured banking facilities were pledged by the assets of the Group and carried interest rate of approximately 2.75% to 8.55%. Out of the secured banking facilities, approximately US$3.1 million utilised are repayable within one year from the date of borrowing and approximately US$3.5 million utilised are repayable within two to five years. Out of the unsecured banking facilities, approximately US$0.1 million utilised are repayable within one year from the date of borrowing and approximately US$0.2 million utilised are repayable within two to five years.

As of 31 August 2011, the date of the indebtedness statement for this prospectus, the Group had indebtedness of US$7.8 million, consisting of short-term loans of US$3.8 million, long-term loans of US$3.9 million, and the current and non-current portions of obligations under finance leases of US$0.1 million and US$0.03 million respectively. As of 31 August 2011, the date of the indebtedness for this prospectus, the Group had total banking facilities of approximately US$40.1 million, and of which, approximately US$33.2 million had not been utilized.

The following table sets forth the major financial ratios of the Group as at 31 December 2008, 2009 and 2010 and 30 April 2011:

	As at 31 December			As at 30 April
	2008	**2009**	**2010**	**2011**
Current ratio	1.76	2.24	1.57	1.70
Quick ratio	1.27	1.76	1.24	1.32
Return on equity	6.0%	18.9%	17.5%	13.1%
Return on assets	3.5%	12.0%	10.8%	7.9%
Gearing ratio	4.3%	2.6%	11.7%	11.6%

Current ratio

The Group's current ratio which is the ratio of current assets to the current liabilities, were approximately 1.76, 2.24, 1.57 and 1.70 as at 31 December 2008, 2009 and 2010 and 30 April 2011 respectively. The current ratio increased in 2009, as compared to 2008, was mainly due to the increase in cash level. Current ratio decreased in 2010, as compared to 2009, was mainly due to the increase in loans and borrowings, from approximately US$0.8 million to US$9.3 million. Current ratio slightly increased from approximately 1.57 to 1.70 as the current liabilities decreased due to a decrease in trade and other payables while current assets slightly increased due to an increase in trade and other receivables as at 31 April 2011.

Quick ratio

The Group's quick ratio which is the ratio of current assets minus inventories to the current liabilities, were approximately 1.27, 1.76, 1.24 and 1.32 as at 31 December 2008, 2009 and 2010 and 30 April 2011 respectively. The reasons for the changes in quick ratio over the Track Record Period was in line with the changes in current ratio as mentioned above.

Return on equity

The Group's return on equity, which is the amount of net profit as a percentage of total equity, as at 31 December 2008, 2009 and 2010 and 30 April 2011 were approximately 6.0%, 18.9%, 17.5% and 13.1% respectively. The increase in return on equity in 2009 was mainly due to that the increase in net profit was at a faster pace than the increase in equity of the Group. Return on equity slightly decreased from approximately 18.9% as at 31 December 2009 to 17.5% as at 31 December 2010 after the acquisitions of Comtec and Acelia in early 2010, which increased the equity of the Group as of the year end. As the Group had relatively lower profit during the four months ended 30 April 2011 while comparing to a higher level of equity as of April 2011, the return on equity decreased in the period.

Return on assets

The Group's return on assets, which is the amount of net profit as a percentage of total assets, as at 31 December 2008, 2009 and 2010 and 30 April 2011 were approximately 3.5%, 12.0%, 10.8% and 7.9% respectively. The reasons for the changes in return on assets over the Track Record Period was in line with the changes in return on equity mentioned above.

Gearing ratio

The Group's gearing ratio, which is the amount of total interest-bearing loans and borrowings as a percentage of total assets, as at 31 December 2008, 2009 and 2010 and 30 April 2011 were approximately 4.3%, 2.6%, 11.7% and 11.6% respectively. The decrease in the Group's gearing ratio from approximately 4.3% in 2008 as compared to 2.6% in 2009 was mainly due to the increase in the Group's business activities (hence higher revenue which led to increase in trade and other receivables and cash) and the increase in intangible assets as a result of the Group's developments while the Group's total debts slightly decreased. The Group's gearing ratio increased to 11.7% in 2010, mainly due to the increase in the level of loans and borrowings in 2010 as a result of the acquisitions of Comtec and Acelia in 2010, and the increase in total debts, from approximately US$1.3 million as of 31 December 2009 to US$9.7 million as of 31 December 2010, outpaced the increase in total assets of the Group. The Group's gearing ratio as at 30 April 2011 remained stable when compared to 31 December 2010 as total debts and total assets of the Group remained at similar levels.

Disclaimer

Except as disclosed above, the Group did not have, at the close of business on 31 August 2011, any material credit facilities or any mortgages, charges, debentures or other loan capital, bank overdrafts, loans, liabilities under acceptance or other similar indebtedness, hire purchase and finance lease commitments or any guarantees or other material contingent liabilities.

CONTRACTUAL OBLIGATIONS AND CAPITAL COMMITMENTS

The following table sets forth the Group's non-cancellable operating lease commitments as of 31 December 2008, 2009 and 2010 and 30 April 2011. The Group's operating lease commitments relate primarily to its leases of office spaces, workspaces and machinery.

	As at 31 December			As at 30 April
	2008	**2009**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within one year	459	488	960	1,070
After one year but within five years	1,185	1,154	1,580	1,498
Over five years	49	—	—	—
	1,693	1,642	2,540	2,568

The Group had no capital commitments contracted for, and authorized but not contracted for, but not provided in the financial statements as of 31 December 2008, 2009 and 2010 and 30 April 2011.

As of 30 April 2011 (being the date of the latest audited balance sheet), the Group did not have any material contingent liabilities. The Directors confirm that there has been no material change in the Group's contingent liabilities since 30 April 2011 and up until 31 August 2011 (being the date of the indebtedness statement for this prospectus). Except as disclosed in this prospectus, as at the Latest Practicable Date, the Group did not have any outstanding loan capital, bank overdraft, liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges, loans, acceptance credits, hire purchase commitments, guarantees or other 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 financial guarantees or other commitments to guarantee the payment obligations of any third parties. In addition, The Group has not entered into any derivative contracts that are indexed to its own shares 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.

DIVIDENDS, DIVIDEND POLICY AND DISTRIBUTABLE RESERVES

The declaration of dividends is subject to the discretion of the Board and any final dividend for the year is subject to the recommendation of the Board and approval of the Shareholders. The Directors may recommend dividends in the future after taking into account the Group's operations, earnings, financial conditions, cash requirements, and availability and other factors as they may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to all applicable laws, including the Singapore Companies Act and the Articles, including the approval of its Shareholders (in the case of final dividends). Any future declarations of dividends may or may not reflect the Company's historical declarations of dividends and will be at the absolute discretion of the Directors.

Future dividend payments will also depend upon the availability of dividends received from the Group's subsidiaries in the PRC. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including HKFRSs. PRC laws also require foreign-invested enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from the Group's subsidiaries may also be restricted if they incurs debt or losses or pursuant to any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that the Group or its subsidiaries and associated companies may enter into in the future.

As at 30 April 2011, the Company had no reserves available for distribution to the equity holders of the Company.

PROPERTY INTEREST AND PROPERTY VALUATION

Jones Lang LaSalle Sallmanns Limited, an independent property valuer, has valued the Group's property interest as at 31 August 2011 and is of the opinion that the value of its property interest had no commercial value. The full text of the letter, summary of valuation, and valuation certificates with regard to such property interest are set out in Appendix III to this prospectus.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma statement of adjusted net tangible assets of the Group prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Share Offer on the net tangible assets of the Group attributable to equity holders of the Company as at 30 April 2011 as if the Share Offer had taken place on 30 April 2011.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group as at 30 April 2011 or at any future dates following the completion of the Share Offer.

The unaudited pro forma statement of our adjusted net tangible assets as of 30 April 2011 is as follows.

	Consolidated net tangible assets attributable to equity holders of the Company as of 30 April 2011(1)	**Estimated net proceeds from the Share Offer(2)**	**Unaudited pro forma adjusted net tangible assets attributable to equity holders of the Company**	**Unaudited pro forma adjusted net tangible assets per Share(3)**	**Unaudited pro forma adjusted net tangible assets per Share(3)**
	US$'000	*US$'000*	*US$'000*	*US$*	*(Equivalent to HK$)*
Based on the Offer Price of HK$1.0 per Share	17,204	10,381	27,585	0.057	0.44
Based on the Offer Price of HK$1.2 per Share	17,204	13,517	30,721	0.063	0.49

Notes:

(1) The consolidated net tangible assets of the Group attributable to equity holders of the Company as of 30 April 2011 is compiled based on the consolidated financial information included in the Accountants' Report as set out in Appendix I to this prospectus, which is based on the consolidated net assets attributable to equity holders of the Company of approximately US$48.1 million less goodwill and intangible assets attributable to equity holders of the Company of approximately US$30.9 million.

(2) The estimated net proceeds from the Share Offer are based on the Offer Price of HK$1.0 or HK$1.2, being the low or high end of the stated offer price range, per Offer Share after deduction of the underwriting fees and other related expenses payable by the Group and takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option.

(3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to above and on the basis that 485,200,000 Shares are in issue following the Share Offer but takes no account of any Shares which may be issued upon the exercise of the options under the Pre-IPO Share Option Schemes and Over-allotment Option. The unaudited pro forma adjusted net tangible assets per Share is converted to Hong Kong dollars at an exchange rate of US$0.1285 to HK$1.00. You should not construe such conversion as a representation that the US$ amounts could actually be converted into HK dollar amounts as the rate indicated, or at all.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign exchange rate risk

The exposure of the Company to foreign exchange risk is attributable to the foreign currency transactions during the year which are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognized in profit or loss. Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances to that entity whereby, the financial statements are presented in US$, which is the Company's functional currency. The Company currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. Since the Hong Kong dollar is pegged to the US dollar, the Directors do not expect any significant movements in the Hong Kong dollar/US dollar exchange rate. Fluctuations in the exchange rates may adversely affect the value, translated or converted into HK dollars or US dollars, of the net assets, earnings and profits.

Interest rate risk

Interest rate risk arises from the potential changes in interest rates that may have an adverse effect on the results of the Group for the current reporting period and in future years. The exposure of the Group to interest rate risk from fluctuations in interest rates is mainly attributable to borrowings that are subject to variable interests rates. Management considers the exposure to interest rates on these borrowings to be limited. A one base-point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates. The effect of a one base-point change in interest rate, with all other variables held constant, would not have had a significant effect on the profit of the Group for each of the three years ended 31 December 2010 and the four months ended 30 April 2011.

Credit risk

Credit risk refers to the risk that the Group will suffer loss if the debtors default on their obligations to repay the amounts owing to the Group. The carrying amounts of trade and other receivables, cash and cash equivalents, and pledged deposits with banks represent the maximum exposure to credit risk in relation to financial assets.

To manage the credit risk in relation to trade and other receivables, the Directors have adopted procedures in extending credit terms to customers and in monitoring their credit risk. The current credit practices include assessing customers' credit reliability and periodically reviewing their financial status to determine credit limits to be granted. The credit risk with respect to cash and cash equivalents and deposits with banks is limited because the Group places all bank deposits in State-owned financial institutions in the PRC or reputable banks which are high-credit-quality financial institutions in both the PRC and Hong Kong. The maximum exposure to credit risk in the event that counterparties fail to perform their obligations as at the end of the year in relation to each class of recognized financial assets is the carrying amount of those assets as stated in the balance sheets of the Group.

Management is of the view that the Group does not have significant concentrations of credit risk because exposure is spread over a large number of counterparties and customers.

Liquidity risk

The Group is exposed to minimal liquidity risk as a substantial portion of its financial assets and financial liabilities are due within one year and the Group can finance its operations from existing funds and internally generated cash flows. The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance its operations and mitigate the effects of fluctuations in cash flows. In addition, the Directors maintain flexibility in funding through having available source of bank financing.

RELATED PARTY TRANSACTIONS

During the Track Record Period, the Group entered into certain related party transactions, details of which are set out in note 35 headed “Material related party transactions” to the Accountants’ Report set out in Appendix I to this prospectus.

NO MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there has been no material adverse change in the financial, trading or forecast position of the Company since 30 April 2011.

The Directors confirm that there has been no material change in the Group’s indebtedness and contingent liabilities since 31 August 2011.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

The Directors confirm that, as at the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Listing Rules 13.13 to 13.19.

FUTURE PLANS

Please refer to the paragraph headed "Business strategies" of the "Business" section for the detailed discussion of the Group's future plans.

USE OF PROCEEDS

The Directors believe that the Listing will raise and strengthen the Group's corporate profile and provide the Group with capital resources to achieve its strategies and carry out its future plans. The Directors estimate that the net proceeds from the Share Offer (after deducting underwriting fees and estimated expenses payable by the Group in connection with the Share Offer) will be approximately HK$93.0 million based on an Offer Price of HK$1.1 per Offer Share (being the mid-point of the Offer Price range between HK$1.0 and HK$1.2 per Offer Share), assuming the Over-allotment Option is not exercised. The Directors currently intend to apply such net proceeds in the following manner:

— as to approximately 40% of net proceeds (approximately HK$37.2 million) to pursue product and technology purchase opportunities, strategic acquisitions and alliances, including (as at the Latest Practicable Date, the Directors have not allocated the estimated net proceeds nor identified any companies or businesses as potential targets among the following):

  - companies and/or businesses that can broaden the presence of the Group around the world; and

  - companies and/or businesses that offer complementary services, products and research and development capabilities;

— as to approximately 30% of net proceeds (approximately HK$27.9 million) for expansion of the Group's operations through organic growth as well as mergers and acquisitions, with the view to strengthen its penetration and market share in international markets where the Group operates, including (as at the Latest Practicable Date, the Directors have not allocated the estimated net proceeds nor identified any companies or businesses as potential targets among the following):

  - acquiring and/or allying with companies and/or businesses that possess existing sales network that can expedite and/or broaden the Group's geographical reach in terms of its sales network; and

  - acquiring and/or allying with companies and/or businesses that have existing presence in the market(s)/region(s) so to strengthen the market share in such particular market(s)/region(s);

— as to approximately 10% of net proceeds (approximately HK$9.3 million) to strengthen the research and development capabilities of the Group by developing and/or sourcing of new and/or complementary technologies and recruiting talents, with the view to strengthen the Group's products and services' capabilities and functionalities:

  - broaden and strengthen the Group's product range so to provide more product selections and solutions to customers; and

  - continual investments in research and development, including but not limited to the recruitment of additional research and development talents, to cope with market demand and competition (for the three years ended 31 December 2010 and the four months ended 30 April 2011, the Group's research and development expenses (including those being capitalized) amounted to approximately amounted to approximately US$1.3 million, US$3.7 million, US$5.6 million and US$1.8 million respectively);

— as to approximately 10% of net proceeds (approximately HK$9.3 million) to strengthen the sales and marketing effort of the Group by expanding its existing sales force/effort and strengthening its presence in the Asia Pacific region; and

— as to the remaining 10% of net proceeds (approximately HK$9.3 million) for general working capital purpose of the Group.

The possible use of proceeds outlined above may change in light of the Group's evolving business needs and conditions and management requirements. The Group's business operations and the industry in which it operates are evolving rapidly and could cause significant and rapid changes to its strategies and business plans. In the event that any part of the Group's business plans does not materialize or proceed as planned, the Directors will carefully evaluate the situation and may reallocate the intended use of proceeds and/or hold such funds on short-term deposits and/or invest in money-market instruments as the Directors consider to be in the best interests of the Company and its Shareholders, taken as a whole.

To the extent the net proceeds are either more or less than expected, the Group will adjust the allocation of the net proceeds for the above purposes on a pro rata basis.

Any additional net proceeds that the Group would receive from any exercise in full or in part, of the Over-allotment Option at the Offer Price, may be applied in the manner and the proportions stated above.

Pending use of the net proceeds, the Directors intend to invest the net proceeds in short-term, interest-bearing debt instruments or bank deposits.

If the Over-allotment Option is exercised in full, the net proceeds from the Share Offer will increase to approximately HK$112.4 million, assuming the Offer Price is set at the mid-point of the indicative Offer Price range. If the Offer Price is set at the high-end of the indicative Offer Price range, the net proceeds from the Share Offer (including the proceeds from the exercise of the Over-allotment Option) will increase by approximately HK$13.5 million. If the Offer Price is set at the low-end of the indicative Offer Price range, the net proceeds from the Share Offer (including the proceeds from the exercise of the Over-allotment Option) will decrease by approximately HK$13.5 million. The Directors intend to apply the additional net proceeds from the exercise of the Over-allotment Option to the above purposes on a pro-rata basis. Should the Directors decide to reallocate the intended use of proceeds to other business plans and/or purposes to a material extent and/or there is to be any material modification to the use of proceeds as described above, the Company will make appropriate announcement(s) in due course.

UNDERWRITING

Joint Bookrunners

Piper Jaffray Asia Securities Limited
Guotai Junan Securities (Hong Kong) Limited

Joint Lead Managers

Piper Jaffray Asia Securities Limited
Guotai Junan Securities (Hong Kong) Limited
ABCI Securities Company Limited

Public Offer Underwriters

Piper Jaffray Asia Securities Limited
Guotai Junan Securities (Hong Kong) Limited
ABCI Securities Company Limited
CMB International Securities Limited
China Merchants Securities (HK) Co., Limited
SBI E2-Capital (HK) Limited
Ample Orient Capital Limited

Placing Underwriters

Piper Jaffray Asia Securities Limited
Guotai Junan Securities (Hong Kong) Limited
ABCI Securities Company Limited
CMB International Securities Limited
China Merchants Securities (HK) Co., Limited
SBI E2-Capital (HK) Limited
Ample Orient Capital Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, the Company is offering the Public Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms. Subject to, among other conditions, (i) the granting of the listing of and permission to deal the Shares in issue and to be issued as mentioned in this prospectus by the Listing Committee and (ii) certain other conditions set out in the Public Offer Underwriting Agreement (including the Company and the Joint Bookrunners (on behalf of the Underwriters) agreeing on the Offer Price and the Placing Underwriting Agreement becoming unconditional and not having been terminated), the Public Offer Underwriters have severally agreed to procure applications for their respective applicable proportions of the Public Offer Shares being offered or, failing which, to apply for such Public Offer Shares themselves on the terms and conditions as set out in the Public Offer Underwriting Agreement.

Grounds for termination

The Joint Bookrunners (acting on behalf of the Public Offer Underwriters) may in their absolute discretion terminate the Public Offer Underwriting Agreement with immediate effect by written notice to the Company at any time at or before 8:00 a.m. on the Listing Date ("**Termination Time**") if:

(A) there comes to the notice of any of the Joint Bookrunners or any of the Public Offer Underwriters:

(1) any matter or event showing any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement to be untrue, inaccurate or misleading in any respect when given or repeated or there has been a breach of any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement or any other provisions of the Public Offer Underwriting Agreement by any party thereto other than the Public Offer Underwriters which, in any such cases, is considered, in the sole absolute opinion of any of the Joint Bookrunners, to be material in the context of the Share Offer; or

(2) any statement contained in this prospectus has become or been discovered to be untrue, incorrect or misleading in any respect and is considered in the sole absolute opinion of the Joint Bookrunners to be material; or

(3) any event, series of events, matters or circumstances occurs or arises on or after the date of the Public Offer Underwriting Agreement and before the Termination Time, being an event, matter or circumstance which, if it had occurred before the date of the Public Offer Underwriting Agreement, would have rendered any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement untrue, incorrect or misleading in any respect, and which is considered, in the sole absolute opinion of any of the Joint Bookrunners to be material in the context of the Share Offer; or

(4) any matter which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted, in the sole absolute opinion of any of the Joint Bookrunners, a material omission in the context of the Share Offer; or

(5) any event, act or omission which gives or is likely to give rise to any liability of a material nature of the Company, any of the executive Directors or the Controlling Shareholders arising out of or in connection with the breach of any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement; or

(6) any breach by any party to the Public Offer Underwriting Agreement other than the Sole Sponsor and the Public Offer Underwriters of any provision of the Public Offer Underwriting Agreement which, in the sole absolute opinion of any of the Joint Bookrunners, is material; or

(7) a valid demand by any creditor for repayment or payment of any indebtedness of the Company or any member of the Group or in respect of which the Company or any member of the Group is liable prior to its stated maturity which materially affects the business, financial or other condition of the Company; or

(8) a petition is presented for the winding-up or liquidation of the Company or any member of the Group or the Company or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of the Company or any member of the

Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of the Company or any member of the Group or anything analogous thereto occurs in respect of the Company or any member of the Group; or

(9) approval by the Listing Committee of the listing of, and permission to deal in, the Shares to be issued (including any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option) under the Share Offer is refused or not granted, other than subject to customary conditions, on or before the date of approval of the listing, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld,

(B) there shall have developed, occurred, existed, or come into effect any event or series of events, matters or circumstances concerning or relating to any of the following:

(1) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in the U.S., Singapore, Canada, Netherlands, France, Hong Kong, the PRC or any of the jurisdictions in which the Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to the business of the Group; or

(2) any change in, or any event or series of events or development resulting or likely to result in any change in, the U.S., Singapore, Canada, Netherlands, France, Hong Kong, the PRC or any of the jurisdictions relevant to the business of the Group, the local, regional or international financial, currency, political, military, industrial, economic, stock market or other market conditions or prospects; or

(3) any change in the conditions of Hong Kong, the PRC, the U.S. or international equity securities or other financial markets; or

(4) the imposition of any moratorium, suspension or restriction on trading in securities generally on any of the markets operated by the Stock Exchange due to exceptional financial circumstances or otherwise; or

(5) any change or development involving a prospective change in all forms of taxation or exchange control (or the implementation of any exchange control) in the U.S., Singapore, Canada, Netherlands, France, Hong Kong, the PRC or any of the jurisdictions in which the Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to the business of the Group; or

(6) any adverse change or prospective adverse change in the business or in the financial or trading position or prospects of any member of the Group; or

(7) the imposition of economic sanction or withdrawal of trading privileges, in whatever form, by the U.S. or the European Union (or any member thereof) in Singapore, Hong Kong, the PRC or any of the jurisdictions in which the Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to the business of the Group; or

(8) a general moratorium on commercial banking activities in Singapore, Hong Kong, the PRC or any of the jurisdictions in which the Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to the business of the Group declared by the relevant authorities; or

(9) any event or series of events in the nature of force majeure including, without limiting the generality thereof, any act of God, military action, riot, public disorder, civil commotion, tsunami, fire, flood, explosion, terrorism (whether or not responsibility has been claimed), strike or lock-out epidemic, outbreak of diseases and epidemic (including but not limited to H1N1 flu, severe acute respiratory syndrome and H5N1 and other related or mutated forms); or

(10) any litigation or claim of material importance of any third party being instigated against any member of the Group; or

(11) any executive Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; the chairman or chief executive officer of the Company vacating his office in circumstances where the operations of the Group may be adversely affected; the commencement by any regulatory or political body or organization of any action against an executive Director or an announcement by any regulatory or political body or organization that it intends to take any such action;

which, in the sole absolute opinion of any of the Joint Bookrunners (for itself and on behalf of other Public Offer Underwriters):

(i) is or may be, or is likely to be, adverse, in any material respect, to the business, financial or other condition or prospects of the Group; or

(ii) has or may have or is likely to have an adverse effect on the success of the Share Offer or the level of the Offer Shares being applied for or accepted, the distribution of the Offer Shares or the demand or market price of the Shares following the Listing; or

(iii) for any other reason makes it impracticable, inadvisable or inexpedient for the Underwriters to proceed with the Share Offer as a whole or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus.

For the above purpose:

(1) a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the U.S. or a devaluation of the Renminbi against any foreign currencies shall be taken as an event resulting in a change in currency conditions; and

(2) any normal market fluctuations shall not be construed as events or series of events affecting market conditions referred to above.

Undertakings

1. The Company has undertaken to the Sole Sponsor, the Joint Bookrunners and the Public Offer Underwriters that, and the Controlling Shareholders and the executive Directors have undertaken to the Sole Sponsor, the Joint Bookrunners and the Public Offer Underwriters to procure that, without prior written consent of the Joint Bookrunners (such consent not to be unreasonably withheld), subject always to the requirements of the Stock Exchange, save for the Offer Shares, the grant of the Over-allotment Option, and any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option or options under the Technovator Employee Share

Option Scheme 2009 or any capitalization issue, consolidation, sub-division or capital reduction of Shares, neither the Company nor any of its subsidiaries shall:

(a) issue or agree to issue any shares in the Company or grant or agree to grant any options, warrants or other rights carrying any rights to subscribe for or otherwise acquire any securities of the Company during the period commencing from the date of this prospectus and ending six months from the Listing Date ("**First Six-Month Period**");

(b) issue or agree to issue any shares in the Company or grant or agree to grant any options, warrants or other rights carrying any rights to subscribe for or otherwise acquire any securities of the Company during the six-month period commencing immediately after the expiry of the First Six-Month Period (the "**Second Six-Month Period**"), so as to result in any of the Controlling Shareholders would cease to be a controlling shareholder (as defined in the Listing Rules) of the Company.

2. Each of the Controlling Shareholders has undertaken to the Company, the Sole Sponsor, the Joint Bookrunners and the Public Offer Underwriters that, save with the prior written consent of the Joint Bookrunners:

(a) it shall not and shall procure that the relevant registered holder(s) of the Shares (if applicable) shall not dispose of nor enter into any agreement to dispose of or otherwise create any option, right, interest or encumbrance in respect of, any of its direct and indirect interest in the Shares in respect of which it is shown in this prospectus to be the beneficial owner(s) (the "**Relevant Securities**") during the First Six-Month Period; and

(b) it shall not and shall procure that the relevant registered holder(s) of the Relevant Securities (if applicable) shall not during the Second Six-Month Period dispose of, nor enter into any agreement to dispose of or otherwise create any option, right, interest or encumbrance in respect of, any of its direct and indirect interest in the Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it will cease to be a controlling shareholder (within the meaning of the Listing Rules) of the Company.

3. Each of the Controlling Shareholders has undertaken to the Company, the Sole Sponsor, the Joint Bookrunners and the Public Offer Underwriters that, within the period commencing from the date of this prospectus and ending on the date which is 12 months from the Listing Date, that in the event consent is granted by the Joint Bookrunners, when it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged securities or interests in the securities of the Company will be disposed of, it shall immediately inform the Company, the Sole Sponsor and the Joint Bookrunners of such indications.

4. Each of CTC Capital, Zana, Mr. Seah Han Leong, Diamond Standard Ltd and M2M Holdings Ltd has undertaken to the Company, the Sole Sponsor, the Joint Bookrunners and the Underwriters that save with the prior written consent of the Joint Bookrunners, he or it shall not and shall procure that the relevant registered holder(s) of his or its Relevant Securities (if applicable) shall not dispose of nor enter into any agreement to dispose of or otherwise create any option, right, interest or encumbrance in respect of his or its Relevant Securities during the First Six-Month Period.

5. Each of CTC Capital, Zana, Mr. Seah Han Leong, Diamond Standard Ltd and M2M Holdings Ltd has undertaken to the Company, the Sole Sponsor, the Joint Bookrunners and the Underwriters that, within the period commencing from the date of this prospectus and ending on the date which is six (6) months from the Listing Date, that in the event consent is granted by the Joint

Bookrunners, when he or it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged securities or interests in the securities of the Company will be disposed of, he or it shall immediately inform the Company, the Sole Sponsor and the Joint Bookrunners of such indications.

6. Each of Mr. Zhao Xiaobo, Mr. Seah Han Leong, Mr. Xu Zhenxi, Ms. Chen Fangju and Mr. Qiu Duanyun (collectively the "Option Holders" and each an "Option Holder") has undertaken to the Sole Sponsor, the Joint Bookrunners and the Underwriters that, during the Lock-Up Period, save with the prior written consent of Piper Jaffray Asia Securities, he or she shall not, and shall procure that the relevant registered holder(s) of the Underlying Shares (if applicable) shall not, dispose of, nor enter into any agreement to dispose of or otherwise create any option, right, interest or encumbrance in respect of, any of his or her direct and indirect interest in the Underlying Shares.

   For the purpose of this paragraph 6 and paragraph 7 below:

   "Underlying Shares" shall mean the shares of the Company to be issued to the relevant Option Holder upon the exercise of the options granted to such Option Holder under the Technovator Employee Share Option Scheme 2009.

   "Lock-Up Period" shall mean (i) for 20% of the Underlying Shares, the period commencing on the date of this prospectus and ending on the date which is three months from the Listing Date; and (ii) for the remaining 80% of the Underlying Shares, the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date.

7. Each of the Option Holders has undertaken to the Sole Sponsor, the Joint Bookrunners and the Underwriters that, during the Lock-Up Period in the event that such consent is granted by Piper Jaffray Asia Securities, when he or she receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Underlying Shares will be disposed of, he or she shall immediately inform the Sole Sponsor and the Joint Bookrunners of such indications.

8. The Company has undertaken with the Sole Sponsor, the Joint Bookrunners and the Public Offer Underwriters that it shall disclose by way of announcement any such event referred to in paragraphs 3, 5 and 7, if occurred, as soon as possible, provided that such disclosure is required by the Listing Rules.

Placing

In connection with the Placing, it is expected that among others, the Company, the executive Directors, the Sole Sponsor, Joint Bookrunners, and the Joint Lead Managers will enter into the Placing Underwriting Agreement with the Placing Underwriters, on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below. Under the Placing Underwriting Agreement, the Placing Underwriters will severally agree to subscribe or procure subscribers for the Offer Shares offered pursuant to the Placing.

Total commission, fee and expenses

In connection with the Share Offer, the Underwriters will receive an underwriting commission of 3.5% of the aggregate Offer Price of all the Offer Shares, out of which they will pay any sub-underwriting commissions and selling concessions.

In connection with the Share Offer, the Sole Sponsor will receive a financial advisory (sponsorship) and documentation fee. Assuming the Over-allotment Option is not exercised at all and based on an Offer Price of HK$1.1 being the mid-point of the Offer Price range of HK$1.0 to HK$1.2, the underwriting commission, financial advisory and documentation fees, listing fees, the Stock Exchange trading fee, the SFC transaction levy, legal and professional fees together with printing and advertising costs, and other expenses relating to the Share Offer are estimated to amount to about HK$41.2 million in total.

The Company has agreed to jointly and severally to indemnify the Public Offer Underwriters for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the Public Offer Underwriting Agreement, and any breach by the Company of the Public Offer Underwriting Agreement. Similar indemnities are expected to be given by the Company to the Placing Underwriters under the Placing Underwriting Agreement.

Underwriters' interests in the Company

Save for the obligations and the interests under the Underwriting Agreements as disclosed above, none of the Underwriters is interested legally or beneficially in any shares in any member of the Group or has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares in any member of the Group.

Sole Sponsor's independence

The Sole Sponsor satisfies the independence criteria applicable to sponsor as regulated under Rule 3A.07 of the Listing Rules.

THE SHARE OFFER

The Share Offer comprises the Placing and the Public Offer. Assuming the Over-allotment Option is not exercised, the total number of Offer Shares under the Placing and the Public Offer is 122,000,000 Shares. 109,800,000 Placing Offer Shares, representing 90% of the total number of Shares initially available under the Share Offer, will initially be offered for subscription under the Placing; and 12,200,000 Public Offer Shares, representing 10% of the total number of Shares initially available under the Share Offer, will be offered under the Public Offer.

Investors may apply for Shares under the Public Offer or indicate an interest for Shares under the Placing, but may not do both. The Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors. The Placing will involve selective marketing of the Offer Shares to professional and institutional investors and other private investors which generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Assuming the Over-allotment Option is not exercised, the Offer Shares will represent approximately 25.14% of the total number of issued Shares immediately after completion of the Share Offer. If the Over-allotment Option is exercised in full, the Offer Shares comprised in the Share Offer will represent approximately 27.86% of the total number of issued Shares immediately after the completion of the Share Offer and the Over-allotment Option.

The Public Offer is fully underwritten by the Public Offer Underwriters and the Placing is fully underwritten by the Placing Underwriters, in each case, on a several basis, and each being subject to the conditions set out in the section headed "Underwriting" in this prospectus.

In particular, the Joint Bookrunners (on behalf of the Underwriters) and the Company must agree on the Offer Price.

PRICE PAYABLE ON APPLICATION

Applicants shall have to pay on application the maximum Offer Price of HK$1.2 per Offer Share plus 1% brokerage, 0.003% SFC transaction levy and 0.005% Stock Exchange trading fee. This means that for every 2,000 Offer Shares, the amount payable by the subscriber is HK$2,424.19. Each Application Form includes a table showing the exact amount payable for certain numbers of Offer Shares.

CONDITIONS OF THE SHARE OFFER

Acceptance of all application for the Offer Shares under the Share Offer is conditional upon the fulfillment of the following conditions:

(a) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, including any Shares which may fall to be issued upon the exercise of the Over-allotment Option, and such listing and permission not subsequently being revoked prior to the Listing;

(b) the execution and delivery of the Placing Underwriting Agreement on or around the Price Determination Date;

(c) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional, including, if relevant, as a result of the waiver of any conditions by the Joint Bookrunners (on behalf of the Underwriters), and not being terminated in accordance with its terms or otherwise; and

(d) the Offer Price having been duly determined between the Company and the Joint Bookrunners (on behalf of the Underwriters),

unless and to the extent such conditions are validly waived on or before such times and dates specified in the Underwriting Agreements, and in any event not later than the date which is 30 days after the date of this prospectus.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other becoming unconditional and not having been terminated in a accordance with their respective terms.

In the event that the Share Offer does not become unconditional, the Share Offer will lapse and a press announcement will be made by the Company as soon as possible. In that event, your application money will be returned to you as soon as possible without interest. The terms for refund of money are set out under the paragraph headed "Refund of application money" on the Application Forms. In the meantime, such application money will be held in one or more separate bank account(s) with the receiving bankers or any other licensed bank or banks in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

PRICING

The Offer Price is expected to be fixed by agreement between the Company and the Joint Bookrunners (on behalf of the Underwriters), on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be at or before 5:00 p.m. on Thursday, 20 October 2011 and, in any event, no later than at or before 5:00 p.m. on Tuesday, 25 October 2011 (Hong Kong time).

The Offer Price will be not more than HK$1.2 per Offer Share and is expected to be not less than HK$1.1 per Offer Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Public Offer, as explained below. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative offer price range stated in this prospectus.

The Joint Bookrunners (on behalf of the Underwriters) may, where it considers appropriate based on the level of interest expressed by prospective institutional, professional and other investors during the book-building process, reduce the number of Offer Shares being offered under the Share Offer and/or the indicative Offer Price range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such event, the Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Public Offer on Thursday, 20 October 2011, cause to be published on the website of the Stock Exchange at ***www.hkexnews.hk*** notices of the reduction of the number of Offer Shares being offered under the Share Offer and/or the indicative Offer Price range. Upon issue of such a notice, the revised number of Offer Shares and/or Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Bookrunners (on behalf of the Underwriters) and the Company, will be fixed within such revised Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the offering statistics as currently set out in the section headed "Summary" and any other financial information which may change as a result of such reduction.

Before submitting applications for Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Share Offer and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Public Offer. Applicants under the Public Offer should note that if the applications for Public Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Public Offer, then even if the number of Offer Shares and/or the indicative Offer Price range is so reduced, such applications cannot subsequently be withdrawn. Upon the issuance of such notice, the revised number of Offer Shares and/or the revised Offer Price range will be final and conclusive. The Offer Price, if agreed upon, will be fixed within such revised Offer Price range.

In the absence of any notice published in relation to the reduction in the Offer Price, the Offer Price, if agreed upon with the Company and the Joint Bookrunners (on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range as stated in this prospectus and the number of Offer Shares will under no circumstances be fewer than the number as stated in this prospectus.

If, for any reason, the Offer Price is not agreed between the Company and the Joint Bookrunners (on behalf of the Underwriters) at or before 5:00 p.m. on Tuesday, 25 October 2011 (Hong Kong time), the Share Offer (including the Public Offer) will not proceed subject to the Underwriting Agreements.

OFFER MECHANISM — BASIS OF ALLOCATION OF THE OFFER SHARES

The Share Offer

The Share Offer consists of the Placing and the Public Offer. The 122,000,000 Shares initially offered will comprise 109,800,000 Shares being offered under the Placing and 12,200,000 Shares being offered under the Public Offer. The 122,000,000 Shares being offered under the Share Offer will represent approximately 25.14% of the Company's issued Shares immediately following completion of the Share Offer (without taking into account the exercise of the Over-allotment Option).

Subject to possible reallocation on the basis set forth below, 12,200,000 Shares, representing 10% of the total number of Shares initially being offered under the Share Offer, will be offered to the public in Hong Kong under the Public Offer. The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors.

Out of the total 122,000,000 Shares offered pursuant to the Share Offer, 109,800,000 Shares, representing 90% of the total number of Shares initially being offered under the Share Offer, will be placed with professional and institutional investors in Hong Kong and elsewhere under the Placing. The Offer Shares will be offered in Hong Kong, and other jurisdictions outside the United States.

In connection with the Share Offer, it is expected that under the Placing Underwriting Agreement, the Company will grant to the Placing Underwriters the Over-allotment Option, exercisable by the Joint Bookrunners (on behalf of the Placing Underwriters) at any time during the period commencing from the Listing Date until Saturday, 19 November 2011, being the 30th day after the last day for lodging of applications under the Public Offer. Pursuant to the Over-allotment Option, the Joint Bookrunners have the right, but not the obligation, to require the Company to allot and issue up to 18,300,000 additional new Shares, representing 15% of the number of Offer Shares initially being offered under the Share Offer, to cover over-allocations in the Placing. The Stabilizing Manager may also cover any over-allocations by, among other means, purchasing Shares in the secondary market or through stock borrowing arrangement from holder of Shares or exercise, in part or in full, of the Over-allotment Option, or by a combination of these means or otherwise as may be permitted under applicable law. The number of Shares that may be over-allocated will not exceed the maximum aggregate number of Shares that may be issued by the Company under the Over-allotment

Option. Any such secondary market purchases will be made in compliance with all applicable laws, rules and regulations. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 27.86% of the Company's issued Shares immediately following completion of the Share Offer.

If the Joint Bookrunners (on behalf of the Placing Underwriters) decides to exercise the Over-allotment Option, it will be exercised solely to cover over-allocations in the Placing. The Offer Shares (including any over-allocations) will be allocated prior to the commencement of trading of the Shares on the Stock Exchange.

The levels of indication of interest in the Placing and the basis of allotment and the results of application under the Public Offer are expected to be available through a variety of channels, including the websites of the Stock Exchange (***www.hkexnews.hk***) and the Company (***www.technovator.com.sg***), as described under the paragraph headed "Publication of results" in the section headed "How to apply for the Public Offer Shares" in this prospectus on Wednesday, 26 October 2011.

The net proceeds of the Share Offer to be received by the Company, after deducting commissions and expenses and assuming an Offer Price of HK$1.1 per Share (being the mid-point of the stated range of the Offer Price between HK$1.0 to HK$1.2 per Share) and that the Over-allotment Option is not exercised at all, are estimated to be about HK$93 million (equivalent to approximately US$11.9 million). If the Over-allotment Option is exercised in full, the Company would receive additional net proceeds (after deducting commissions and expenses attributable to the exercise of the Over-allotment Option) of about HK$19.4 million (equivalent to approximately US$2.5 million).

The Placing

The Placing initially comprises 109,800,000 Shares, representing 90% of the total number of Offer Shares initially available under the Share Offer, subject to the clawback arrangement, reallocation and the exercise of the Over-allotment Option as mentioned in the paragraph headed "Over-subscription and the Over-allotment Option" below. Investors subscribing for or purchasing the Offer Shares are also required to pay 1% brokerage, 0.003% SFC transaction levy and 0.005% Stock Exchange trading fee. Piper Jaffray Asia Securities and Guotai Junan Securities (Hong Kong) Limited are the Joint Bookrunners of the Placing, and the Placing is expected to be fully underwritten by the Placing Underwriters, subject to the terms and conditions of the Placing Underwriting Agreement, including the Company and the Joint Bookrunners (on behalf of the Underwriters) agreeing on the Offer Price.

It is expected that the Placing Underwriters or selling agents nominated by them on behalf of the Company will conditionally place the Offer Shares at the Offer Price with selected professional, institutional and investors in Hong Kong and certain other jurisdictions outside the U.S. The Offer Shares may also be allocated to individual investors in Hong Kong and certain other jurisdictions outside the U.S. to the extent that the relevant securities laws and requirements are complied with. Allocation of the Offer Shares pursuant to the Placing is based on a number of factors, including the level of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to acquire further Shares, and/or hold or sell its Shares after the commencement of dealings in the Shares on the Main Board of the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid institutional and professional shareholders base to the benefit of the Company and its shareholders as a whole. Investors who have been allocated any Offer Shares will not be allocated any Public Offer Shares. Similarly, investors who are allocated any Public Offer Shares will not be allocated Offer Shares under the Placing.

The total number of Offer Shares may change as a result of the clawback arrangement referred to under "Over-subscription and the Over-allotment Option" below, reallocation of unsubscribed Public Offer Shares originally included in the Public Offer to the Placing as mentioned under "The Public Offer" below, and reallocation of untaken Offer Shares to the Public Offer.

The Public Offer

The Company is initially offering 12,200,000 Public Offer Shares under the Public Offer, at the Offer Price, representing 10% of the total number of the Offer Shares initially available under the Share Offer, for subscription by way of a public offer in Hong Kong, subject to the clawback arrangement as mentioned under "Over-subscription and the Over-allotment Option" below. The Public Offer is lead-managed by the Joint Lead Managers and is fully underwritten by the Public Offer Underwriters subject to the terms and conditions of the Public Offer Underwriting Agreement, including the Company and the Joint Bookrunners (on behalf of the Public Offer Underwriters) agreeing on the Offer Price. Applicants for the Public Offer Shares are required to pay on application the Offer Price plus 1% brokerage, 0.003% SFC transaction levy and 0.005% Stock Exchange trading fee.

The Public Offer is open to all members of the public in Hong Kong. Persons allotted Shares under the Public Offer cannot apply for Shares under the Placing. The Public Offer will be subject to the conditions stated under "Conditions of the Share Offer" above.

Allocation of the Public Offer Shares to applicants under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of the Public Offer Shares validly applied for by each applicant. However, this may involve balloting, which would result in some applicants being allotted more Public Offer Shares than others who have applied for the same number of Public Offer Shares, and applicants who are not successful in the ballot not receiving any Public Offer Shares.

If the Public Offer is not fully subscribed, the Joint Bookrunners will have the absolute discretion to reallocate all or any unsubscribed Public Offer Shares originally included in the Public Offer to the Placing in such number as they deem appropriate.

The total number of Public Offer Shares to be allotted and issued pursuant to the Public Offer may also change as a result of the clawback arrangement referred to under "Over-subscription and the Over-allotment Option" below.

Basis of allocation of the Public Offer Shares

There will initially be a total of 12,200,000 Public Offer Shares available for subscription under the Public Offer by way of submitting the **WHITE** and **YELLOW** Application Forms or by giving electronic application instructions to HKSCC or to the **HK eIPO White Form** Service Provider via the **HK eIPO White Form** service (***www.hkeipo.hk***). For allocation purposes only, the number of the Public Offer Shares will be divided into two pools: pool A and pool B. The Public Offer Shares in pool A will consist of 6,100,000 Shares and will be allocated on an equitable basis to applicants who have applied for the Public Offer Shares in the value of HK$5 million (excluding 1% brokerage, 0.003% SFC transaction levy and 0.005% Stock Exchange trading fee payable thereon) or less. The Public Offer Shares available in pool B will consist of 6,100,000 Shares and will be allocated on an equitable basis to applicants who have applied for Public Offer Shares in the value of more than HK$5 million (excluding 1% brokerage, 0.003% SFC transaction levy and 0.005% Stock Exchange trading fee) and up to the total initial value of pool B.

Investors should be aware that allocation ratios for applications in the two pools, as well as the allocation ratios for applications in the same pool, are likely to be different. Where one of the pools is under-subscribed, the surplus Public Offer Shares will be transferred to satisfy demand in the other pool and be allocated accordingly. Applicants can only receive an allocation of Public Offer Shares from any one pool but not from both pools and can only make applications to either pool A or pool B. Any application made for more than 6,100,000 Shares under the Public Offer will be rejected.

OVER-SUBSCRIPTION AND THE OVER-ALLOTMENT OPTION

The allocation of the Offer Shares between the Public Offer and the Placing is subject to adjustment.

If the number of Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of Shares initially available under the Public Offer, then the number of Shares available under the Public Offer will increase to 36,600,000 Shares, (and the number of Shares available under the Placing will correspondingly decrease), representing approximately 30% of the total number of Offer Shares initially available under the Share Offer (assuming the Over-allotment Option is not exercised).

If the number of Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of Shares initially available under the Public Offer, then the number of Shares to be reallocated to the Public Offer from the Placing will be increased so that the total number of Share available under the Public Offer will increase to 48,800,000 Shares, representing approximately 40% of total number of Offer Shares initially available under the Share Offer (assuming the Over-allotment Option is not exercised).

If the number of Shares validly applied for under the Public Offer represents 100 times or more the number of Shares initially available for under the Public Offer, then the number of Shares to be reallocated to the Public Offer from the Placing will be increased so that the total number of Shares available under the Public Offer will increase to 61,000,000 Shares, representing approximately 50% of the total number of Offer Shares initially available under the Share Offer (assuming the Over-allotment Option is not exercised).

In each such case, the additional Shares reallocated to the Public Offer will be allocated between pool A and pool B and the number of Shares allocated to the Placing will be correspondingly reduced.

It is expected that pursuant to the Placing Underwriting Agreement, the Company will grant the Over-allotment Option to the Placing Underwriters, exercisable by the Joint Bookrunners (on behalf of the Placing Underwriters) at any time within a period commencing from the Listing Date until Saturday, 19 November 2011, being the 30th day after the last day for lodging of applications under the Public Offer. Pursuant to the Over-allotment Option, the Joint Bookrunners have the right, but not the obligation, to require the Company to allot and issue up to 18,300,000 additional new Shares (representing 15% of the total number of new Shares initially being offered under the Share Offer), at the Offer Price to cover over-allocations in the Placing. If the Over-allotment Option is exercised, the Shares issued or offered under the Over-allotment Option will be allocated to placees at the sole discretion of the Joint Bookrunners and an announcement will be made.

STABILIZATION

In connection with the Share Offer, Piper Jaffray Asia Securities, its affiliates, or any person acting for it, as the Stabilizing Manager may over-allocate or effect transactions with a view to supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. Such transactions, if commenced, may be discontinued at any time. The Stabilizing Manager has been or will be appointed as stabilizing manager for the purposes of the Share Offer in accordance with the Securities and Futures (Price Stabilizing) Rules made under the SFO and, should stabilizing transactions be effected in connection with the Share Offer, this will be at the absolute discretion of the Stabilizing Manager. An announcement will be made to the public within seven days after the end of the stabilizing period as required under the Securities and Futures (Price Stabilizing) Rules made under the SFO.

Following any over-allocation of Shares in connection with the Placing, the Stabilizing Manager or any person acting for it may cover such over-allocation by (among other methods) making purchases in the secondary market or exercising the Over-allotment Option in full or in part, or by any combination of purchases and exercise of the Over-allotment Option. Any such purchases will be made in compliance with all applicable laws and regulatory requirements including the Securities and Futures (Price Stabilizing) Rules made under the SFO. The number of Shares which can be over-allocated will not exceed the number of Shares which may be sold upon exercise of the Over-allotment Option, being 18,300,000 Shares, representing 15% of the number of new Shares initially available under the Share Offer.

In order to facilitate the settlement of over-allocations in connection with the Placing, the Stabilizing Manager may choose to borrow up to 18,300,000 Shares from Resuccess under stock borrowing arrangement, or acquire Shares from other sources, pending the exercise of the Over-allotment Option. Such stock borrowing arrangement will not be subject to the restrictions of Rule 10.07(1) of the Listing Rules provided that the following requirements as set out in Rule 10.07(3) of the Listing Rules are complied with:

(a) the stock borrowing arrangement is fully described in this prospectus and must be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option;

(b) the maximum number of Shares to be borrowed from Resuccess by the Stabilizing Manager is the maximum number of Shares that may be issued upon full exercise of the Over-allotment Option;

(c) the same number of Shares so borrowed will be returned to Resuccess or its nominees, as the case may be, not later than three business days following the last day on which the Over-allotment Option may be exercised; or if earlier, the date on which the Over-allotment Option is exercise in full;

(d) the borrowing of Shares pursuant to the stock borrowing arrangement will be effected in compliance with the Listing Rules, applicable laws and other regulatory requirements; and

(e) no payment will be made to Resuccess by the Stabilizing Manager in relation to the stock borrowing arrangement.

The possible stabilizing action which may be taken by the Stabilizing Manager in connection with the Share Offer may involve (among other things) (i) over-allocation of Shares, (ii) purchases of Shares, (iii) establishing, hedging and liquidating positions in Shares, (iv) exercising the Over-allotment Option in whole or in part and/or, (v) offering or attempting to do any of the foregoing. The stabilizing period is expected to end within 30 days after the last day for the lodging of applications under the Public Offer.

Specifically, prospective applicants for and investors in Offer Shares should note that:

- the Stabilizing Manager may, in connection with any stabilizing action, maintain a long position in the Shares;
- there is no certainty regarding the extent to which and the time period for which the Stabilizing Manager will maintain such a position;
- liquidation of any such long position by the Stabilizing Manager may have an adverse impact on the market price of the Shares;

- no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period which will begin on the Listing Date and is expected to expire on Saturday, 19 November 2011, being the 30th day after the date expected to be the last date for lodging applications under the Public Offer. After this date, when no further action may be taken to support the price of the Shares, demand for the Shares, and therefore the price of the Shares, could fall;

- the price of any security (including the Shares) cannot be assured to stay at or above its Offer Price by the taking of any stabilizing action; and

- stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

There are three ways to make an application for the Public Offer Shares. First, you may use a **WHITE** or **YELLOW** Application Form. Second, you may submit applications online through the designated website of the **HK eIPO White Form** Service Provider, referred herein as the "**HK eIPO White Form** service". Thirdly, you may electronically instruct HKSCC to cause HKSCC Nominees to apply for Public Offer Shares on your behalf. **You may not both apply on a WHITE or YELLOW Application Form and give electronic application instructions to HKSCC or to the designated HK eIPO White Form Service Provider through HK eIPO White Form service (*www.hkeipo.hk*).**

WHICH APPLICATION METHOD TO USE

- Use a **WHITE** Application Form or HK eIPO White Form Service if you want the Public Offer Shares issued in your own name in physical certificate(s).
- Use a **YELLOW** Application Form if you want the Public Offer Shares issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.
- Instead of using a **YELLOW** Application Form, you may electronically instruct HKSCC to cause HKSCC Nominees to apply for Public Offer Shares on your behalf via CCASS. Any Public Offer Shares allocated to you will be registered in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

You may not apply both on White or YELLOW Application Form and give electronic application forms to HKSCC or to the designated HK eIPO White Form Service Provider through HK eIPO White Form service (*www.hkeipo.hk*).

The Offer Shares are not available to the Directors, chief executive or any of their respective associates (as defined in the Listing Rules).

WHERE TO COLLECT APPLICATION FORMS

You can collect a **WHITE** Application Form and this prospectus during normal business hours from 9:00 a.m. on Monday, 17 October 2011 till 12:00 noon on Thursday, 20 October 2011 from:

Any of the following addresses of the Public Offer Underwriters:

Piper Jaffray Asia Securities Limited	Unit 1308, 13/F Two Pacific Place 88 Queensway Admiralty Hong Kong
Guotai Junan Securities (Hong Kong) Limited	27th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
ABCI Securities Company Limited	Rooms 701-702 & 709-712, 7/F One Pacific Place 88 Queensway Admiralty Hong Kong

CMB International Securities Limited	Units 1803-04, 18/F Bank of America Tower 12 Harcourt Road Hong Kong
China Merchants Securities (HK) Co., Limited	48/F, One Exchange Square Central Hong Kong
SBI E2-Capital (HK) Limited	Unit A2, 32/F, United Centre 95 Queensway Hong Kong
Ample Orient Capital Limited	Unit A, 14/F, Two Chinachem Plaza 135 Des Voeux Road Central Hong Kong

or any of the following branches of The Hongkong and Shanghai Banking Corporation Limited:

	Branch	**Address**
Hong Kong Island	Hong Kong Office	Level 3, 1 Queen's Road Central
	Cityplaza Branch	Unit 065, Cityplaza I, Taikoo Shing
	128 Queen's Road Central Branch	V Heun Building, 128-140 Queen's Road Central, Central
	Hopewell Centre Branch	Shops 2A, 2/F, Hopewell Centre, 183 Queen's Road East, Wan Chai
Kowloon	Kwun Tong Branch	No. 1, Yue Man Square, Kwun Tong
	Mong Kok Branch	Basement & U/G, 673 Nathan Road, Mong Kok
	Tin On Building Branch	777-779 Cheung Sha Wan Road
New Territories	Maritime Square Branch	Shop 308F, Level 3, Maritime Square, Tsing Yi
	Shatin Branch	Shop No. 30D, Level 3, Shatin Centre Shopping Arcade, Sha Tin
	East Point City Branch	Shop No. 198, East Point City, 8 Chung Wa Road, Tseung Kwan O

You can collect a **YELLOW** Application Form and this prospectus during normal business hours from 9:00 a.m. on Monday, 17 October 2011 till 12:00 noon on Thursday, 20 October 2011 from the Depository Counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong, or your broker, who may have application forms and the prospectus available.

WHO CAN APPLY FOR PUBLIC OFFER SHARES

(a) You, the applicant(s), and any person(s) for whose benefit you are applying, must be 18 years of age or older and must have a Hong Kong address.

(b) If you are a firm, the application must be in the names of the individual members, not in the name of the firm. The number of joint applicants may not exceed four.

(c) If you are a body corporate, the application must be signed by a duly authorized officer, who must state his or her representative capacity.

(d) Save under the circumstances permitted by the Listing Rules, you cannot apply for any Public Offer Shares if you are or any person(s) for whose benefit you are applying are/is:

- an existing beneficial owner of the Shares;
- the chief executive or a director of the Company or any of its subsidiaries;
- a connected person of the Company or a person who will become a connected person of the Company immediately upon completion of the Placing and Public Offer;
- an associate of any of the above; or
- have been allocated or have applied for the Offer Shares under the Placing or otherwise participated in the Placing or indicated an interest for the Offer Shares.

(e) You cannot apply for any Public Offer Shares if you are or any person(s) for whose benefit you are applying are/is:

- a legal or natural person of the PRC;
- a United States person (as defined in Regulation S under the U.S. Securities Act); or
- a person who does not have a Hong Kong address.

APPLYING BY USING AN APPLICATION FORM

How to Complete WHITE or YELLOW Application Forms

There are detailed instructions on each Application Form. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected and returned by ordinary post together with the accompanying cheque or banker's cashier order to you (or the first-named applicant in the case of joint applicants) at your own risk to the address stated in the Application Form.

If your application is made through a duly authorized attorney, the Company and the Joint Bookrunners will have discretion to accept it, subject to any conditions they think fit, including evidence of authority of your attorney.

You should note that, by completing and submitting the Application Form, you (and if you are joint applicants, each of you jointly and severally), for yourself or as agent or nominee and on behalf of each person for whom you act as agent or nominee, among other things:

(i) confirm that you have only relied on the information and representations in this prospectus in making your application and will not rely on any other information and representations save as set out in any supplement to this prospectus;

(ii) agree that the Company, the Sole Sponsor, the Joint Bookrunners, the Public Offer Underwriters and any of their or their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Share Offer are liable only for the information and representations contained in this prospectus and any supplement thereto;

(iii) undertake and confirm that you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application (if any) have not indicated an interest for, applied for or taken up any Offer Shares otherwise participated in the Placing; and

(iv) you agree to disclose to the Company and/or the Hong Kong Share Registrar, the receiving bankers, the Joint Bookrunners, the Public Offer Underwriters and their respective advisors and agents personal data and any information which they require about you or the person(s) for whose benefit you have made the application (if any).

In order for the **YELLOW** Application Forms to be valid:

(a) if the application is made through a designated CCASS Participant, other than a CCASS Investor Participant, the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box;

(b) if the application is made by an individual CCASS Investor Participant:

  (i) the application form must contain the CCASS Investor Participant's name and Hong Kong identity card number; and

  (ii) the CCASS Investor Participant must insert its participant I.D. in the appropriate box in the application form;

(c) if the application is made by a joint individual CCASS Investor Participant:

  (i) the application form must contain all joint CCASS Investor Participants' names and the Hong Kong identity card numbers; and

  (ii) the participant I.D. should be inserted in the appropriate box in the application form;

(d) if the application is made by a corporate CCASS Investor Participant:

  (i) the application form must contain the CCASS Investor Participant's company name and Hong Kong Business Registration number; and

  (ii) the participant I.D. and company chop, bearing the applicant's company name, must be inserted in the appropriate box in the application form.

Incorrect or omission details of the CCASS Participant (including participant I.D. and/or company chop bearing its company name) or other similar matters may render the application invalid. You as the applicant(s), must complete the form as indicated below and sign on the first page of the Application Form. Only written signatures will be accepted.

Nominees who wish to submit separate applications in their names on behalf of different beneficial owners are requested to designate on each application form in the box marked "For nominees" account numbers or other identification code for each beneficial owner or, in the case of joint beneficial owners, for each such joint beneficial owner.

Each **WHITE** or **YELLOW** Application Form must be accompanied by either one separate cheque drawn on the applicant's Hong Kong dollar bank account in Hong Kong and bearing the account name (either pre-printed by the bank or certified by an authorized signatory of such bank on the reverse of the cheque) which must correspond with the name of the applicant (or, in the case of joint applicants, the name of the first applicant) on the relevant application form, or one separate banker's cashier order on the reverse of which the bank has certified by an authorized signatory the name of the applicant, which must correspond with the name of the applicant (or, in the case of joint applicants, the name of the first applicant) on the relevant application form. All such cheques or banker's cashier orders must be made payable to "HSBC Nominees (Hong Kong) Limited — Technovator Public Offer", as set out in the application form and crossed "Account Payee Only".

How to Apply by using HK eIPO White Form

(i) You may apply through **HK eIPO White Form** by submitting an application through the designated website at ***www.hkeipo.hk.*** If you apply through **HK eIPO White Form** the shares will be issued in your own name.

(ii) Detailed instructions for application through the **HK eIPO White Form** service are set out on the designated website at ***www.hkeipo.hk***. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the designated **HK eIPO White Form** Service Provider and may not be submitted to the Company.

(iii) The designated **HK eIPO White Form** Service Provider may impose additional terms and conditions upon you for the use of the **HK eIPO White Form** service. Such terms and conditions are set out on the designated website at ***www.hkeipo.hk***. You will be required to read, understand and agree to such terms and conditions in full prior to making any application.

(iv) By submitting an application to the designated **HK eIPO White Form** Service Provider through the **HK eIPO White Form** service, you are deemed to have authorized the designated **HK eIPO White Form** Service Provider to transfer the details of your application to the Company and its Hong Kong Share Registrar.

(v) You may submit an application through the **HK eIPO White Form** service in respect of a minimum of 2,000 Public Offer Shares. Each **electronic application instruction** in respect of more than 2,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms, or as otherwise specified on the designated website at ***www.hkeipo.hk***.

(vi) You should give **electronic application instructions** through **HK eIPO White Form** at the times set out in the paragraph headed "Time for the public to apply for the Public Offer Shares".

(vii) You should make payment for your application made by **HK eIPO White Form** service in accordance with the methods and instructions set out in the designated website at ***www.hkeipo.hk***. If you do not make complete payment of the application monies (including the brokerage fee, the Stock Exchange trading fee, and the SFC transaction levy) on or before 12:00 noon on Thursday, 20 October 2011, or such later time as described under the paragraph headed "Effect of bad weather on the opening of the application lists", the designated **HK eIPO White Form** Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at ***www.hkeipo.hk***.

(viii) Warning: The application for Public Offer Shares through the **HK eIPO White Form** service is only a facility provided by the designated **HK eIPO White Form** Service Provider to public investors. The Company, the Directors, the Sole Sponsor, the Joint Bookrunners, the Public Offer

Underwriters and any of their respective directors, officers, employees, partners, agents, advisors and any other parties to the Share Offer take no responsibility for such applications, and provide no assurance that applications through the **HK eIPO White Form** service will be submitted to the Company or that you will be allotted any Public Offer Shares.

Please note that internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your applications through the **HK eIPO White Form** service, you are advised not to wait until the last day for submitting applications in the Public Offer to submit your **electronic application instructions**. In the event that you have problems connecting to the designated website for the **HK eIPO White Form** service, you should submit a **WHITE** Application Form. However, once you have submitted **electronic application instructions** and completed payment in full using the payment reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit a **WHITE** Application Form. Please see the paragraph headed "How many applications you may make" below.

MINIMUM SUBSCRIPTION AMOUNT AND PERMITTED MULTIPLES

You may use the Application Forms to subscribe for a minimum of 2,000 Public Offer Shares or for one of the numbers or multiples set forth in the table in the Application Forms. You may give, if you are a CCASS Investor Participant, or cause your broker or custodian, who is a CCASS Clearing Participant or a CCASS Custodian Participant, to give **electronic application instructions** for a minimum of 2,000 Public Offer Shares. Such instructions in respect of more than 2,000 Public Offer Shares must be in one of the numbers or multiples set forth in the table in the Application Forms.

HOW MANY APPLICATIONS YOU MAY MAKE

You may make more than one application for the Public Offer Shares if you are a nominee, in which case you may make an application by using a **WHITE** or **YELLOW** Application Form or by way of giving **Electronic Application Instructions** to HKSCC via CCASS if you are a CCASS Participant, and lodge more than one Application Form in your own name on behalf of different beneficial owners. In the box on the relevant Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner, in the case of joint beneficial owners, for each such beneficial owner. If you do not include this information, the application will be treated as being for your own benefit.

Otherwise, multiple applications are not allowed.

It will be a term and condition of all applications that by completing and delivering an application form, you:

- (if the application is made for your own benefit) **warrant** that this is the only application which will be made for your benefit on a **WHITE** or **YELLOW Application Form** or through giving instructions to HKSCC **electronically** or to the designated HK eIPO White Form Service Provider through the **HK eIPO White Form** service;
- (if you are an agent for another person) **warrant** that reasonable enquiries have been made of that other person that this is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or through giving instructions to HKSCC **electronically** or to the designated HK eIPO White Form Service Provider through the HK eIPO White Form service; and that you are duly authorized to sign the application form as that other person's agent.

All of your applications will be rejected as multiple applications if you, or you and joint applicants together:

- both apply on a **WHITE** or **YELLOW** Application Form for the Public Offer Shares and give **electronic application instructions** to HKSCC or to the designated HK eIPO White Form Service Provider through the HK eIPO White Form service.

All of your applications will also be rejected as multiple applications if more than one application is made for **your benefit** (including the part of the application made by HKSCC Nominees acting on electronic application instructions).

TIME FOR THE PUBLIC TO APPLY FOR PUBLIC OFFER SHARES

(a) **WHITE or YELLOW Application Form**

Completed **WHITE** or **YELLOW** Application Forms, together with payment attached, must be lodged by 12:00 noon on Thursday, 20 October 2011, or, if the application lists are not open on that day due to bad weather, then by 12:00 noon on the next Business Day when such lists are open as described in "Effect of bad weather on the opening of the application lists" below.

Your completed Application Form, with payment attached, should be deposited in the special collection boxes provided at any of the branches of The Hongkong and Shanghai Banking Corporation Limited listed above in "Where to Collect Application Forms" at the following times:

Monday, 17 October 2011 — 9:00 a.m. to 4:30 p.m.
Tuesday, 18 October 2011 — 9:00 a.m. to 4:30 p.m.
Wednesday, 19 October 2011 — 9:00 a.m. to 4:30 p.m.
Thursday, 20 October 2011 — 9:00 a.m. to 12:00 noon

(b) **HK eIPO White Form**

You may submit your application to the designated **HK eIPO White Form** Service Provider through the designated website at ***www.hkeipo.hk*** from 9:00 a.m. on Monday, 17 October 2011 until 11:30 a.m. on Thursday, 20 October 2011 or such later time as described under the paragraph headed "Effect of bad weather on the opening of the application lists" under this section below (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, 20 October 2011, the last application day, or, if the application lists are not open on that day, then by the time and date stated in "Effect of bad weather on the opening of the application lists".

You will not be permitted to submit your application to the designated **HK eIPO White Form** Service Provider through the designated website at ***www.hkeipo.hk*** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(c) **Electronic Application Instructions to HKSCC**

CCASS Clearing/Custodian Participants should input **electronic application instructions** at the following times:

Monday, 17 October 2011 — 9:00 a.m. to 8:30 p.m.(1)
Tuesday, 18 October 2011 — 8:00 a.m. to 8:30 p.m.(1)
Wednesday, 19 October 2011 — 8:00 a.m. to 8:30 p.m.(1)
Thursday, 20 October 2011 — 8:00 a.m.(1) to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, 17 October 2011 until 12:00 noon on Thursday, 20 October 2011 (24 hours daily, except the last application day).

The latest time for inputting your **electronic application instructions** via CCASS (if you are a CCASS Participant) is 12:00 noon on Thursday, 20 October 2011 or if the application lists are not open on that day, by the time and date stated in the sub-paragraph headed "Effect of bad weather on the opening of the application lists" below.

(d) **Application lists**

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, 20 October 2011. Applications for the Public Offer Shares will not be processed, and no allotment of any such Public Offer Shares will be made, until after the closing of the application lists.

EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above, or
- a "black" rainstorm warning signal,

in force in Hong Kong at anytime between 9:00 a.m. and 12:00 noon on Thursday, 20 October 2011. Instead, they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon. Business Day means a day that is not a Saturday, Sunday or public holiday in Hong Kong.

In the event of the above-mentioned tropical cyclone or rainstorm on Thursday, 20 October 2011, the latest time for lodging your Application Forms and for inputting your **electronic application instructions** will be postponed accordingly to the next business day which does not have either of those warning signals in force in Hong Kong at anytime between 9:00 a.m. and 12:00 noon on such day.

HOW TO APPLY BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

General

CCASS Participants may give electronic application instructions to HKSCC to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant,** you may give electronic application instructions through the CCASS Phone System by calling (852) 2979 7888 or CCASS Internet System at https://ip.ccass.com (using the procedures contained in "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input electronic application instructions for you if you come to:

HKSCC'S Customer Service Centre
2/F, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

Prospectuses are available for collection from the above address.

If you are **not a CCASS Investor Participant,** you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Public Offer Shares.

You are deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application whether submitted by you or through your broker or custodian to the Company and its registrars.

Time for inputting electronic application instructions

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times:

Monday, 17 October 2011 — 9 a.m. to 8:30 p.m.(1)
Tuesday, 18 October 2011 — 8 a.m. to 8:30 p.m.(1)
Wednesday, 19 October 2011 — 8 a.m. to 8:30 p.m.(1)
Thursday, 20 October 2011 — 8 a.m.(1) to 12:00 noon

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input electronic application instructions from 9 a.m. on Monday, 17 October 2011 until 12:00 noon on Thursday, 20 October 2011 (24 hours daily, except the last application day).

Effect of bad weather on the last application day

The latest time for inputting your electronic application instructions is **12:00 noon on** Thursday, 20 October 2011 the last application day. If a tropical cyclone warning signal no.8 or above, or a "black" rainstorm warning signal is in force in Hong Kong at any time between 9 a.m. and 12:00 noon on the last application day, it will be postponed to the next business day which does not have either of these warnings in force in Hong Kong at any time between 9 a.m. and 12:00 noon.

Effect of giving electronic application instructions to HKSCC

By giving electronic application instructions to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, you each jointly and severally) are deemed to do the following things. Neither HKSCC nor HKSCC Nominees will be liable to the Company or any other person in respect of the things mentioned below:

- **instruct** and **authorize** HKSCC to cause HKSCC Nominees (acting as nominees for the CCASS Participants) to apply for the Public Offer Shares on your behalf;
- **instruct** and **authorize** HKSCC to arrange payment of the issue price, brokerage, transaction levy and trading fee by debiting your designated bank account and, in the case of wholly or partly unsuccessful applications, refund of the application money by crediting your designated bank account;
- **instruct** and **authorize** HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated to do on your behalf in the **WHITE** Application Form.

Minimum subscription amount and permitted multiples

You may give electronic application instructions in respect of a minimum of 2,000 Public Offer Shares. Such instructions in respect of more than 2,000 Public Offer Shares must be in one of the multiples set out in the table in the application form.

Multiple applications

If you are suspected of having made multiple applications or if more than one applications is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any electronic application instructions to make an application for Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Allocation of the Public Offer Shares

For the purpose of allocating the Public Offer Shares, HKSCC Nominees shall not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit each such instruction is given shall be treated as an applicant.

If your application for the Public Offer Shares is successful

- No receipt will be issued for application money paid.

- If your application is wholly or partly successful, your **share certificates** will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your CCASS Investor Participant stock account or the stock account of the CCASS Participant which you have instructed to give electronic application instructions on your behalf, on Wednesday, 26 October 2011 or under contingent situation, on any other date HKSCC or HKSCC Nominees chooses.

- The Company will publish the **application results of CCASS Participants** (and where the CCASS Participant is a broker or custodian, the Company shall include information relating to the beneficial owner, if supplied), your Hong Kong Identity Card/passport number or other identification code (Hong Kong Business Registration number for corporations) and the basis of allotment of the public offer, on Wednesday, 26 October 2011 through a variety of channels as specified under the paragraph headed "How to apply for the Public Offer Shares — Publication of results". You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 26 October 2011 or any other date HKSCC or HKSCC Nominees chooses.

- **If you are instructing your broker or custodian to give electronic application instruction on your behalf,** you can also check the number of Public Offer Shares allocated to you and the amount of refund (if any) payable to your with that broker or custodian.

- **If you are applying as a CCASS Investor Participant**, you can also check the number of Public Offer Shares allotted to you and the amount of refund (if any) payable to you via the CCASS Phone System and CCASS Internet System on Wednesday, 26 October 2011.

  Immediately following the credit of the Public Offer Shares to your stock account and the credit of the refund monies to your bank account), HKSCC will make available to you an activity statement showing the number of Public Offer Shares credit to your stock account and the amount of refund money credited to your designated bank account (if any).

- The Company will not issue temporary documents of title.

Circumstances in which you will not be allocated Public Offer Shares

1. **At the discretion of the Company or its agent:**

The Company and the agents for the Company have full discretion to reject or accept any application, or to accept only part of any application.

The Company and the Underwriters in their capacity as agents for the Company do not have to give any reason for any rejection or acceptance.

2. **If you do not receive allocation:**

You will not receive any allocation if:

- you make multiple applications;
- you have been allotted any Placing Shares; or
- your payment is not made correctly.

3. **If HKSCC Nominee's application is not accepted:**

HKSCC Nominee's application will not be accepted if:

- the Underwriting Agreement does not become unconditional; or
- the Underwriting Agreement is terminated in accordance with its terms.

4. **If the allotment of Public Offer Shares is void:**

The allotment of Public Offer Shares to HKSCC Nominees will be void if the Listing Committee of the Stock Exchange does not grant permission to list the shares either:

- within three weeks from the closing of the application lists; or
- within a longer period of up to six weeks if the Listing Committee of the Stock Exchange notifies the Company of that longer period within three weeks of the closing of the application lists.

Refund of your money

All refunds of your application monies (including brokerage, transaction levy and trading fee) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, 26 October 2011.

Personal Data

The section of the application form headed "Personal Data" applies to any personal data held by the Company and the registrars about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

Section 40 of the Companies Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives, or causes to give, electronic application instructions is a person who may be entitled to compensation under section 40 of the Companies Ordinance.

Warning

The subscription of Public Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS participants. The sponsor(s) and the Company take no responsibility for the application and provide no assurance that any CCASS participant will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their electronic application instructions to HKSCC through the CCASS Phone System or CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input instructions. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of electronic application instructions, they should either (i) submit the **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an application instruction input request form by 12:00 noon on Thursday, 20 October 2011.

Shares will be eligible for CCASS

Subject to the granting of listing of, and permission to deal in, the Shares on the Stock Exchange as well as the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or on any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

PUBLICATION OF RESULTS

The Company expects to release the level of interest in the Placing, basis of allotment, results of applications of the Public Offer on Wednesday, 26 October 2011 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese), and to be posted on the website of the Hong Kong Stock Exchange (***www.hkexnews.hk***) and on our website (***www.technovator.com.sg***) on or before Wednesday, 26 October 2011.

The results of allocations and the Hong Kong Identity Card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- Results of allocations for the Public Offer will be available from our Company's website at ***www.technovator.com.sg*** and the website of the Stock Exchange at ***www.hkexnews.hk*** on Wednesday, 26 October 2011;

- Results of allocations for the Public Offer will be available from the results of allocations website at ***www.tricor.com.hk/ipo/result*** on a 24-hour basis from 8:00 a.m. on Wednesday, 26 October 2011 to 12:00 midnight on Tuesday, 1 November 2011. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its application to search for his/her/its own allocation result;

- Results of allocations will be available from our Public Offer allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of Public Offer Shares allocated to them, if any, by calling (852)3691 8488 between 9:00 a.m. and 6:00 p.m. from Wednesday, 26 October 2011 to Monday, 31 October 2011 (excluding Saturdays, Sundays or public holidays in Hong Kong);

- Special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches and sub-branches from Wednesday, 26 October 2011 to Friday, 28 October 2011 at all the receiving bank branches and sub-branches at the addresses set out in "How to apply for the Public Offer Shares — Where to collect Application Forms".

Application by HKSCC Nominees

Where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given electronic application instructions to apply for Public Offer Shares:

(i) HKSSCC Nominees is only acting as nominee for those persons and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees does the following things on behalf of each of the persons;

- **agree** that the shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to that person's CCASS Investor Participant stock account or the stock account of the CCASS Participant who has inputted electronic application instructions on that person's behalf;
- **undertakes** and **agrees** to accept the shares in respect of which that person has given electronic application instructions or any lesser number;
- **undertakes** and **confirms** that that person has not applied for or taken up any offer shares under the placing nor otherwise participated in the placing;
- (if the electronic application instructions are given for that person's own benefit) **declares** that only one set of electronic application instructions has been given for that person's benefit;
- (if that person is an agent for another person) **declares** that it has given only one set of electronic application instructions for the benefit of that other person, and that it is duly authorized to give those instructions as that other person's agent;
- **understands** that the above declaration will be relied upon by the Company in deciding whether or not to make any allotment of shares in respect of the electronic application instructions given by that person and that person may be prosecuted if that person makes a false declaration;
- **authorizes** the Company to place the name of HKSCC Nominees on the register of members of the Company as the holder of the shares allotted in respect of that person's electronic application instructions and to send share certificates and/or refund monies in accordance with arrangements separately agreed between the Company and HKSCC;
- **confirms** that that person has read the terms and conditions and application procedures set out in this prospectus and agrees to be bound by them;
- **confirms** that that person has only relied on the information and representations in this prospectus in giving that person's electronic application instructions or instructing that person's broker/custodian to give electronic application instructions on that person's behalf;
- **agrees** that the Company, the Underwriters and any other parties involved in the Share Offer are liable only for the information and representations contained in this prospectus;

- **agrees** (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees has been accepted, the application cannot be rescinded for innocent misrepresentations;

- **agrees** to disclose that person's personal data to the Company and its agents and any information which they require about that person;

- **agrees** that any application made by HKSCC Nominees on behalf of that person pursuant to electronic application instructions given by that person is irrevocable before the expiration of the fifth day after the closing of the application lists or such later date (excluding for this purpose any date which is a Saturday, Sunday or any public holiday in Hong Kong) as described under "Effect of bad weather on the opening of the application lists" above, such agreement to take effect as a collateral contract with the Company and to become binding when that person gives the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Public Offer Shares to any person on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any date which is Saturday, Sunday or public holiday in Hong Kong) except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;

- **agrees** that once the application of HKSCC Nominees is accepted, neither that application nor that person's electronic application instructions can be revoked and that acceptance of that application will be evidenced by the press announcement on results of the public offer published by the Company;

- **agrees** to the arrangements, undertakings and warranties specified in the participant agreement between that person and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of electronic application instructions relating to Public Offer Shares.

- Special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches and sub-branches from Wednesday, 26 October 2011 to Friday, 28 October 2011 at all the receiving bank branches and sub-branches at the addresses set out in the paragraph headed "Where to collect Application Forms" above.

THE PRICE OF THE PUBLIC OFFER SHARES

You must pay the maximum indicative offer price of HK$1.2 per Offer Share, with 1.0% brokerage fee, 0.005% Stock Exchange trading fee and 0.003% SFC transaction levy, in full when you apply for the Public Offer Shares. As such, for every board lot of 2,000 Shares, you must pay HK$2,424.19 at the time of application. The Application Forms contain tables showing the exact amount payable for certain multiples of Shares up to 6,100,000 Offer Shares. You must pay the amount payable upon application for the Shares by cheque or banker's cashier order in accordance with the terms contained in the Application Form.

If your application is successful, the brokerage fee will be paid to participants of the Stock Exchange or the Stock Exchange (as the case may be); the Stock Exchange trading fee will be paid to the Stock Exchange; and the SFC transaction levy will be collected by the Stock Exchange on behalf of the SFC.

REFUND OF APPLICATION MONIES

If:

- the Offer Price, as finally determined, is less than HK$1.2 per Offer Share that you initially paid upon application;
- if your application is partially unsuccessful;
- if your application is wholly unsuccessful;
- the conditions of the Share Offer are not fulfilled in accordance with the section entitled "Structure of the Share Offer — Conditions of the Share Offer" in this prospectus; or
- any application is revoked or any allocation pursuant thereto has become void,

the Company will, in each case, refund the difference per Offer Share and/or your surplus application monies or your application monies, including the 1.0% brokerage fee, 0.005% Stock Exchange trading fee and 0.003% SFC transaction levy that you paid to the extent attributable to the surplus application monies. The Company will not pay interest on any refunded amount. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

All refunds by cheque will be by crossed "Account Payee Only" made out to you, or if you are joint applicants, to the first-named applicant on your Application Form. Part of your Hong Kong Identity Card number/passport number, or, if you are joint applicants, part of the Hong Kong Identity Card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong Identity Card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong Identity Card number/passport number may lead to delay in encashment of or may invalidate your refund cheque.

DESPATCH AND COLLECTION OF SHARE CERTIFICATE(S) AND/OR REFUND CHEQUE(S) AND/OR E-AUTO REFUND PAYMENT INSTRUCTIONS AND DEPOSIT OF SHARE CERTIFICATES INTO CCASS

The Company will not issue temporary documents of title. No receipt will be issued for application monies received.

WHITE Application Forms:

If you have applied for 1,000,000 Public Offer Shares or more and have indicated on your **WHITE** Application Form that you will collect your share certificate(s) and/or refund cheque, if any, in person, you may collect it in person from:

Tricor Investor Services Limited
26/F, Tesbury Centre
28 Queen's Road East, Wanchai, Hong Kong

between 9:00 a.m. and 1:00 p.m. on the date notified by the Company on the Company's website (***www.technovator.com.sg***) and the website of the Stock Exchange (***www.hkexnews.hk***) as the date of despatch of share certificates and/or refund cheques. This is expected to be on Wednesday, 26 October 2011.

If you are an individual who opts for personal collection, you must not authorize any other person to make collection on your behalf. If you are a corporate applicant which opts for personal collection, you must attend by your authorized representative bearing a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives, if applicable, must produce, at the time of collection, evidence of identity acceptable to Tricor Investor Services Limited. If you do not collect your share certificate(s) and/or refund cheque, if any, in person within the time specified for collection, it/they will be sent to the address on your application form shortly after the specified time on the date of despatch by ordinary post and at your own risk. If you have applied for 1,000,000 Public Offer Shares or more but have not indicated on your application form that you wish to collect your Share certificate(s) and/or refund cheque in person, or if you have applied for less than 1,000,000 Public Offer Shares or if your application is rejected, not accepted or accepted in part only, or if the conditions of the Share Offer described under the paragraph headed "Conditions of the Share Offer" in the section headed "Structure of the Share Offer" in this prospectus are not fulfilled in accordance with their terms, or if any application is revoked or any allotment pursuant thereto has become void, then your share certificate(s) and/or refund cheque, if any, in respect of the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and Stock Exchange trading fee, if any, without interest, will be sent to the address on your application form on the date of despatch by ordinary post and at your own risk. Applicants will receive one share certificate each for all the Public Offer Shares allocated.

HK eIPO White Form:

If you apply for 1,000,000 Public Offer Shares or more through the **HK eIPO White Form** service by submitting an electronic application to the designated **HK eIPO White Form** Service Provider through the designated website at ***www.hkeipo.hk*** and your application is wholly or partially successful, you may collect your share certificate(s) (where applicable) and/or refund cheque(s) (where applicable) in person from Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, 26 October 2011, or such other date as notified by the Company on the Company's website (***www.technovator.com.sg***) and the website of Stock Exchange (***www.hkexnews.hk***) as the date of despatch/collection of share certificates/refund cheques and/or e-Auto Refund payment instructions. If you do not collect your share certificate(s) and/or refund cheque(s) (where applicable) personally within the time specified for collection, they will be sent to the address specified in your application instructions to the designated **HK eIPO White Form** Service Provider promptly thereafter by ordinary post and at your own risk. If you apply for less than 1,000,000 Public Offer Shares, your share certificate(s) (where applicable) and/or refund cheque(s) (where applicable) will be sent to the address specified in your application instructions to the designated **HK eIPO White Form** Service Provider through the designated website at ***www.hkeipo.hk*** on Wednesday, 26 October 2011, by ordinary post and at your own risk.

Applicants who apply through the **HK eIPO White Form** service by paying the application monies through a single bank account and applicant's application is wholly or partially unsuccessful and/or the final Offer Price being different from the maximum Offer Price initially paid on applicant's application, e-Auto Refund payment instructions (if any) will be despatched to application payment bank account on or around Wednesday, 26 October 2011.

Applicants who apply through the **HK eIPO White Form** service by paying the application monies through multiple bank accounts and applicant's application is wholly or partially unsuccessful and/or the final Offer Price being different from the maximum Offer Price initially paid on applicant's application, refund cheque(s) will be sent to the address specified in applicant's application instructions to the designated HK eIPO White Form Service Provider on or around Wednesday, 26 October 2011, by ordinary post and at applicant's own risk.

Please also note the additional information relating to refund of application monies overpaid, application money underpaid or applications rejected by the designated **HK eIPO White Form** Service Provider set out in the section headed "Further terms and conditions of the Share Offer — Additional information for applicants applying through **HK eIPO White Form**" in this prospectus.

You will receive one share certificate for all the Offer Shares issued and allotted to you.

YELLOW Application Forms:

Your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant, as instructed by you on Wednesday, 26 October 2011, or under contingent situations, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant, other than a CCASS Investor Participant:

- for Public Offer Shares credited to the stock account of your designated CCASS Participant, other than a CCASS Investor Participant, you can check the number of Public Offer Shares allotted to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant,

- the Company expects to publish the results of CCASS Investor Participants' applications together with the results of the Public Offer on the Company's website (***www.technovator.com.sg***), the website of Stock Exchange (***www.hkexnews.hk***) and through a variety of channels as specified under the paragraph headed "How to apply for the Public Offer Shares — Publication of results on Wednesday, 26 October 2011. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 26 October 2011 or such other date as shall be determined by HKSCC or HKSCC nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of the Public Offer Shares credited to your stock account.

If you have applied for 1,000,000 Public Offer Shares or more and have indicated on your application form that you will collect your refund cheque in person, please follow the instructions set out in the paragraph headed "**WHITE** Application Forms" above.

Refund cheque

All refunds by cheque will be crossed "Account Payee Only", made out to you, or, if you are joint applicants, to the first-named applicant on your application form. Part of your Hong Kong Identity Card number/passport number, or, if you are joint applicants, part of the Hong Kong Identity Card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party for refund purpose. Your banker may require verification or your Hong Kong Identity Card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong Identity Card number/passport number may lead to delay in encashment of or may invalidated your refund cheque.

Electronic application instructions

If you apply for Public Offer Shares by giving **electronic application instructions** to HKSCC and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant to which you have instructed to give **electronic application instructions** on your behalf (as appropriate) on Wednesday, 26 October 2011 or under contingent situations, on any other date as shall be determined by HKSCC or HKSCC Nominees. If you apply by giving **electronic application instructions** to HKSCC, refund of the application monies (including brokerage fee, the SFC transaction levy and the Stock Exchange trading fee) will be credited to your designated bank account or the bank account of your designated broker or custodian without interest on Wednesday, 26 October 2011. The Company will publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company shall include information relating to the beneficial owner, if supplied), your Hong Kong Identity Card/passport number or other identification code (Hong Kong Business Registration number for corporations) and the basis of allocation of the Public Offer, on the Company's website (***www.technovator.com.sg***), the website of the Stock Exchange (***www.hkexnews.hk***) and through a variety of channels as specified under the paragraph headed "How to apply for the Public Offer Shares — Publication of results" on Wednesday, 26 October 2011. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 26 October 2011 or any other date HKSCC or HKSCC Nominees chooses. If you are instructing your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allocated to you and the amount of refund (if any) payable to you with that broker or custodian. If you are applying as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund (if any) payable to you via the CCASS Phone System and CCASS Internet System on Wednesday, 26 October 2011, HKSCC will also make available to you activity statement(s) showing the number of Public Offer Shares credited to your stock account and the amount of refund money credited to your designated bank account (if any).

DEALINGS AND SETTLEMENT

Commencement of dealings in the Company's Shares on the Stock Exchange

Dealings in the Company's Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Thursday, 27 October 2011. The Company's Shares will be traded on the Stock Exchange in board lots of 2,000 Shares. The stock code of the Company's Shares is 1206.

The Company's Shares will be eligible for admission into CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Company's Shares on the Stock Exchange and the Company complies with the stock admission requirements of HKSCC, the Company's Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Company's Shares to be admitted into CCASS.

You should seek advice of your stockbroker or other professional advisor for details of the settlement arrangements as such arrangements will affect your rights and interests.

GENERAL

(a) If you apply for Public Offer Shares in the Public Offer, you will be agreeing with the Company and the Joint Bookrunners (on behalf of the Underwriters) as set out below.

(b) If you give **electronic application instructions** to HKSCC via CCASS to cause HKSCC Nominees to apply for the Public Offer Shares on your behalf, you will have authorized HKSCC Nominees to apply on the terms and conditions set out below, as supplemented and amended by the terms and conditions applicable to the relevant application method.

(c) If you give electronic application instructions to the **HK eIPO White Form** Service Provider through the designated website at ***www.hkeipo.hk***, you will have authorized the designated **HK eIPO White Form** Service Provider to apply on the terms and conditions set out below, as supplemented and amended by the terms and conditions applicable to the **HK eIPO White Form** service.

(d) In this section, references to "you," "applicants," "joint applicants" and other like references shall, if the context so permits, include references to both nominees and principals on whose behalf HKSCC Nominees is applying for Public Offer Shares, and references to the making of an application shall, if the context so permits, include references to making applications electronically by giving instructions to HKSCC.

(e) Applicants should read this prospectus carefully, including the terms and conditions set out herein and in the application forms or imposed by HKSCC and/or the **HK eIPO White Form** Service Provider prior to making any application for Public Offer Shares.

OFFER TO PURCHASE THE PUBLIC OFFER SHARES

(a) You offer to purchase from the Company at the Offer Price the number of the Public Offer Shares indicated in your Application Form (or any smaller number in respect of which your application is accepted) on the terms and conditions set out in this prospectus and the relevant Application Form.

(b) For applicants using Application Forms, a refund cheque in respect of the surplus application monies (if any) representing the Public Offer Shares applied for but not allocated to you and representing the difference (if any) between the final Offer Price and the maximum Offer Price (including brokerage, the SFC transaction levy and the Stock Exchange trading fee attributable thereto), is expected to be sent to you at you own risk to the address stated on your Application Form.

Details of the procedure for refunds relating to each of the Public Offer methods are contained below in the paragraphs headed "If your application for Public Offer Shares is successful (in whole or in part)," "Refund of application monies" and "Additional information for applicants applying by giving **electronic application instructions** to HKSCC" in this section.

(c) Any application may be rejected in whole or in part.

(d) Applicants under the Public Offer should note that in no circumstances (save for those provided under section 40 of the Hong Kong Companies Ordinance) can applications be withdrawn once submitted. For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives, or causes to give, **electronic application instructions** to HKSCC via CCASS is a person who may be entitled to compensation under section 40 of the Hong Kong Companies Ordinance.

ACCEPTANCE OF YOUR OFFER

(a) The Public Offer Shares will be allocated after the application lists close. The Company expects to announce the final number of Public Offer Shares, the level of applications under the Public Offer and the basis of allocations of the Public Offer Shares on the Company's website (***www.technovator.com.sg***) and the website of the Stock Exchange (***www.hkexnews.hk***) on Wednesday, 26 October 2011.

(b) The results of allocations of the Public Offer Shares under the Public Offer, including the Hong Kong identity card numbers, passport numbers or Hong Kong business registration numbers (where applicable) of successful applicants and the number of Public Offer Shares successfully applied for, will be made available on Wednesday, 26 October 2011 in the manner described in the section headed "How to apply for the Public Offer Shares" under the sub-sections headed "Publication of results" and "Despatch and collection of share certificates and/or refund cheque(s) and/or e-Auto Refund Payment Instructions and deposit of share certificates into CCASS".

(c) The Company may accept your offer to purchase (if your application is received, valid, processed and not rejected) by announcing the basis of allocations and/or making available the results of allocations publicly.

(d) If the Company accepts your offer to purchase (in whole or in part), there will be a binding contract under which you will be required to purchase the Public Offer Shares in respect of which your offer has been accepted if the conditions of the Public Offer are satisfied or not otherwise terminated. Further details are contained in the section headed "Structure of the Share Offer".

(e) You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

(f) In addition, acceptance of all applications for Public Offer Shares pursuant to the Public Offer will be conditional upon, amongst other things:

   (i) the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued being offered pursuant to the Share Offer (subject only to reallocation);

   (ii) the Offer Price having been fixed on or around the Price Determination Date; and

   (iii) the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the Public Offer Underwriting Agreement,

in each case on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between the Company and the Joint Bookrunners (on behalf of the Underwriters) on or before the Price Determination Date, the Public Offer will not proceed, subject to the Underwriting Agreements.

EFFECT OF MAKING ANY APPLICATION

(a) By completing and submitting any Application Form you:

- **instruct** and **authorize** the Company and/or the Joint Bookrunners (or their respective agents or nominees) to execute any transfer forms, contract notes or other documents on your behalf and to do on your behalf all other things necessary to effect the registration of any Public Offer Shares allocated to you in your name(s) or HKSCC Nominees, as the case may be, as required by the Articles and otherwise to give effect to the arrangements described in this prospectus and the relevant Application Form;

- **undertake** to sign all documents and to do all things necessary to enable you or HKSCC Nominees, as the case may be, to be registered as the holder of the Public Offer Shares allocated to you, and as required by the Articles;

- **represent, warrant and undertake** that you understand that the Public Offer Shares have not been and will not be registered under the US Securities Act and you are outside the United States and not a US person when completing the Application Form;

- **confirm** that you have received a copy of this prospectus and have only relied on the information and representations contained in this prospectus in making your application, and will not rely on any other information or representation save as set out in any supplement to this prospectus;

- **agree** that the Company, the Sole Sponsor, the Joint Bookrunners, the Underwriters and any of their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Share Offer are liable only for the information and representations contained in this prospectus and any supplement to this prospectus;

- **agree** (without prejudice to any other rights which you may have) that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

- (if the application is made for your own benefit) **warrant** that the application is the only application which has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **HK eIPO White Form** Service Provider via **HK eIPO White Form** service;

- (if the application is made by an agent on your behalf) **warrant** that you have validly and irrevocably conferred on your agent all necessary power and authority to make the application;

- (if you are an agent for another person) **warrant** that the application is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** application form or by giving **electronic application instructions** to HKSCC or to the designated **HK eIPO White Form** Service Provider via **HK eIPO White Form** service, and that you are duly authorized to sign the application form or to give **electronic application instructions** as that other person's agent;

- **undertake** and **confirm** that you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up or indicated an interest in or received or been placed or allocated(including conditionally and/or provisionally) and will not apply for or take up or indicate any interest in any Offer Shares, nor otherwise participate in the Placing;

- **warrant** the truth and accuracy of the information contained in your application;

- **agree** that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- **undertake** and **agree** to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;
- **authorize** the Company to place your name(s) or HKSCC Nominees, as the case may be, on its register of members as the holder(s) of any Public Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) (where applicable) and/or any refund cheque (where applicable) to you or (in case of joint applicants) the first named applicant in the Application Form by ordinary post at your own risk to the address stated on your Application Form (except if you have applied for 1,000,000 Public Offer Shares or more and have indicated in your Application Form your wish to collect your refund cheque and share certificates (where applicable) in person);
- **agree** to disclose to the Company, Hong Kong Share Registrar, receiving bankers, the Sole Sponsor, the Joint Bookrunners and their respective advisors and agents any personal data or other information which they require about you or the person(s) for whose benefit you have made the application;
- **understand** that these declarations and representations will be relied upon by the Company and the Joint Bookrunners in deciding whether or not to allocate any Public Offer Shares in response to your application;
- if the laws of any place outside Hong Kong are applicable to your application, you **agree** and **warrant** that you have complied with all such laws and none of the Company, the Joint Bookrunners and the Underwriters nor any of their respective officers or advisors will infringe any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any actions arising from your rights and obligations under the terms and conditions contained in this prospectus;
- **agree** with the Company and each shareholder of the Company, and the Company agrees with each of the shareholders, to observe and comply with the Cayman Companies Law, the Hong Kong Companies Ordinance, and the Memorandum and Articles;
- **agree** with the Company and each shareholder of the Company that the Public Offer Shares are freely transferable by the holder thereof; and
- **agree** that the processing of your application, including the despatch of refund cheque(s) (if any), may be done by any of the Company's receiving bankers and is not restricted to the bank at which your Application Form was lodged.

(b) If you apply for the Public Offer Shares using a **YELLOW** Application Form, in addition to the confirmations and agreements referred to in (a) above, you (and if you are joint applicants, each of you jointly and severally) agree that:

- any Public Offer Shares allotted to you shall be issued in the name of HKSCC Nominees and deposited directly into CCASS operated by HKSCC for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant in accordance with your election on the application form;
- each of HKSCC and HKSCC Nominees reserves the right (1) not to accept any or part of such allotted Public Offer Shares issued in the name of HKSCC Nominees or not to accept such allotted Public Offer Shares for deposit into CCASS; (2) to cause such allotted Public Offer Shares to be withdrawn from CCASS and transferred into your name at your own risk and costs; and (3) to cause such allotted Public Offer Shares to be issued in your name (or,

if you are a joint applicant, to the first-named applicant) and in such a case, to post the share certificates for such allotted Public Offer Shares at your own risk to the address on your application form by ordinary post or to make available the same for your collection;

- each of HKSCC and HKSCC Nominees may adjust the number of allotted Public Offer Shares issued in the name of HKSCC Nominees;
- neither HKSCC nor HKSCC Nominees shall have any liability for the information and representations not so contained in this prospectus and the application form; and
- neither HKSCC nor HKSCC Nominees shall be liable to you in any way.

(c) In addition, by giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the Offer Price per share initially paid on application, refund of the application monies, in each case including brokerage, SFC transaction levy and Stock Exchange trading fee, by crediting your designated bank account; and
- (where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given **electronic application instructions** to apply for the Public Offer Shares) in addition to the confirmations and agreements set out in paragraph (a) above, instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things which it has stated to do on your behalf in the **WHITE** Application Form, and the following:

  — agree that the Public Offer Shares to be allocated shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has inputted **electronic application instructions** on your behalf or your CCASS Investor Participant stock account;

  — undertake and agree to accept the Public Offer Shares in respect of which you have given **electronic application instructions** or any lesser number;

  — (if the **electronic application instructions** are given for your own benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

  — (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the benefit of that other person and that you are duly authorized to give those instructions as that other person's agent;

  — understand that the above declaration will be relied upon by the Company, the Directors and the Joint Bookrunners in deciding whether or not to make any allotment of Public Offer Shares in respect of the **electronic application instructions** given by you and that you may be prosecuted if you make a false declaration;

— authorize the Company to place the name of HKSCC Nominees on the register of members of the Company as the holder of the Public Offer Shares allotted in respect of your **electronic application instructions** and to send share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between the Company and HKSCC;

— confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

— confirm that you have only relied on the information and representations in this prospectus in giving your **electronic application instructions** or instructing your broker or custodian to give **electronic application instructions** on your behalf;

— agree (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees has been accepted, the application cannot be rescinded for innocent misrepresentation;

— agree that any application made by HKSCC Nominees on your behalf pursuant to the **electronic application instructions** given by you is irrevocable before the expiration of the fifth day after the closing of the application lists or such later date as the application lists may close as described under "Effect of bad weather on the opening of application lists" above, such agreement to take effect as a collateral contract with the Company and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Public Offer Shares to any person before the expiration of the fifth day after the closing of the application lists or such later date as the application lists may close as described under "Effect of bad weather on the opening of application lists" above, except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong if a person responsible for this prospectus under Section 40 of the Hong Kong Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;

— agree that once the application of HKSCC Nominees is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Public Offer published by the Company; and

— agree to the arrangements, undertakings and warranties specified in the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to Public Offer Shares.

(d) The Company, the Sole Sponsor, the Joint Bookrunners, the Underwriters, the **HK eIPO White Form** Service Provider and their respective directors and any other parties involved in the Share Offer are entitled to rely on any warranty, representation or declaration made by you in your application.

(e) All the warranties, representations, declarations and obligations expressed to be made, given or assumed by or imposed on the joint applicants shall be deemed to have been made, given or assumed by or imposed on the applicants jointly and severally.

CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer Shares will not be allotted to you or your application is liable to be rejected:

(a) **If your application is revoked:**

By completing and submitting an application form or submitting **electronic application instructions** to HKSCC or give **electronic application instructions** to the designated **HK eIPO White Form Service Provider** through **HK eIPO White Form** service ***www.hkeipo.hk***), you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked before the expiration of the fifth day after the closing of the application lists or such later date as the application lists may close as described under "Effect of bad weather on the opening of application lists" above. This agreement will take effect as a collateral contract with the Company, and will become binding when you lodge your application form or submit your **electronic application instructions** to HKSCC or to the designated **HK eIPO White Form** Service Provider. This collateral contract will be in consideration of the Company agreeing that it will not offer any Public Offer Shares to any person before the expiration of the fifth day after the closing of the application lists or such later date as the application lists may close as described under "Effect of bad weather on the opening of application lists" above except by means of one of the procedures referred to in this prospectus.

Your application or the application made by HKSCC Nominees on your behalf may be revoked before the fifth day after the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong if a person responsible for this prospectus under section 40 of the Hong Kong Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

If any supplement to the prospectus is issued, applicant(s) who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of the prospectus as supplemented. If your application or the application made by HKSCC Nominees or the **HK eIPO White Form** Service Provider on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the announcement of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(b) **If the Company, the Joint Bookrunners or to the designated HK eIPO White Form Service Provider (where applicable) or their respective agents exercise their discretion to reject your application:**

The Company and the Joint Bookrunners (as agents for the Company) and the **HK eIPO White Form** Service Provider, or their respective agents and nominees, have full discretion to reject or accept any application, or to accept only part of any application, without having to give any reasons for any rejection or acceptance.

(c) **If the allotment of Public Offer Shares is void:**

The allotment of Public Offer Shares to you or to HKSCC Nominees (if you give electronic application instructions or apply by a **YELLOW** Application Form) will be void if the Listing Committee of the Stock Exchange does not grant permission to list the shares either:

- within 3 weeks from the closing of the application lists; or
- within a longer period of up to 6 weeks if the Listing Committee of the Stock Exchange notifies the Company of that longer period within 3 weeks of the closing date of the application lists.

(d) **If:**

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you apply have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) with Offer Shares in the Placing. By filling in any of the application forms or giving **electronic application instructions** to HKSCC or to the designated **HK eIPO White Form** Service Provider via **HK eIPO White Form** service, you agree not to apply for Offer Shares in the Placing. Reasonable steps will be taken to identify and reject applications in the Public Offer from investors who have received Offer Shares in the Placing, and to identify and reject indications of interest in the Placing from investors who have received Public Offer Shares in the Public Offer;
- you apply for more than 50% Public Offer Shares initially offered under the Public Offer;
- your payment is not made correctly or you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonored upon its first presentation;
- your application form is not completed correctly and in accordance with the instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions set out in the designated website at ***www.hkeipo.hk***;
- either of the Underwriting Agreements does not become unconditional;
- either of the Underwriting Agreements are terminated in accordance with their respective terms; or
- the Company and/or the Joint Bookrunners believe that by accepting your application, they would violate the applicable securities or other laws, rules or regulations.

IF YOUR APPLICATION FOR PUBLIC OFFER SHARES IS SUCCESSFUL (IN WHOLE OR IN PART)

No temporary document of title will be issued in respect of the shares.

No receipt will be issued for sums paid on application.

Share certificates will only become valid certificates of title at 8:00 a.m. on Thursday, 27 October 2011 provided that the Public Offer has become unconditional in all respects and the right of termination described in the section headed "Underwriting — Underwriting Arrangements and Expenses — Public Offer Underwriting Agreement — Grounds for termination" has not been exercised.

(a) **If you apply using a WHITE Application Form:**

If you apply for 1,000,000 Public Offer Shares or more on a **WHITE** Application Form and have indicated your intention in your application form to collect your share certificate (s) and/or refund cheque (where applicable) from Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong and have provided all information required by your application form, you may collect it/them in person from Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, 26 October 2011 or such other date as notified by the Company on the Company's website (***www.technovator.com.sg***) and the website of the Stock Exchange (***www.hkexnews.hk***) as the date of despatch/collection of share certificates/refund cheques.

If you are an individual who opts for personal collection, you must not authorize any other person to make collection on your behalf. If you are a corporate applicant which opts for personal collection, you must attend by your authorized representative bearing a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to Tricor Investor Services Limited. If you do not collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) personally within the time specified for collection, they will be sent to the address as specified in your application form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Public Offer Shares or if you apply for 1,000,000 Public Offer Shares or more but have not indicated on your application form that you will collect your refund cheque(s) and/or share certificate(s) (where applicable) in person, your refund cheque(s) and/or share certificate(s) (where applicable) will be sent to the address on your application form, by ordinary post and at your own risk.

(b) **If you apply using a YELLOW Application Form:**

If you apply for Public Offer Shares using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your application form at the close of business on Wednesday, 26 October 2011, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant) on a **YELLOW** Application Form for Public Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Public Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant, the Company expects to publish the results of CCASS Investor Participants' applications together with the results of the Public Offer on the Company's website (***www.technovator.com.sg***), the website of the Stock Exchange (***www.hkexnews.hk***) and through a variety of channels as specified under the paragraph headed "How to apply for the Public Offer Shares — Publication of results" on Wednesday, 26 October 2011. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 26 October 2011 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your stock account.

If you apply for 1,000,000 Public Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund cheque (where applicable) in person, please follow the same procedure, as those for **WHITE** Application Form applicants as described above. If you have applied for 1,000,000 Public Offer Shares or above and have not indicated on your application form that you will collect your refund cheque (if any) in person, or if you have applied for less than 1,000,000 Public Offer Shares, your refund cheque (if any) will be sent to the address on your application form on the date of despatch, which is expected to be on Wednesday, 26 October 2011, by ordinary post and at your own risk.

(c) **If you apply through HK eIPO White Form:**

If you apply for 1,000,000 Public Offer Shares or more through the **HK eIPO White Form** service by submitting an electronic application to the designated **HK eIPO White Form** Service Provider through the designated website at ***www.hkeipo.hk*** and your application is wholly or partially successful, you may collect your Share certificate(s) and/or refund cheque(s) (where applicable) in person from Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, 26 October 2011, or such other date as notified by the Company on Company's website (***www.technovator.com.sg***) and the website of the Stock Exchange (***www.hkexnews.hk***) as the date of despatch/collection of share certificates/refund cheques/e-Auto Refund Payment Instructions.

If you do not collect your share certificate(s) and/or refund cheque(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions to the designated **HK eIPO White Form** Service Provider promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your share certificate(s) and/or refund cheque(s) (where applicable) will be sent to the address specified in your application instructions to the designated **HK eIPO White Form** Service Provider through the designated website at ***www.hkeipo.hk*** on Wednesday, 26 October 2011 by ordinary post and at your own risk. Please also note the additional information relating to refund of application monies overpaid or application monies underpaid or applications rejected by the designated **HK eIPO White Form** Service Provider set out in "Additional Information for Applicants Applying Through **HK eIPO White Form**".

REFUND OF APPLICATION MONIES

Your application monies, or the appropriate portion thereof, together with the related brokerage of 1%, SFC transaction levy of 0.003%, and Stock Exchange trading fee of 0.005%, will be refunded if:

- your application is rejected, not accepted or accepted in part only or if you do not receive any Public Offer Shares for any of the reasons set out above in the section headed "Circumstances in which you will not be allotted Public Offer Shares";
- the Offer Price as finally determined is less than the Offer Price of HK$1.2 per Offer Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee thereon) initially paid on application;
- the conditions of the Public Offer are not fulfilled; or
- any application is revoked or any allotment pursuant thereto has become void.

No interest will be paid thereon. All interest accrued on such monies prior to the date of refund will be retained for the Company's benefit.

In a contingency situation involving a substantial over-subscription, at the discretion of the Company and the Joint Bookrunners, cheques for applications for certain small denominations of Public Offer Shares (apart from successful applications) may not be cleared.

Refund of your application monies (if any) by cheque or by e-Auto Refund payment instructions will be made on Wednesday, 26 October 2011 in accordance with the various arrangements as described herein. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate. All refunds by cheque will be made crossed "Account Payee Only" made out to you, or if you are joint applicants, to the first-named applicant. Part of your Hong Kong Identity Card number or passport number, or, if you are joint applicants, part of the Hong Kong Identity Card number or passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data will also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong Identity Card number or passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong Identity Card number or passport number may lead to delay in encashment of or may invalidate your refund cheque. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

ADDITIONAL INFORMATION FOR APPLICANTS APPLYING THROUGH HK EIPO WHITE FORM

For the purposes of allocating Public Offer Shares, each applicant giving **electronic application instructions** through the **HK eIPO White Form** service to the **HK eIPO White Form** Service Provider through the designated website at ***www.hkeipo.hk*** will be treated as an applicant.

If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Offer Shares for which you have applied, or if your application is otherwise rejected by the designated **HK eIPO White Form** Service Provider, the designated **HK eIPO White Form** Service Provider may adopt alternative arrangements for the refund of monies to you. Please refer to the additional information provided by the designated **HK eIPO White Form** Service Provider on the designated website at ***www.hkeipo.hk***.

Otherwise, any monies payable to you due to a refund for any of the reasons set out in the paragraph headed "Refund of Application Monies" shall be made pursuant to the arrangements described in the paragraph headed "If your application for Public Offer Shares is successful (in whole or in part)" under the sub-paragraph headed "(c) If you apply through **HK eIPO White Form**".

ADDITIONAL INFORMATION FOR APPLICANTS APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

(a) **Allocation of Public Offer Shares**

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instructions is given will be treated as an applicant.

(b) **Deposit of share certificates into CCASS and Refund of Application Monies**

- No temporary document of title will be issued. No receipt will be issued for application monies received.

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give **electronic application instructions** on your behalf or your CCASS Investor Participant stock account at the close of business on Wednesday, 26 October 2011, or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees Limited.

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), and the basis of allotment of the Public Offer on the Company's website (***www.technovator.com.sg***), the website of the Stock Exchange (***www.hkexnews.hk***) and through a variety of channels as specified under the paragraph headed "How to apply for the Public Offer Shares — Publication of results" on Wednesday, 26 October 2011. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 26 October 2011 or such other date as shall be determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, 26 October 2011. HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the Offer Price per share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.003%, and Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, 26 October 2011. No interest will be paid thereon.

PERSONAL DATA

The main provisions of the Hong Kong Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (the "Ordinance") came into effect in Hong Kong on 20 December 1996. This Personal Information Collection Statement informs the applicant for and holder of the Company's shares of the policies and practices of the Company and Hong Kong Share Registrar in relation to personal data and the Ordinance.

(a) **Reasons for the collection of your personal data**

From time to time it is necessary for applicants for securities of the Company or registered holders of securities of the Company to supply their latest correct personal data to the Company and Hong Kong Share Registrar when applying for securities of the Company or transferring securities of the Company into or out of their names or in procuring the services of the Hong Kong Share Registrar. Failure to supply the requested data may result in your application for securities of the Company being rejected or in delay or inability of the Company or the Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfer of the Public

Offer Shares which you have successfully applied for and/or the despatch of share certificate(s), and/or refund cheque(s) and/or e-Auto Refund payment instructions to which you are entitled. It is important that holders of securities inform the Company and its Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

(b) **Purposes**

The personal data of the applicants and the holders of securities may be used, held and/or stored (by whatever means) for the following purposes:

- processing of your application and refund cheque, where applicable, verification of compliance with the terms and application procedures set out in the application forms and this prospectus and announcing results of allocations of the Public Offer Shares;
- enabling compliance with all applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the name of holders of securities including, where applicable, in the name of HKSCC Nominees;
- maintaining or updating the registers of holders of securities of the Company;
- conducting or assisting to conduct signature verifications, any other verification or exchange of information;
- establishing benefit entitlements of holders of securities of the Company, such as dividends, rights issues and bonus issues;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and shareholder profiles;
- making disclosures as required by laws, rules or regulations;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and its Hong Kong Share Registrar to discharge its obligations to holders of securities and/or regulators and/or other purpose to which the holders of securities may from time to time agree.

(c) **Transfer of personal data**

Personal data held by the Company and its Hong Kong Share Registrar relating to the applicants and the holders of securities will be kept confidential but the Company and its Hong Kong Share Registrar, to the extent necessary for achieving the above purposes or any of them, may make such enquiries as they consider necessary to confirm the accuracy of the personal data and in particular, they may disclose, obtain, transfer (whether within or outside Hong Kong) the personal data of the applicants and the holders of securities to, from or with any and all of the following persons and entities:

- the Company or its appointed agents such as financial advisors, receiving bankers and overseas principal registrars;
- HKSCC and HKSCC Nominees, who will use the personal data for the purposes of operating CCASS (in cases where the applicants have requested for the Public Offer Shares to be deposited into CCASS);
- any agents, contractors or third party service providers who offer administrative, telecommunications, computer, payment or other services to the Company and/or its Hong Kong Share Registrar in connection with the operation of their business;

- the Stock Exchange, the SFC and any other statutory, regulatory or governmental bodies; and
- any other persons or institutions with which the holders of securities have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers etc.

By signing an application form or by giving **electronic application instructions** to HKSCC, you agree to all of the above.

(d) **Access to and correction of personal data**

The Ordinance provides the holders of securities with rights to ascertain whether the Company or its Hong Kong Share Registrar holds their personal data, to obtain a copy of that data, and to correct any data that is inaccurate.

In accordance with the Ordinance, the Company and its Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of any data access request. All requests for access to data or correction of data or for information regarding policies and practices and the kinds of data held should be addressed to the Company, at its registered address disclosed in the section headed "Corporate Information" or as notified from time to time in accordance with applicable law, for the attention of the company secretary, or the Company's Hong Kong Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong.

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

17 October 2011

The Directors
Technovator International Limited

Piper Jaffray Asia Limited

Dear Sirs,

Introduction

We set out below our report on the financial information relating to Technovator International Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") including the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Group, for each of the years ended 31 December 2008, 2009 and 2010 and the four months ended 30 April 2011 (the "Relevant Period"), and the consolidated balance sheets of the Group and the balance sheets of the Company as at 31 December 2008, 2009 and 2010 and 30 April 2011, together with the explanatory notes thereto (the "Financial Information"), for inclusion in the prospectus of the Company dated 17 October 2011 (the "Prospectus").

The Company was incorporated in Singapore on 25 May 2005 under the name of "Technovator Int Private Ltd." as an exempted company with limited liability under the Singapore Companies Act (Chapter 50). The name of the Company was changed to Technovator International Limited on 8 September 2011. The Company has direct and indirect interests in its subsidiaries as set out in note 16 of Section B.

The statutory financial statements of the Company were prepared in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards. The Company's statutory financial statements for each of the years ended 31 December 2008 and 2009 were audited by ShineWing LLP. Details of the Company's subsidiaries that are subject to audit during the Relevant Period and the names of the respective auditors are set out in note 16 of Section B. The statutory financial statements of these companies were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established.

The directors of the Company have prepared the consolidated financial statements of the Group for the Relevant Period in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements"). The Underlying Financial Statements for the Relevant Period were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information has been prepared by the directors of the Company based on the Underlying Financial Statements, with no adjustments made thereon and in accordance with the applicable disclosure provisions of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Respective responsibilities of directors and reporting accountants

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

Our responsibility is to form an opinion on the Financial Information based on our procedures.

Basis of opinion

As a basis for forming an opinion on the Financial Information, for the purpose of this report, we have examined the Underlying Financial Statements and have carried out appropriate procedures as we considered necessary in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA.

We have not audited any financial statements of the Company, its subsidiaries or the Group in respect of any period subsequent to 30 April 2011.

Opinion

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the Group's consolidated results and cash flows for the Relevant Period, and the state of affairs of the Group and the Company as at 31 December 2008, 2009 and 2010 and 30 April 2011.

Corresponding financial information

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of the Group comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the four months ended 30 April 2010, together with the notes thereon (the "Corresponding Financial Information"), for which the directors are responsible, 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.

The directors of the Company are responsible for the preparation of the Corresponding Financial Information in accordance with the same basis adopted in respect of the Financial Information. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

A FINANCIAL INFORMATION

1 Consolidated income statements

	Section B Note	Years ended 31 December 2008 *US$'000*	2009 *US$'000*	2010 *US$'000*	Four months ended 30 April 2010 *US$'000* *(Unaudited)*	2011 *US$'000*
Revenue	2, 3	30,695	48,234	74,085	15,034	23,961
Cost of sales		(22,280)	(30,371)	(48,888)	(8,216)	(14,269)
Gross profit		8,415	17,863	25,197	6,818	9,692
Other revenue	4	127	54	1,433	19	155
Other net (loss)/gain	4	(87)	31	13	(189)	(72)
Selling and distribution costs		(2,932)	(4,308)	(6,720)	(1,995)	(2,911)
Administrative and other operating expenses		(2,984)	(4,487)	(8,798)	(2,077)	(3,075)
Research and development expenses		(511)	(1,817)	(1,945)	(704)	(874)
Profit from operations		2,028	7,336	9,180	1,872	2,915
Finance costs	5(a)	(154)	(139)	(541)	(170)	(250)
Profit before taxation	5	1,874	7,197	8,639	1,702	2,665
Income tax	6(a)	(336)	(1,576)	(1,459)	(303)	(454)
Profit for the year/period		1,538	5,621	7,180	1,399	2,211
Profit attributable to:						
Equity holders of the Company		1,089	5,176	7,049	1,422	2,124
Non-controlling interests		449	445	131	(23)	87
Profit for the year/period		1,538	5,621	7,180	1,399	2,211
Earnings per share	10					
Basic (US$)		0.004	0.014	0.019	0.004	0.006
Diluted (US$)		0.004	0.014	0.019	0.004	0.006

The accompanying notes form part of the Financial Information.

2 Consolidated statements of comprehensive income

	Years ended 31 December			Four months ended 30 April	
	2008	2009	2010	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Profit for the year/period	1,538	5,621	7,180	1,399	2,211
Other comprehensive income for the year/period					
Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	(2,720)	2,402	1,192	617	2,155
Total comprehensive income for the year/period	(1,182)	8,023	8,372	2,016	4,366
Total comprehensive income attributable to:					
Equity holders of the Company	(939)	7,025	7,987	1,829	3,978
Non-controlling interests	(243)	998	385	187	388
Total comprehensive income for the year/period	(1,182)	8,023	8,372	2,016	4,366

The accompanying notes form part of the Financial Information.

3 **Consolidated balance sheets**

	Section B Note	**At 31 December 2008**	**2009**	**2010**	**At 30 April 2011**
		US$'000	*US$'000*	*US$'000*	*US$'000*
Non-current assets					
Property, plant and equipment	11(a)	1,408	1,976	2,889	3,070
Intangible assets	12	4,972	6,706	13,352	13,952
Goodwill	13	6,910	8,010	15,713	16,989
Other financial assets	15	—	279	836	896
Deferred tax assets	30(b)	418	94	100	108
		13,708	17,065	32,890	35,015
Current assets					
Inventories	17(a)	8,369	7,027	10,448	11,374
Trade and other receivables	18	9,893	10,870	24,142	27,267
Gross amounts due from customers for contract work	23	—	—	52	305
Income tax recoverable	30(a)	219	4	30	—
Pledged deposits	20	123	—	—	—
Cash and cash equivalents	21	11,606	14,811	15,243	11,344
		30,210	32,712	49,915	50,290
Current liabilities					
Trade and other payables	22	11,464	10,294	21,357	19,492
Gross amounts due to customers for contract work	23	3,933	2,888	310	239
Other financial liabilities	24	248	—	—	—
Loans and borrowings	25(b)	1,439	810	9,344	9,431
Promissory note payable	26	—	143	—	—
Obligations under finance leases	27	61	92	119	125
Income tax payable	30(a)	11	405	592	235
		17,156	14,632	31,722	29,522
Net current assets		13,054	18,080	18,193	20,768
Total assets less current liabilities		26,762	35,145	51,083	55,783

	Section B Note	At 31 December 2008 US$'000	2009 US$'000	2010 US$'000	At 30 April 2011 US$'000
Non-current liabilities					
Loans and borrowings	25(b)	446	470	373	444
Obligations under finance leases	27	133	162	79	43
Deferred income	28	62	51	50	40
Deferred tax liabilities	30(b)	378	712	2,222	2,300
		1,019	1,395	2,724	2,827
NET ASSETS		25,743	33,750	48,359	52,956
CAPITAL AND RESERVES					
Share capital	31(c)	24,228	24,228	24,228	24,228
Reserves		(1,013)	6,113	19,708	23,917
Total equity attributable to equity holders of the Company		23,215	30,341	43,936	48,145
Non-controlling interests		2,528	3,409	4,423	4,811
TOTAL EQUITY		25,743	33,750	48,359	52,956

The accompanying notes form part of the Financial Information.

4 **Balance sheets of the Company**

	Section B Note	At 31 December 2008	2009	2010	At 30 April 2011
		US$'000	US$'000	US$'000	US$'000
Non-current assets					
Property, plant and equipment	11(b)	7	1	3	4
Investments in subsidiaries	16	20,323	20,400	20,598	20,648
		20,330	20,401	20,601	20,652
Current assets					
Inventories	17(a)	126	38	33	34
Trade and other receivables	18	444	93	2,073	2,533
Derivative financial asset	19	43	—	—	—
Income tax recoverable	30(a)	—	4	—	—
Cash and cash equivalents	21	2,558	2,417	2,093	1,271
		3,171	2,552	4,199	3,838
Current liabilities					
Trade and other payables	22	349	181	2,630	2,718
		349	181	2,630	2,718
Net current assets		2,822	2,371	1,569	1,120
NET ASSETS		23,152	22,772	22,170	21,772
CAPITAL AND RESERVES	31(a)				
Share capital		24,228	24,228	24,228	24,228
Reserves		(1,076)	(1,456)	(2,058)	(2,456)
TOTAL EQUITY		23,152	22,772	22,170	21,772

The accompanying notes form part of the Financial Information.

5 Consolidated statements of changes in equity

	Section B Note	Share capital	Statutory reserves	Translation reserve	Share-based compensation reserve	Capital reserve arising from changes in ownership interests in subsidiaries	(Accumulated losses)/ retained profits	Total	Non-controlling interests	Total equity
		Attributable to equity holders of the Company								
		Note 31(c)	*Note 31(d)(i)*	*Note 31(d)(ii)*	*Note 31(d)(iii)*	*Note 31(d)(iv)*				
		US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2008		3,200	24	147	—	—	(255)	3,116	—	3,116
Changes in equity for the year ended 31 December 2008:										
Profit for the year		—	—	—	—	—	1,089	1,089	449	1,538
Other comprehensive income		—	—	(2,028)	—	—	—	(2,028)	(692)	(2,720)
Total comprehensive income for the year		—	—	(2,028)	—	—	1,089	(939)	(243)	(1,182)
Capital injection	31(c)(i)	15,998	—	—	—	—	—	15,998	—	15,998
Conversion of redeemable convertible preference shares	31(c)(iii)	5,030	—	—	—	—	—	5,030	—	5,030
Equity settled share-based transactions		—	—	—	10	—	—	10	—	10
Acquisition of subsidiary		—	—	—	—	—	—	—	2,771	2,771
Appropriation to statutory reserves		—	133	—	—	—	(133)	—	—	—
At 31 December 2008		24,228	157	(1,881)	10	—	701	23,215	2,528	25,743
At 1 January 2009		24,228	157	(1,881)	10	—	701	23,215	2,528	25,743
Changes in equity for the year ended 31 December 2009:										
Profit for the year		—	—	—	—	—	5,176	5,176	445	5,621
Other comprehensive income		—	—	1,849	—	—	—	1,849	553	2,402
Total comprehensive income for the year		—	—	1,849	—	—	5,176	7,025	998	8,023
Equity settled share-based transactions		—	—	—	296	—	—	296	—	296
Acquisition of non-controlling interests		—	—	—	—	(195)	—	(195)	(117)	(312)
Appropriation to statutory reserves		—	488	—	—	—	(488)	—	—	—
At 31 December 2009		24,228	645	(32)	306	(195)	5,389	30,341	3,409	33,750

	Section B Note	Attributable to equity holders of the Company							Non-controlling interests	Total equity
		Share capital	**Statutory reserves**	**Translation reserve**	**Share-based compensation reserve**	**Capital reserve arising from changes in ownership interests in subsidiaries**	**(Accumulated losses)/ retained profits**	**Total**		
		Note 31(c)	*Note 31(d)(i)*	*Note 31(d)(ii)*	*Note 31(d)(iii)*	*Note 31(d)(iv)*				
		US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2010		24,228	645	(32)	306	(195)	5,389	30,341	3,409	33,750
Changes in equity for the year ended 31 December 2010:										
Profit for the year		—	—	—	—	—	7,049	7,049	131	7,180
Other comprehensive income		—	—	938	—	—	—	938	254	1,192
Total comprehensive income for the year		—	—	938	—	—	7,049	7,987	385	8,372
Equity settled share-based transactions		—	—	—	674	—	—	674	—	674
Issue of shares by a subsidiary		—	—	—	—	4,934	—	4,934	482	5,416
Contributions from non-controlling interests		—	—	—	—	—	—	—	147	147
Appropriation to statutory reserves		—	804	—	—	—	(804)	—	—	—
At 31 December 2010		24,228	1,449	906	980	4,739	11,634	43,936	4,423	48,359
At 1 January 2011		24,228	1,449	906	980	4,739	11,634	43,936	4,423	48,359
Changes in equity for the four months ended 30 April 2011:										
Profit for the period		—	—	—	—	—	2,124	2,124	87	2,211
Other comprehensive income		—	—	1,854	—	—	—	1,854	301	2,155
Total comprehensive income for the period		—	—	1,854	—	—	2,124	3,978	388	4,366
Equity settled share-based transactions		—	—	—	231	—	—	231	—	231
At 30 April 2011		24,228	1,449	2,760	1,211	4,739	13,758	48,145	4,811	52,956

	Section B Note	Attributable to equity holders of the Company							Non-controlling interests	Total equity
		Share capital	Statutory reserves	Translation reserve	Share-based compensation reserve	Capital reserve arising from changes in ownership interests in subsidiaries	(Accumulated losses)/ retained profits	Total		
		Note 31(c)	*Note 31(d)(i)*	*Note 31(d)(ii)*	*Note 31(d)(iii)*	*Note 31(d)(iv)*				
		US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
(Unaudited)										
At 1 January 2010		24,228	645	(32)	306	(195)	5,389	30,341	3,409	33,750
Changes in equity for the four months ended 30 April 2010:										
Profit for the period		—	—	—	—	—	1,422	1,422	(23)	1,399
Other comprehensive income		—	—	407	—	—	—	407	210	617
Total comprehensive income for the period		—	—	407	—	—	1,422	1,829	187	2,016
Equity settled share-based transactions		—	—	—	261	—	—	261	—	261
Issue of shares by a subsidiary		—	—	—	—	4,934	—	4,934	482	5,416
At 30 April 2010		24,228	645	375	567	4,739	6,811	37,365	4,078	41,443

The accompanying notes form part of the Financial Information.

6 Consolidated cash flow statements

	Section B Note	Years ended 31 December 2008 US$'000	2009 US$'000	2010 US$'000	Four months ended 30 April 2010 US$'000 (Unaudited)	2011 US$'000
Operating activities						
Profit before taxation		1,874	7,197	8,639	1,702	2,665
Adjustments for:						
Depreciation	5(c)	176	394	639	123	215
Amortisation of intangible assets	5(c)	587	1,058	2,088	653	955
Impairment/(reversal of impairment) losses on trade and other receivables	5(c)	265	80	560	3	(13)
Finance costs	5(a)	154	139	541	170	250
Interest income	4	(64)	(26)	(23)	(9)	(33)
Loss/(gain) on disposal of property, plant and equipment	4	—	39	(180)	(23)	—
Loss on disposal of intangible assets	4	—	—	—	—	9
Equity-settled share-based payment expenses	5(b)	10	241	674	261	231
Derecognition of contingent consideration	4	—	—	(73)	—	—
Foreign exchange (gain)/loss		(158)	640	451	88	292
		2,844	9,762	13,316	2,968	4,571
(Increase)/decrease in inventories		(1,703)	1,342	(2,222)	(974)	(926)
Increase in trade and other receivables		(3,827)	(1,057)	(10,313)	(6,387)	(3,112)
(Decrease)/increase in trade and other payables		(669)	(1,113)	7,339	2,640	(1,865)
Change in gross amounts due from/to customers for contract work		(434)	(1,045)	(2,630)	(2,743)	(324)
Increase/(decrease) in deferred income		195	(152)	87	(64)	(10)
Cash (used in)/generated from operations		(3,594)	7,737	5,577	(4,560)	(1,666)

	Section B Note	Years ended 31 December 2008	2009	2010	Four months ended 30 April 2010	2011
		US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Income tax refunded		68	—	71	18	25
Income tax paid		(223)	(335)	(1,171)	(563)	(882)
Net cash (used in)/generated from operating activities		(3,749)	7,402	4,477	(5,105)	(2,523)
Investing activities						
Payments for the purchase of property, plant and equipment		(253)	(744)	(995)	(224)	(273)
Expenditure on purchase of intangible assets		(1,378)	(2,048)	(3,617)	(1,587)	(975)
Proceeds from sale of property, plant and equipment		20	27	263	101	33
Proceeds from sale of intangible assets		—	—	—	—	249
Interest received		64	26	23	9	33
Payment for the purchase of other financial assets		—	(279)	(200)	(61)	—
Payment for acquisition of subsidiaries	36(a),(c)	(11,722)	—	(5,259)	(5,259)	—
Increase/(decrease) in other financial liabilities		248	(248)	—	—	—
Net cash used in investing activities		(13,021)	(3,266)	(9,785)	(7,021)	(933)
Financing activities						
Proceeds from issuance of shares on capital injection	31(c)	15,998	—	—	—	—
Proceeds from issuance of shares on conversion of redeemable convertible preference shares		5,000	—	—	—	—
Proceeds from loans and borrowings		84	365	9,165	6,011	465
Repayment of loans and borrowings		(427)	(1,203)	(3,328)	(1,414)	(738)

	Section B Note	Years ended 31 December 2008 US$'000	2009 US$'000	2010 US$'000	Four months ended 30 April 2010 US$'000 (Unaudited)	2011 US$'000
Capital element of finance lease rentals paid		(39)	(58)	(92)	(22)	(41)
Interest element of finance lease rentals paid		(24)	(22)	(12)	(4)	(9)
Acquisition of non-controlling interests		—	(30)	—	—	—
Contributions from non-controlling interests		—	—	147	147	—
Other borrowing costs paid		(100)	(117)	(529)	(166)	(241)
(Increase)/decrease in pledged deposits		(123)	123	—	—	—
Net cash generated from/(used in) financing activities		20,369	(942)	5,351	4,552	(564)
Net increase/(decrease) in cash and cash equivalents		3,599	3,194	43	(7,574)	(4,020)
Cash and cash equivalents at the beginning of the year/period		8,295	11,606	14,811	14,811	15,243
Effect of foreign exchange rate changes		(288)	11	389	4	121
Cash and cash equivalents at the end of the year/period	21	11,606	14,811	15,243	7,241	11,344

The accompanying notes form part of the Financial Information.

B NOTES TO THE FINANCIAL INFORMATION

1 Significant accounting policies

(a) *Statement of compliance*

The Financial Information set out in this report has been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA and accounting principles generally accepted in Hong Kong. The Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Financial Information, the Group has adopted all these new and revised HKFRSs to the Relevant Period except for any new standards or interpretations that are not yet effective for the accounting period ended 30 April 2011. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning 1 January 2011 are set out in note 39.

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

(b) *Basis of preparation of the Financial Information*

The Financial Information comprises the Company and its subsidiaries.

(c) *Basis of measurement*

The Financial Information is presented in United States Dollars ("US$"), rounded to the nearest thousand except for per share data, which is the functional currency of the Group's major operating units. The Financial Information has been prepared on the historical cost basis except that derivative financial instruments are stated at fair value as explained in the accounting policies set out below in notes 1(i) and 1(r).

(d) *Use of estimates and judgements*

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgement made by management in the application of HKFRSs that have significant effect on the Financial Information and major sources of estimation uncertainty are discussed in note 38.

(e) *Subsidiaries and non-controlling interests*

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity holders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year/period between non-controlling interests and the equity holders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in accordance with notes 1(q), 1(r) and 1(s) depending on the nature of liability.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests. Total comprehensive income is attributed to the equity holders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 1(m)).

(f) ***Associates***

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the Financial Information under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 1(g) and 1(m)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year/period are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(h)) or, when appropriate, the cost on initial recognition of an investment in an associate (see note 1(f)).

In the Company's balance sheet, investments in associates are stated at cost less impairment losses (see note 1(m)).

(g) ***Goodwill***

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

When share-based payment awards exchanged (replacement awards) for awards held by the acquiree's employees (acquiree's awards) relate to past services, then a part of the market-based measure of the awards replaced is included in the consideration transferred. If they require future services, the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and to be tested annually for impairment (see note 1(m)).

On disposal of a cash-generating unit during the year/period, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(h) ***Other investments in debt and equity securities***

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries and associates, are as follows:

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

— Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in notes 1(x)(iv) and (v).

— Dated debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated in the balance sheet at amortised cost less impairment losses (see note 1(m)).

— Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses (see note 1(m)).

— Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve, except foreign exchange gains and losses resulting from changes in the amortised cost of monetary items such as debt securities which are recognised directly in profit or loss. Dividend income from these investments is recognised in profit or loss in accordance with the policy set out in note 1(x)(iv) and, where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss in accordance with the policy set out in note 1(x)(v). When these investments are derecognised or impaired (see note 1(m)), the cumulative gain or loss is reclassified from equity to profit or loss.

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments.

(i) ***Derivative financial instruments***

Derivative financial instruments are recognised initially at fair value. At each balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(j) ***Property, plant and equipment***

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(m)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

— Leasehold improvements	The shorter of the remaining term of the lease or 5 years
— Furniture and fittings	5 to 10 years
— Computers and office equipment	3 to 10 years
— Plant and machinery	5 to 10 years
— Motor vehicles	5 to 10 years

When parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(k) ***Intangible assets (other than goodwill)***

Expenditure on an internal research and development projects is distinguished between the expenditures during the research phase and expenditures during the development phase. Research activities involve original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development activities involve a plan or design for the production of new or substantially improved materials, devices, products or processes before the start of commercial production or use.

Expenditure on research activities is recognised in profit or loss as incurred. Expenditure on development activities is capitalised if development costs can be measured reliably, the product or process is technically and commercially feasible, and the Group intends to and has sufficient resources to complete development. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 1(m)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 1(m)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. Other than trade name which has indefinite useful life, the following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

— Patents and technology know-how	5 years
— Customer relationship	5 - 7 years
— Non-compete agreements	2 years

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

(l) ***Leased assets***

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) *Classification of assets leased to the Group*

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) *Assets acquired under finance leases*

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 1(j). Impairment losses are accounted for in accordance with the accounting policy as set out in note 1(m). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) *Operating lease charges*

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal installments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(m) ***Impairment of assets***

(i) *Impairment of investments in equity securities and other receivables*

Investments in equity securities and other current and non-current receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

— For investments in subsidiaries and associates (including those recognised using the equity method (see note 1(f))), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 1(m)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 1(m)(ii).

— For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) *Impairment of other assets*

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— intangible assets; and

— goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

— Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognised.

(n) ***Inventories***

Inventories are carried at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula, and comprises all cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(o) ***Construction contracts***

Construction contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets, where the customer is able to specify the major structural elements of the design. The accounting policy for contract revenue is set out in note 1(x)(iii). When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Construction contracts in progress at the balance sheet date are recorded in the balance sheet at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented in the balance sheet as the "Gross amounts due from customers for contract work" (as an asset) or the "Gross amounts due to customers for contract work" (as a liability), as applicable. Progress billings not yet paid by the customer are included in the balance sheet under "Trade and other receivables".

(p) ***Trade and other receivables***

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 1(m)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(q) ***Interest-bearing borrowings***

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using an effective interest method.

(r) ***Redeemable convertible preference shares***

Redeemable convertible preference shares which entitle the holder to convert into equity instruments, other than into a fixed number of equity instruments at a fixed conversion price are regarded as compound financial instruments consist of a liability and a derivative component. At the date of issue, the fair value of the derivative component is determined using an option pricing model; and this amount is carried as a derivative liability until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the liability component and is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption. The derivative component is measured at fair value with gains or losses recognised in profit or loss.

Transaction costs are apportioned between the liability and derivative components of the redeemable convertible preference shares based on the allocation of proceeds to the liability and derivative components when the instruments on initial recognition. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the redeemable convertible cumulative preference shares using effective interest method. Transaction costs relating to derivative component are charged to profit or loss immediately.

(s) ***Trade and other payables***

Trade and other payables are initially recognised at fair value and subsequently stated at amortised costs unless the effect of discounting would be immaterial, in which case they are stated at cost.

(t) ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(u) ***Employee benefits***

(i) *Short term employee benefits and contributions to defined contribution retirement plans*

Salaries, wages, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) *Share-based payments*

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share-based compensation reserve within equity. The fair value is measured at grant date using the binomial option pricing model and/or Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year/period of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share-based compensation reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share-based compensation reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share-based compensation reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(iii) *Termination benefits*

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(v) ***Income tax***

Income tax for the year/period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to a business combination or items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year/period, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided that they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(w) ***Provisions and contingent liabilities***

(i) *Financial guarantees issued*

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 1(w)(iii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) *Contingent liabilities assumed in business combinations*

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 1(w)(iii). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with note 1(w)(iii).

(iii) *Other provisions and contingent liabilities*

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(x) ***Revenue recognition***

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) *Sale of goods*

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates and excluding value added tax or other sales taxes. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer which is taken to be the point in time when the final testing of goods is completed at the customers' premises and there is no continuing management involvement with the goods.

(ii) *Service fee income*

Service fee income is recognised when services are rendered to customers. For consulting service, the service fee income is recognised on a straight-line basis over the service period. For after-sales services, service fee income is deferred over the warranty period or when services are rendered to customers if the after-sales services are not covered by the warranty period.

(iii) *Construction contract revenue*

When the outcome of a construction contract can be estimated reliably, revenue from a fixed price contract is recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

(iv) *Dividends*

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(v) *Interest income*

Interest income from bank deposits is recognised as it accrues using the effective interest method.

(vi) *Government grants*

Government grants are recognised in the balance sheet initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(y) ***Translation of foreign currencies***

Foreign currency transactions during the year/period which are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss. Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances to that entity whereby, the financial statements are presented in US$, which is the Company's functional currency.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations in the People's Republic of China ("PRC"), France, the Netherlands and Canada are translated from their respective functional currencies into US$ at the exchange rates approximating the foreign exchange rates ruling at the dates of transactions. Balance sheet items, including goodwill arising on consolidation of foreign operations are translated into US$ at the closing foreign exchange rates at the balance sheet date. The resulting exchange differences are recognised in other comprehensive income and presented separately in equity in the exchange reserves.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(z) ***Borrowing costs***

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(aa) ***Related parties***

For the purposes of the Financial Information, a related party is a person or entity that is related to the Group.

(i) A person or a close member of that person's family is related to the Group if:

(a) that person has control or joint control over the Group;

(b) that person has significant influence over the Group; or

(c) that person is a member of the key management personnel of the Group or of a parent of the Group.

(ii) An entity is related to the Group if any of the following conditions applies:

(a) the entity and the Group are members of the same group;

(b) the entity is an associate or joint venture of the Group or the Group is an associate or joint venture of the entity or of a member of a group of which the entity is a member;

(c) the entity and the Group are joint ventures of the same third party;

(d) the entity is a joint venture of a third entity and the Group is an associate of the same third entity, or vice versa;

(e) the entity is a post-employment plan for the benefit of employees of either the Group or an entity related to the Group;

(f) the entity is controlled or jointly-controlled by a person identified in (i); or

(g) a person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(bb) ***Segment reporting***

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 **Revenue**

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

Revenue represents the sales value of goods sold to customers, income from provision of services and revenue from construction contracts. The amounts of each significant category of revenue recognised during the Relevant Period are as follows:

	Years ended 31 December			**Four months ended 30 April**	
	2008	**2009**	**2010**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*	*US$'000*
Sales of goods	29,213	46,119	62,458	14,122	20,425
Provision of services	1,051	1,331	1,157	317	1,742
Contract revenue	431	784	10,470	595	1,794
	30,695	48,234	74,085	15,034	23,961

3 **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. The "BAS - other countries" segment covers sales and service rendered to other parts of Asia other than the PRC.

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") (PRC/North America): 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. The Group's EMS segment is further segregated into two operating segments on a geographical basis.

(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 Financial Information.

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 Relevant Period is set out below:

	BAS - PRC					BAS - North America				
	Years ended 31 December			Four months ended 30 April		Years ended 31 December			Four months ended 30 April	
	2008	**2009**	**2010**	**2010**	**2011**	**2008**	**2009**	**2010**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000* (*Unaudited*)	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000* (*Unaudited*)	*US$'000*
Revenue from external customers	9,226	16,169	31,499	4,970	7,978	10,206	19,565	19,748	5,347	7,145
Inter-segment revenue	31	18	131	—	1,370	220	646	599	400	2
Reportable segment revenue	9,257	16,187	31,630	4,970	9,348	10,426	20,211	20,347	5,747	7,147
Reportable segment profit	627	3,399	6,217	1,473	1,850	1,801	3,750	3,435	988	1,300
Finance costs	—	—	(25)	—	(22)	(66)	(96)	(476)	(162)	(167)
Depreciation and amortisation for the year/period	(62)	(95)	(172)	(45)	(109)	(638)	(1,279)	(1,560)	(519)	(616)

	BAS - Other countries					BAS - Europe				
	Years ended 31 December			Four months ended 30 April		Years ended 31 December			Four months ended 30 April	
	2008	**2009**	**2010**	**2010**	**2011**	**2008**	**2009**	**2010**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000* (*Unaudited*)	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000* (*Unaudited*)	*US$'000*
Revenue from external customers	1,393	655	668	223	54	—	—	8,074	1,852	4,537
Inter-segment revenue	—	18	—	—	—	—	—	—	—	—
Reportable segment revenue	1,393	673	668	223	54	—	—	8,074	1,852	4,537
Reportable segment (loss)/profit	(423)	(408)	(571)	(138)	(270)	—	—	145	187	395
Finance costs	(88)	(43)	—	—	—	—	—	(40)	(8)	(61)
Depreciation and amortisation for the year/period	(7)	(6)	(1)	—	—	—	—	(920)	(187)	(392)

	CSS - PRC					FAS - PRC				
	Years ended 31 December			Four months ended 30 April		Years ended 31 December			Four months ended 30 April	
	2008	**2009**	**2010**	**2010**	**2011**	**2008**	**2009**	**2010**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000* (*Unaudited*)	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000* (*Unaudited*)	*US$'000*
Revenue from external customers	7,805	7,870	7,935	1,253	2,179	281	201	545	107	86
Inter-segment revenue	—	—	—	—	—	—	—	—	—	—
Reportable segment revenue	7,805	7,870	7,935	1,253	2,179	281	201	545	107	86
Reportable segment profit/(loss)	197	459	261	(18)	38	9	13	41	2	5
Finance costs	—	—	—	—	—	—	—	—	—	—
Depreciation and amortisation for the year/period	(52)	(45)	(43)	(12)	(27)	(2)	(2)	(2)	(1)	(1)

	EMS - PRC					EMS - North America				
	Years ended 31 December			Four months ended 30 April		Years ended 31 December			Four months ended 30 April	
	2008	2009	2010	2010	2011	2008	2009	2010	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000* (*Unaudited*)	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000* (*Unaudited*)	*US$'000*
Revenue from external customers	687	3,774	5,616	1,282	1,982	1,097	—	—	—	—
Inter-segment revenue	—	—	—	—	—	—	—	—	—	—
Reportable segment revenue	687	3,774	5,616	1,282	1,982	1,097	—	—	—	—
Reportable segment profit	290	2,061	3,164	646	1,171	301	—	—	—	—
Finance costs	—	—	—	—	—	—	—	—	—	—
Depreciation and amortisation for the year/period	(2)	(25)	(29)	(12)	(25)	—	—	—	—	—

	Total				
	Years ended 31 December			Four months ended 30 April	
	2008	2009	2010	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000* (*Unaudited*)	*US$'000*
Revenue from external customers	30,695	48,234	74,085	15,034	23,961
Inter-segment revenue	251	682	730	400	1,372
Reportable segment revenue	30,946	48,916	74,815	15,434	25,333
Reportable segment profit	2,802	9,274	12,692	3,140	4,489
Finance costs	(154)	(139)	(541)	(170)	(250)
Depreciation and amortisation for the year/period	(763)	(1,452)	(2,727)	(776)	(1,170)

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

	Years ended 31 December			Four months ended 30 April	
	2008	**2009**	**2010**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*	*US$'000*
Revenue					
Reportable segment revenue	30,946	48,916	74,815	15,434	25,333
Elimination of inter-segment revenue	(251)	(682)	(730)	(400)	(1,372)
Consolidated revenue	30,695	48,234	74,085	15,034	23,961
Profit					
Reportable segment profit	2,802	9,274	12,692	3,140	4,489
Elimination of inter-segment profits	(11)	(332)	(159)	(285)	(128)
Reportable segment profit derived from Group's external customers	2,791	8,942	12,533	2,855	4,361
Depreciation and amortisation	(763)	(1,452)	(2,727)	(776)	(1,170)
Finance costs	(154)	(139)	(541)	(170)	(250)
Unallocated head office and corporate expenses	—	(154)	(626)	(207)	(276)
Consolidated profit before taxation	1,874	7,197	8,639	1,702	2,665

(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 delivered.

	Years ended 31 December			Four months ended 30 April	
	2008	**2009**	**2010**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000* (*Unaudited*)	*US$'000*
Revenue derived from:					
PRC	19,046	28,879	45,787	7,612	12,225
Canada	818	1,836	2,547	830	908
United States	5,808	12,242	14,126	3,745	5,527
The Netherlands	508	654	2,638	553	368
France	—	—	5,886	1,096	3,110
Switzerland	—	—	1,266	485	432
Other countries	4,515	4,623	1,835	713	1,391
	30,695	48,234	74,085	15,034	23,961

4 **Other revenue and net (loss)/gain**

	Years ended 31 December			Four months ended 30 April	
	2008	**2009**	**2010**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000* (*Unaudited*)	*US$'000*
Other revenue					
Interest income	64	26	23	9	33
Government grants (note (i))	60	—	708	—	122
Value added tax ("VAT") refunds (note (ii))	—	—	598	—	—
Derecognition of contingent consideration (note (iii))	—	—	73	—	—
Others	3	28	31	10	—
	127	54	1,433	19	155

Notes:

(i) In 2010, pursuant to the certain notices issued by the PRC tax bureau, one of the PRC subsidiaries is entitled to receive government subsidies which is equal to certain percentage of the corporate income tax paid in the prior year by the PRC subsidiary in view of its high and new technology enterprise status.

The government subsidies are received in the following years when the respective corporate income tax was paid.

(ii) VAT refunds represent the refunds of VAT charged on qualified sales of software products by the PRC tax bureau.

(iii) Derecognition of contingent consideration represents the subsequent changes in the measurement of the contingent consideration related to the acquisition of non-controlling interests of Distech Controls B.V. (formerly known as Distech Controls Europe B.V.) ("Distech Europe") as disclosed in note 36(b).

	Years ended 31 December			**Four months ended 30 April**	
	2008	**2009**	**2010**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*	*US$'000*
Other net (loss)/gain					
Net (loss)/gain on disposal of property, plant and equipment	—	(39)	180	23	—
Net loss on disposal of intangible assets	—	—	—	—	(9)
Net exchange (loss)/gain	(87)	70	(167)	(212)	(63)
	(87)	31	13	(189)	(72)

5 **Profit before taxation**

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

	Years ended 31 December			Four months ended 30 April	
	2008	**2009**	**2010**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*	*US$'000*
(a) Finance costs					
Interest on loans and borrowings wholly repayable within five years	100	117	529	166	241
Finance charges on obligations under finance leases	24	22	12	4	9
Interest on liability component of redeemable convertible preference shares	193	—	—	—	—
Change in fair value of conversion option derivative of redeemable convertible preference shares	(163)	—	—	—	—
	154	139	541	170	250
(b) Staff costs					
Salaries and allowances	2,684	3,609	5,568	1,757	2,860
Contributions to defined contribution retirement schemes	358	538	1,388	284	566
Equity settled share-based payment expenses (note 29)	10	241	674	261	231
	3,052	4,388	7,630	2,302	3,657

Staff costs include directors' and senior management's remuneration (notes 7 and 35(d)).

Pursuant to the relevant labour rules and regulations in the PRC, the Group's PRC subsidiaries participate in a defined contribution retirement scheme (the "Scheme") organised by the local authorities whereby the subsidiaries are required to make contributions to the Scheme at a rate 20% of the eligible employees' salaries for each of the years ended 31 December 2008, 2009 and 2010 and the four months ended 30 April 2011. Contributions to the Scheme vest immediately.

For the Group's subsidiaries in countries other than the PRC, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Save for the above, the Group has no other material obligation for payment of retirement benefits beyond the contributions described above.

	Years ended 31 December			**Four months ended 30 April**	
	2008	**2009**	**2010**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*	*US$'000*
(c) Other items					
Cost of inventories (note 17(b))	22,002	29,910	42,800	7,818	12,878
Amortisation of intangible assets	587	1,058	2,088	653	955
Depreciation	176	394	639	123	215
Impairment/(reversal of impairment) losses on trade and other receivables	265	80	560	3	(13)
Operating lease charges in respect of:					
- hire of motor vehicles, plant and machinery	141	230	562	110	236
- properties	99	90	147	43	98
Auditors' remuneration	53	106	128	54	43

6 **Income tax**

(a) ***Income tax in the consolidated income statements represents:***

	Years ended 31 December			Four months ended 30 April	
	2008	**2009**	**2010**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*	*US$'000*
Current tax					
Provision for the year/period	109	941	1,433	348	524
(Over)/under-provision in respect of prior years	(118)	—	(120)	—	3
	(9)	941	1,313	348	527
Deferred tax					
Origination and reversal of temporary differences (note 30(b))	345	635	146	(45)	(73)
	336	1,576	1,459	303	454

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

		Years ended 31 December			Four months ended 30 April	
	Note	**2008**	**2009**	**2010**	**2010**	**2011**
		US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
					(Unaudited)	
Profit before taxation		1,874	7,197	8,639	1,702	2,665
Notional tax expense calculated at the corporate tax rate of the Company	(i)	337	1,223	1,469	289	453
Effect of rate differential of entities operating in different tax jurisdictions	(ii)	276	768	775	139	278
Tax effect on non-deductible expenses		143	93	327	114	123
Tax effect of non-taxable income		(26)	(23)	(137)	(20)	(49)
Effect of tax concession	(iii)	(311)	(579)	(952)	(198)	(364)
Tax effect of unused tax losses not recognised		34	74	158	23	89
Tax effect of utilisation of tax losses not recognised in prior years		—	—	(60)	(42)	—
Tax effect on recognition of previously unrecognised tax losses		—	—	—	—	(92)
(Over)/under-provision in prior years		(118)	—	(120)	—	3
Others		1	20	(1)	(2)	13
Actual income tax expense		336	1,576	1,459	303	454

Notes:

(i) The Company is subject to Singapore corporate income tax at 18%, 17%, 17% and 17% for the years ended 31 December 2008, 2009 and 2010 and the four months ended 30 April 2011, respectively. No provision for Singapore income tax was made because the Company sustained tax losses for the Relevant Period.

(ii) Tongfang Technovator Int (Beijing) Co., Ltd.* (同方泰德國際科技 (北京) 有限 公司) ("Technovator Beijing") and Tongfang Technovator Intelligence Technology (Shanghai) Co., Ltd.* (同方泰德智能科技 (上海) 有限公司) ("Technovator Shanghai") are subject to PRC corporate income tax. Effective from 1 January 2008, the PRC's statutory income tax rate is 25%.

Distech Controls Inc. ("Distech Controls") is subject to Canadian corporate income tax at 30.9%, 30.9%, 29.9% and 28.4% for the years ended 31 December 2008, 2009 and 2010 and the four months ended 30 April 2011, respectively. Corporate income tax comprises of federal and provincial taxes which also apply to investment income earned by general corporations other than capital gains and dividends received from Canadian corporations. The rate that applies to capital gains is half of the Canadian corporate income tax rate.

Distech Europe is subject to the Netherlands corporate income tax at progressive rates ranging from 20% to 25.5%, depending on the amount of taxable income.

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 Relevant Period. Distech U.S. was incorporated in the United States on 17 February 2010. 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%. Comtec and Acelia were acquired by the Group on 25 February 2010 and Distech France was incorporated in France on 24 February 2010.

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. Tax losses brought forward that were incurred before the formation can only be utilised by the individual entities that incurred the tax losses and cannot be utilised by the tax-consolidated group.

(iii) Technovator Beijing, being a PRC-production type foreign investment enterprise was granted 2-year exemption followed by 3-year 50% reduction of income tax rate starting from its first profit-making year from tax perspective ("2+3 tax holiday"). Technovator Beijing started its tax holiday in 2007.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC (the "new CIT Law"), which unified the income tax rate to 25% for all enterprises. The new CIT Law was effective on 1 January 2008. Under the new CIT Law and its relevant regulations, Technovator Beijing's 2+3 tax holiday is grandfathered and, as such, it was exempt from income tax for 2008 and its applicable income tax rate should be reduced by half from 2009 to 2011.

Technovator Beijing was recognised as a high and new technology enterprise for a period of three years from 2008 to 2010. The new CIT Law and its relevant regulations do not allow PRC companies to enjoy the 2+3 tax holiday and the tax benefits under the high and new technology enterprise status at the same time. As a result, Technovator Beijing has elected the tax benefits under the high and new technology enterprise and as such is eligible to enjoy a preferential tax rate of 15% for the years ended 31 December 2009 and 2010.

The tax authorities provide further guidance on the extension of the high and new technology enterprise status during 2011. Technovator Beijing is in the process of renewing its high and new technology enterprise status based on the tax authorities' guidance. The renewal of such status will entitle Technovator Beijing to the preferential tax rate of 15% from 2011 to 2013.

* The official name of this entity is in Chinese. The English translation of the name is for reference only.

7 Directors' remuneration

Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:

	Year ended 31 December 2008					
	Directors' fees	**Salaries, allowances and benefits in-kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Share-based payments**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Executive directors						
Zhao Xiaobo	—	31	—	—	—	31
Seah Han Leong	—	127	—	7	—	134
Non-executive directors						
Lu Zhicheng	—	—	—	—	—	—
Li Jisheng	—	—	—	—	—	—
Ng Koon Siong (note (i))	—	—	—	—	—	—
David Chow Dah-Jen (note (ii))	—	—	—	—	—	—
	—	158	—	7	—	165

	Year ended 31 December 2009					
	Directors' fees	Salaries, allowances and benefits in-kind	Discretionary bonuses	Retirement scheme contributions	Share-based payments	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Executive directors						
Zhao Xiaobo	—	99	—	—	77	176
Seah Han Leong	—	135	—	7	77	219
Non-executive directors						
Lu Zhicheng	—	—	—	—	—	—
Li Jisheng	—	—	—	—	—	—
Ng Koon Siong (note (i))	—	13	—	—	—	13
David Chow Dah-Jen (note (ii))	—	—	—	—	—	—
	—	247	—	7	154	408

	Year ended 31 December 2010					
	Directors' fees	Salaries, allowances and benefits in-kind	Discretionary bonuses	Retirement scheme contributions	Share-based payments	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Executive directors						
Zhao Xiaobo	—	106	—	—	199	305
Seah Han Leong	—	149	—	7	199	355
Zhou Honbo (note (iii))	—	60	—	—	—	60
Non-executive directors						
Lu Zhicheng	—	—	—	—	—	—
Li Jisheng	—	—	—	—	—	—
Ng Koon Siong (note (i))	—	—	—	—	—	—
David Chow Dah-Jen (note (ii))	—	—	—	—	—	—
Shi Shanshan (note (iv))	—	—	—	—	—	—
Chan Hock Eng (note (v))	—	—	—	—	—	—
	—	315	—	7	398	720

	Four months ended 30 April 2010 (Unaudited)					
	Directors' fees	Salaries, allowances and benefits in-kind	Discretionary bonuses	Retirement scheme contributions	Share-based payments	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Executive directors						
Zhao Xiaobo	—	34	—	—	65	99
Seah Han Leong	—	45	—	2	65	112
Non-executive directors						
Lu Zhicheng	—	—	—	—	—	—
Li Jisheng	—	—	—	—	—	—
Ng Koon Siong (note (i))	—	—	—	—	—	—
David Chow Dah-Jen (note (ii))	—	—	—	—	—	—
Shi Shanshan (note (iv))	—	—	—	—	—	—
Chan Hock Eng (note (v))	—	—	—	—	—	—
	—	79	—	2	130	211

	Four months ended 30 April 2011					
	Directors' fees	Salaries, allowances and benefits in-kind	Discretionary bonuses	Retirement scheme contributions	Share-based payments	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Executive directors						
Zhao Xiaobo	—	38	—	—	49	87
Seah Han Leong	—	49	—	2	49	100
Zhou Honbo (note (iii))	—	34	—	—	—	34
Non-executive directors						
Lu Zhicheng	—	—	—	—	—	—
Li Jisheng	—	—	—	—	—	—
Ng Koon Siong (note (i))	—	—	—	—	—	—
Shi Shanshan	—	—	—	—	—	—
	—	121	—	2	98	221

During the Relevant Period, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in note 8 below as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Period.

Notes:

(i) The non-executive director was appointed on 1 February 2008 and resigned on 5 March 2010. He was re-appointed as a non-executive director on 1 January 2011.

(ii) The non-executive director was appointed on 1 June 2008 and resigned on 5 March 2010.

(iii) The executive director was appointed on 1 May 2010 and resigned on 15 June 2011.

(iv) The non-executive director was appointed on 5 March 2010.

(v) The non-executive director was appointed on 5 March 2010 and resigned on 1 January 2011.

8 Individuals with highest emoluments

Of the five individuals with the highest emoluments, one is director for the years ended 31 December 2008 and 2009 and two are directors for the year ended 31 December 2010 and the four months ended 30 April 2010 (unaudited) and 30 April 2011, whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the remaining four individuals for the years ended 31 December 2008 and 2009 and three individuals for the year ended 31 December 2010 and the four months ended 30 April 2010 (unaudited) and 30 April 2011 are as follows:

	Years ended 31 December			**Four months ended 30 April**	
	2008	**2009**	**2010**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*	*US$'000*
Salaries and other benefits	714	704	644	227	257
Retirement scheme contributions	—	—	—	—	—
Discretionary bonuses	—	—	—	—	19
Share-based payments	7	81	17	6	9
	721	785	661	233	285

These emoluments of the above individuals with the highest emoluments are within the following bands:

	Years ended 31 December			**Four months ended 30 April**	
	2008	**2009**	**2010**	**2010**	**2011**
	Number of individuals	*Number of individuals*	*Number of individuals*	*Number of individuals* *(Unaudited)*	*Number of individuals*
Nil to HK$1,000,000	—	—	—	3	3
HK$1,000,001 to HK$1,500,000	3	2	2	—	—
HK$1,500,001 to HK$2,000,000	1	2	1	—	—

9 **Profit attributable to equity holders of the Company**

The consolidated profit of the Group includes losses of US$519,000, US$611,000, US$1,198,000, US$345,000 and US$546,000, which have been dealt with the financial statements of the Company for the years ended 31 December 2008, 2009 and 2010 and the four months ended 30 April 2010 (unaudited) and 30 April 2011 respectively.

No dividends have been declared or paid by the Company since its incorporation.

10 **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 for each year/period of the Relevant Period and the weighted average number of shares during the Relevant Period. Pursuant to the written resolutions passed by the Company's shareholders on 15 August 2011, the Company adopted a 40-for-1 share subdivision of its ordinary shares (the "subdivision of shares"). Accordingly, earnings per share of all periods presented have been retrospectively adjusted to give the effect of the subdivision of shares.

Weighted average number of ordinary shares

	Years ended 31 December			**Four months ended 30 April**	
	2008	**2009**	**2010**	**2010**	**2011**
	Number of shares	*Number of shares*	*Number of shares*	*Number of shares (Unaudited)*	*Number of shares*
Ordinary shares issued at beginning of the year/period	3,200,000	9,080,000	9,080,000	9,080,000	9,080,000
Effect of issue of shares	3,486,740	—	—	—	—
	6,686,740	9,080,000	9,080,000	9,080,000	9,080,000
Effect of subdivision of shares	260,782,860	354,120,000	354,120,000	354,120,000	354,120,000
Weighted average number of ordinary shares at end of the year/period	267,469,600	363,200,000	363,200,000	363,200,000	363,200,000

(b) ***Diluted earnings per share***

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for each Relevant Period and the weighted average number of ordinary shares after adjusting for the effects of all dilutive potential ordinary shares under the Company's share option scheme and the redeemable convertible preference shares in issue, calculated as follows:

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

	Years ended 31 December			Four months ended 30 April	
	2008	**2009**	**2010**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Profit attributable to ordinary equity shareholders	1,089	5,176	7,049	1,422	2,124
After tax effect of effective interest on the liability component of redeemable convertible preference shares	193	—	—	—	—
After tax effect of change in fair value of conversion option derivative of redeemable convertible preference shares	(163)	—	—	—	—
Profit attributable to ordinary equity shareholders (diluted)	1,119	5,176	7,049	1,422	2,124

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

	Years ended 31 December			Four months ended 30 April	
	2008	**2009**	**2010**	**2010**	**2011**
	Number of shares	*Number of shares*	*Number of shares*	*Number of shares (Unaudited)*	*Number of shares*
Weighted average number of ordinary shares at end of the year/period	267,469,600	363,200,000	363,200,000	363,200,000	363,200,000
Effect of deemed issue of ordinary shares from redeemable convertible preference shares (note 31)	20,865,760	—	—	—	—
Effect of deemed issue of ordinary shares under the Company's share option scheme at nominal consideration (note 29)	—	—	12,861,880	10,172,160	13,854,480
Weighted average number of ordinary shares (diluted) at end of the year/period	288,335,360	363,200,000	376,061,880	373,372,160	377,054,480

11 **Property, plant and equipment**

(a) ***The Group***

	Leasehold improvements *US$'000*	Furniture and fittings *US$'000*	Computers and office equipment *US$'000*	Plant and machinery *US$'000*	Motor vehicles *US$'000*	Total *US$'000*
Cost:						
At 1 January 2008	4	7	96	65	56	228
Additions	10	8	237	36	35	326
Additions through business combination (note 36(a))	345	127	455	395	4	1,326
Disposals	—	(6)	(28)	(3)	—	(37)
Exchange adjustments	(67)	(22)	(95)	(75)	4	(255)
At 31 December 2008	292	114	665	418	99	1,588
At 1 January 2009	292	114	665	418	99	1,588
Additions	113	92	357	220	47	829
Disposals	—	—	—	(128)	—	(128)
Exchange adjustments	46	20	108	68	—	242
At 31 December 2009	451	226	1,130	578	146	2,531
At 1 January 2010	451	226	1,130	578	146	2,531
Additions	117	156	355	309	58	995
Additions through business combination (note 36(c))	333	77	65	127	—	602
Disposals	—	—	(68)	(27)	(23)	(118)
Exchange adjustments	(21)	(69)	12	45	3	(30)
At 31 December 2010	880	390	1,494	1,032	184	3,980
At 1 January 2011	880	390	1,494	1,032	184	3,980
Additions	129	20	86	38	—	273
Disposals	(24)	—	(5)	(104)	—	(133)
Exchange adjustments	76	29	76	59	2	242
At 30 April 2011	1,061	439	1,651	1,025	186	4,362
Accumulated depreciation:						
At 1 January 2008	2	4	16	4	3	29
Charge for the year	38	15	63	54	6	176
Written back on disposal	—	(1)	(15)	(1)	—	(17)
Exchange adjustments	(3)	—	(2)	(3)	—	(8)
At 31 December 2008	37	18	62	54	9	180

	Leasehold improvements *US$'000*	Furniture and fittings *US$'000*	Computers and office equipment *US$'000*	Plant and machinery *US$'000*	Motor vehicles *US$'000*	Total *US$'000*
At 1 January 2009	37	18	62	54	9	180
Charge for the year	63	33	187	101	10	394
Written back on disposal	(2)	—	—	(60)	—	(62)
Exchange adjustments	12	3	17	11	—	43
At 31 December 2009	110	54	266	106	19	555
At 1 January 2010	110	54	266	106	19	555
Charge for the year	131	76	257	156	19	639
Written back on disposal	—	—	(19)	(11)	(5)	(35)
Exchange adjustments	(28)	(28)	(7)	(6)	1	(68)
At 31 December 2010	213	102	497	245	34	1,091
At 1 January 2011	213	102	497	245	34	1,091
Charge for the period	45	24	90	48	8	215
Written back on disposal	(1)	—	(4)	(95)	—	(100)
Exchange adjustments	23	9	28	26	—	86
At 30 April 2011	280	135	611	224	42	1,292
Net book value:						
At 31 December 2008	255	96	603	364	90	1,408
At 31 December 2009	341	172	864	472	127	1,976
At 31 December 2010	667	288	997	787	150	2,889
At 30 April 2011	781	304	1,040	801	144	3,070

During the years ended 31 December 2008, 2009 and 2010 and the four months ended 30 April 2011, additions to computers and machinery of the Group financed by new finance leases were US$73,000, US$85,000, US$Nil and US$Nil respectively. At 31 December 2008, 2009 and 2010 and 30 April 2011, the net book value of computers and machinery held under finance leases of the Group were US$57,000, US$68,000, US$61,000 and US$59,000 respectively.

As at 31 December 2008, 2009 and 2010 and 30 April 2011, certain items of property, plant and equipment with net book value of US$806,000, US$943,000, US$993,000 and US$1,054,000 respectively have been pledged as securities for the loans and borrowings (note 25(c)).

(b) ***The Company***

	Leasehold improvements US$'000	Furniture and fittings US$'000	Computers and office equipment US$'000	Total US$'000
Cost:				
At 1 January 2008	3	8	28	39
Additions	—	1	—	1
Disposals	—	—	(11)	(11)
At 31 December 2008	3	9	17	29
As at 1 January 2009 and 31 December 2009	3	9	17	29
At 1 January 2010	3	9	17	29
Additions	—	—	3	3
At 31 December 2010	3	9	20	32
At 1 January 2011	3	9	20	32
Additions	—	—	1	1
At 30 April 2011	3	9	21	33
Accumulated depreciation:				
At 1 January 2008	2	4	14	20
Charge for the year	—	2	4	6
Written back on disposal	—	—	(4)	(4)
At 31 December 2008	2	6	14	22
At 1 January 2009	2	6	14	22
Charge for the year	1	2	3	6
At 31 December 2009	3	8	17	28
At 1 January 2010	3	8	17	28
Charge for the year	—	—	1	1
At 31 December 2010	3	8	18	29
At 1 January 2011	3	8	18	29
Charge for the period	—	—	—	—
At 30 April 2011	3	8	18	29

	Leasehold improvements US$'000	Furniture and fittings US$'000	Computers and office equipment US$'000	Total US$'000
Net book value:				
At 31 December 2008	1	3	3	7
At 31 December 2009	—	1	—	1
At 31 December 2010	—	1	2	3
At 30 April 2011	—	1	3	4

12 **Intangible assets**

The Group

	Trade name US$'000	Patents and technology know-how US$'000	Customer relationship US$'000	Non-compete agreements US$'000	Total US$'000
Cost:					
At 1 January 2008	—	2	—	—	2
Additions through internal development	—	831	—	—	831
Additions through acquisition	—	547	—	—	547
Additions through business combination (note 36(a))	2,442	2,311	356	—	5,109
Disposals	—	(25)	—	—	(25)
Exchange adjustments	(510)	(457)	—	—	(967)
At 31 December 2008	1,932	3,209	356	—	5,497
At 1 January 2009	1,932	3,209	356	—	5,497
Additions through internal development	—	1,920	—	—	1,920
Additions through acquisition	—	128	—	—	128
Exchange adjustments	355	517	—	—	872
At 31 December 2009	2,287	5,774	356	—	8,417

	Trade name *US$'000*	Patents and technology know-how *US$'000*	Customer relationship *US$'000*	Non-compete agreements *US$'000*	Total *US$'000*
At 1 January 2010	2,287	5,774	356	—	8,417
Additions through internal development	—	3,617	—	—	3,617
Additions through business combination (note 36(c))	584	2,186	1,456	411	4,637
Exchange adjustments	157	391	55	16	619
At 31 December 2010	3,028	11,968	1,867	427	17,290
At 1 January 2011	3,028	11,968	1,867	427	17,290
Additions through internal development	—	975	—	—	975
Disposals	(255)	(92)	—	—	(347)
Exchange adjustments	183	693	161	46	1,083
At 30 April 2011	2,956	13,544	2,028	473	19,001
Accumulated amortisation:					
At 1 January 2008	—	—	—	—	—
Charge for the year	—	549	38	—	587
Written back on disposals	—	(25)	—	—	(25)
Exchange adjustments	—	(37)	—	—	(37)
At 31 December 2008	—	487	38	—	525
At 1 January 2009	—	487	38	—	525
Charge for the year	—	995	63	—	1,058
Exchange adjustments	—	128	—	—	128
At 31 December 2009	—	1,610	101	—	1,711
At 1 January 2010	—	1,610	101	—	1,711
Charge for the year	—	1,664	241	183	2,088
Exchange adjustments	—	137	7	(5)	139
At 31 December 2010	—	3,411	349	178	3,938

	Trade name	Patents and technology know-how	Customer relationship	Non-compete agreements	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2011	—	3,411	349	178	3,938
Charge for the period	—	807	74	74	955
Written back on disposals	—	(89)	—	—	(89)
Exchange adjustments	—	199	22	24	245
At 30 April 2011	—	4,328	445	276	5,049
Net book value:					
At 31 December 2008	1,932	2,722	318	—	4,972
At 31 December 2009	2,287	4,164	255	—	6,706
At 31 December 2010	3,028	8,557	1,518	249	13,352
At 30 April 2011	2,956	9,216	1,583	197	13,952

The amortisation charge is included in "cost of sales", "administrative and other operating expenses" and "research and development expenses" in the consolidated income statements.

13 **Goodwill**

	The Group			
	At 31 December			At 30 April
	2008	**2009**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Cost and carrying value:				
At beginning of the year/period	—	6,910	8,010	15,713
Additions through business combination (notes 36(a) and (c))	8,439	—	7,382	—
Exchange adjustments	(1,529)	1,100	321	1,276
At end of the year/period	6,910	8,010	15,713	16,989

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to country of operation and reportable segments as follows:

	The Group			
	At 31 December			At 30 April
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
BAS - Canada	6,910	8,010	8,443	8,884
BAS - France	—	—	7,270	8,105
	6,910	8,010	15,713	16,989

The recoverable amounts of the CGUs are determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3%. The cash flows are discounted using a discount rate of 19% and 15% for BAS - Canada and BAS - France respectively. The discount rate used is pre-tax and reflect specific risks relating to the relevant segments.

No impairment loss is recognised for the years ended 31 December 2008, 2009 and 2010 and the four months ended 30 April 2011.

14 **Investment in an associate**

	The Company			
	At 31 December			At 30 April
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
Unlisted shares, at cost	27	27	27	27
Less: Impairment loss	(27)	(27)	(27)	(27)
	—	—	—	—

Particulars of the associate, an unlisted corporate entity, are set out below:

Name of associate	Form of business structure	Place of incorporation and operation	Particulars of issued and registered capital	Proportion of ownership interest held by the Company	Principal activity
Technovator Qatar	Incorporated	Qatar	200,000 Qatar Riyal	49%	No business activities

Investment in the associate was determined to be impaired on the basis that the management planned to close down the associate which resulted that the investment cost in the associate may not be recovered. Impairment loss on this investment was recognised in profit or loss in accordance with the policy set out in note 1(m).

Summary financial information on the associate for the years ended 31 December 2008, 2009 and 2010 and the four months ended 30 April 2011

	Assets	Liabilities	Equity	Revenue	Profit/(loss)
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
100 per cent	4	(2)	(2)	—	—
Group's effective interest	2	(1)	(1)	—	—

15 **Other non-current financial assets**

	The Group			
	At 31 December			At 30 April
	2008	**2009**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Available-for-sale unlisted equity securities	—	279	479	503
Loan receivable	—	—	357	393
	—	279	836	896

During 2009, Distech Controls acquired 19% of equity interests in E2 Solutions Inc. which is a private company located in Ottawa, Canada with principal activity of provision of management and monitoring services on energy saving projects. In 2010, Distech Controls increased its shareholdings in E2 Solutions Inc. to 24.3%. The directors consider that the Group has no control, joint control or significant influence over E2 Solutions Inc. during the Relevant Period. The equity shares in E2 Solutions Inc. have been pledged as securities for the loan and borrowings (note 25(c)).

The Directors confirm that Rule 4.05A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") does not apply to the acquisitions of the equity interests in E2 Solutions Inc.

Loan receivable represents balance due from a customer which is interest bearing at 1% per month, secured and repayable after one year.

16 **Investments in subsidiaries**

	The Company			
	At 31 December			At 30 April
	2008	**2009**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Unlisted investments, at cost	20,323	20,323	20,323	20,323
Fair value of share options granted to employees of a subsidiary	—	77	275	325
	20,323	20,400	20,598	20,648

The following list contains the particulars of the Company's subsidiaries as at 30 April 2011.

Name of company	Place and date of incorporation/ establishment	Particulars of issued and fully paid up share/ registered capital	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
Technovator Beijing	PRC 7 August 2006	US$7,000,000	100%	100%	—	Design, manufacturing and marketing of building automation solutions
Distech Controls*	Québec 5 January 1995	CAD$14,333,891	56.7%	56.7%	—	Design, manufacturing sales and marketing of building automation solutions
Distech Europe*	The Netherlands 8 September 2006	196 ordinary shares of EUR45 each and 204 preference shares of EUR45 each	56.7%	—	100%	Distribution of building automation solutions
Distech U.S.	United States 17 February 2010	68,587.2 preference shares with CAD$100 each and 100 redeemable shares with no par value	56.7%	—	100%	Investment holding
Comtec	France 27 July 1994	3,057 shares of EUR40 each	56.7%	—	100%	Design, manufacturing, sales and marketing of building automation solutions
Acelia	France 27 February 1996	13,000 shares of EUR10 each	56.7%	—	100%	Sales and marketing of building automation solutions
Distech France	France 24 February 2010	3,200,000 shares with EUR1 each	56.7%	—	100%	Investment holding
Technovator Shanghai	PRC 31 May 2010	RMB 5,000,000	80%	—	80%	Distribution of building automation solutions

* As at 31 December 2008, the Group's effective interest in Distech Controls and Distech Europe are 63.8% and 32.5% respectively. As at 31 December 2009, the Group's effective interest in Distech Europe increased from 32.5% to 63.8% after Distech Controls acquired the remaining 49% equity interest in Distech Europe on 27 July 2009. As at 31 December 2010 and 30 April 2011, the Group's effective interest in Distech Controls and Distech Europe decreased to 56.7% after the acquisition of Comtec and Acelia on 25 February 2010 in which part of the consideration is settled by the Group's shares in Distech Controls.

The statutory financial statements, which were prepared in accordance with the relevant accounting rules and regulations applicable to enterprises either in the PRC or Canada, were audited by the following auditors during the Relevant Period:

Name of entities	**Financial period/year**	**Statutory auditors**
Technovator Beijing	(i) Year ended 31 December 2008	Zhong Min He Xin Certified Public Accountants Co., (Beijing) Ltd. (北京中民合信會計師事務所有限公司)**
	(ii) Years ended 31 December 2009 and 2010	ShineWing Certified Public Accountants (信永中和會計師事務所)**
Distech Controls	(i) Period from 29 May 2008 to 31 December 2008 (ii) Years ended 31 December 2009 and 2010	KPMG LLP, Chartered Accountants, Montréal, Canada

As at the date of this report, no audited statutory financial statements have been prepared for Distech U.S., Distech France, Comtec, Acelia, Distech Europe and Technovator Shanghai because those entities were either newly incorporated or it is not required for the entities to prepare audited financial statements under the relevant rules and regulations.

** The official name is in Chinese. The English translation of the name is for reference only.

17 Inventories

(a) ***Inventories in the balance sheets comprise:***

	The Group				**The Company**			
	At 31 December			**At 30 April**	**At 31 December**			**At 30 April**
	2008	**2009**	**2010**	**2011**	**2008**	**2009**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Raw materials	438	965	1,871	1,992	—	—	—	—
Work in progress	136	486	561	672	—	—	—	—
Finished goods	7,795	5,576	8,016	8,710	126	38	33	34
	8,369	7,027	10,448	11,374	126	38	33	34

All of the inventories are expected to be recovered within one year.

(b) ***The analysis of the amount of inventories recognised as an expense and included in the profit or loss is as follows:***

	Years ended 31 December			Four months ended 30 April	
	2008	**2009**	**2010**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*	*US$'000*
Carrying amount of inventories sold	21,949	29,838	42,678	7,753	12,926
Write-down of inventories	53	72	122	65	—
Reversal of write-down of inventories	—	—	—	—	(48)
	22,002	29,910	42,800	7,818	12,878

As at 31 December 2008, 2009 and 2010 and 30 April 2011, certain inventories with carrying value of US$1,470,000, US$1,151,000, US$1,805,000 and US$1,868,000 respectively have been pledged as securities for the loans and borrowings (note 25(c)).

18 Trade and other receivables

	The Group				The Company			
	At 31 December			At 30 April	At 31 December			At 30 April
	2008	**2009**	**2010**	**2011**	**2008**	**2009**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Trade debtors and bills receivable	6,539	8,937	19,262	19,274	399	81	315	151
Less:Allowance for doubtful debts (note 18(b))	(282)	(362)	(720)	(695)	(2)	(2)	(2)	(2)
	6,257	8,575	18,542	18,579	397	79	313	149
Deposits, prepayments and other receivables (note 18(d))	3,382	2,106	5,508	8,065	41	13	1,706	2,332
Amounts due from related parties (note 35(c))	254	189	92	623	6	1	54	52
	9,893	10,870	24,142	27,267	444	93	2,073	2,533

At 31 December 2008, 2009 and 2010 and 30 April 2011, certain trade debtors and bills receivable with carrying value of US$3,372,000, US$3,841,000, US$5,202,000 and US$5,254,000 respectively have been pledged as securities for the loans and borrowings (note 25(c)).

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 balance sheet dates:

	The Group				The Company			
	At 31 December			At 30 April	At 31 December			At 30 April
	2008	2009	2010	2011	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Current	2,314	4,160	9,106	9,744	79	49	85	102
Less than 1 month past due	282	1,182	3,461	3,548	146	20	10	9
More than 1 month but less than 3 months past due	2,636	1,145	4,707	1,783	172	2	192	9
More than 3 months but less than 12 months past due	773	1,723	815	2,733	—	6	—	20
More than 12 months past due	252	365	453	771	—	2	26	9
	3,943	4,415	9,436	8,835	318	30	228	47
	6,257	8,575	18,542	18,579	397	79	313	149

Trade debtors and bills receivable are due within 30 - 180 days from the date of billing. Further details of the Group's credit policy are set out in note 32(a).

(b) ***Impairment of trade debtors and bills receivable***

Impairment losses in respect of trade debtors and bills receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and bills receivables directly (see note 1(m)).

The movements in the allowance for doubtful debts during the Relevant Period, including both specific and collective loss components, are as follows:

	The Group			
	At 31 December			At 30 April
	2008	**2009**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*
At 1 January	19	282	362	720
Impairment loss recognised	269	89	560	50
Reversal of impairment loss	(4)	(9)	—	(63)
Uncollectible amounts written off	(2)	—	(202)	(12)
At 31 December/30 April	282	362	720	695

The Group's trade receivables of US$282,000, US$362,000, US$720,000 and US$695,000 were individually determined to be impaired as at 31 December 2008, 2009 and 2010 and 30 April 2011 respectively. The individually impaired receivables related to receivables which debts have been long outstanding with no subsequent settlement received or customers that were in financial difficulties and management assessed that those receivables are not expected to be recovered. Consequently, specific allowances for doubtful debts of US$282,000, US$362,000, US$720,000 and US$695,000 were recognised as at 31 December 2008, 2009 and 2010 and 30 April 2011 respectively. The Group does not hold any collateral over these balances.

(c) ***Trade debtors and bills receivable that are not impaired***

Receivables that were neither past due nor impaired (disclosed as current in the table given in note 18(a)) relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

(d) ***Deposits, prepayments and other receivables***

Deposits, prepayments and other receivables mainly represented prepayments for purchase of inventories, and professional fees incurred in 2010 and the four months ended 30 April 2011 for initial public offering.

19 **Derivative financial asset**

Derivative financial asset represents an option obtained during acquisition of Distech Controls in which the Company has an absolute discretion to elect to subscribe for, and Distech Controls shall deliver to the Company, an additional 5% of the share capital of Distech Controls if Distech Controls cannot meet certain financial targets up to 30 June 2010. This option is regarded as a derivative financial asset at fair value through profit or loss. Fair value is remeasured at each balance sheet date and the gain or loss on remeasurement is immediately recognised in profit or loss. The option expired on 30 June 2010 and the Company did not exercise the option because Distech Control was able to meet the financial targets.

The estimate of the fair value of the derivative financial asset is measured based on binomial pricing model. Details of the assumptions on valuation are as follows:

Date of valuation	28 May 2008	31 December 2008	31 December 2009
Share price (US$)	0.589	0.606	0.954
Exercise price (US$)	—	—	—
Expected volatility	30%	30%	30%
Maturity date	30 June 2010	30 June 2010	30 June 2010
Expected dividends	0%	0%	0%
Risk-free interest rate	4%	4%	4%
Probability for exercising the option	10%	5%	0%

20 **Pledged deposits**

	The Group			
	At 31 December			At 30 April
	2008	**2009**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Pledged deposits	123	—	—	—

On 16 December 2008, the Group signed a letter of intent to acquire certain intangible assets from a third party who is a manufacturer of BAS based in Vancouver, Canada. The Group made an initial payment of US$123,000 to an escrow agent in trust as at 31 December 2008. The pledged deposits were discharged during the year ended 31 December 2009 when the purchase arrangement was cancelled.

21 **Cash and cash equivalents**

Cash and cash equivalents in the balance sheets comprise:

	The Group				The Company			
	At 31 December			At 30 April	At 31 December			At 30 April
	2008	**2009**	**2010**	**2011**	**2008**	**2009**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Deposit with banks and other financial institutions	1,062	1,064	62	62	1,062	1,064	62	62
Cash at bank and in hand	10,544	13,747	15,181	11,282	1,496	1,353	2,031	1,209
Cash and cash equivalents in the balance sheets	11,606	14,811	15,243	11,344	2,558	2,417	2,093	1,271

At 31 December 2008, 2009 and 2010 and 30 April 2011, cash at bank and in hand in the PRC, denominated in RMB and included in the cash and cash equivalents of the Group, amounted to US$9,048,000, US$12,394,000, US$12,914,000 and US$9,651,000 respectively. The remittance of funds out of the PRC is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

22 **Trade and other payables**

	The Group				**The Company**			
	At 31 December			**At 30 April**	**At 31 December**			**At 30 April**
	2008	**2009**	**2010**	**2011**	**2008**	**2009**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Trade payables	5,710	5,867	13,773	12,599	80	55	128	100
Bills payable	—	369	587	467	—	—	—	—
Amounts due to related parties (note 35(c))	3,559	767	1,602	568	154	24	2,277	2,318
Receipts in advance	750	1,379	649	929	5	—	—	—
Other payables and accruals	1,182	1,274	4,218	4,708	110	102	225	300
VAT payables	42	558	360	53	—	—	—	—
Deferred income (note 28)	221	80	168	168	—	—	—	—
	11,464	10,294	21,357	19,492	349	181	2,630	2,718

All of the above balances are expected to be settled within one year. Bills payable are normally with a maturity of not more than 90 days.

Included in trade and other payables are trade payables with the following ageing analysis as of the balance sheet dates:

	The Group				The Company			
	At 31 December			At 30 April	At 31 December			At 30 April
	2008	2009	2010	2011	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
By date of invoice:								
Within 3 months	5,106	4,486	10,818	10,275	58	42	65	29
More than 3 months but within 6 months	546	647	1,655	851	16	7	12	—
More than 6 months but within 12 months	38	149	702	601	—	1	41	31
More than 12 months	20	585	598	872	6	5	10	40
	5,710	5,867	13,773	12,599	80	55	128	100

23 Gross amounts due from/to customers for contract work

	The Group			
	At 31 December			At 30 April
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
Direct costs incurred to date on contract plus attributable profits less recognised losses	—	—	5,644	6,350
Less: Progress payments received	—	—	(5,592)	(6,045)
Gross amounts due from customers for contract work	—	—	52	305
Direct costs incurred to date on contract plus attributable profits less recognised losses	426	1,471	4,233	4,219
Less: Progress payments received	(4,359)	(4,359)	(4,543)	(4,458)
Gross amounts due to customers for contract work	(3,933)	(2,888)	(310)	(239)

The gross amounts due to customers for contract work as at 31 December 2008, 2009 and 2010 and 30 April 2011 are expected to be settled within one year.

The gross amounts due to customers for contract work as at 31 December 2008 and 2009 related to one construction contract. Pursuant to a contract signed between Technovator Beijing and Beijing Urban Construction Group* (北京城建集團有限責任公司) dated 18 July 2006, Technovator Beijing agreed to undertake a construction project in Yemen. In accordance with the contract, Technovator Beijing is responsible to supply goods and provide system design services. The project was subsequently suspended in May 2009 and Technovator Beijing has entered into a supplementary contract with Beijing Urban Construction Group in April 2010 to settle the construction contract by delivering certain software and goods to Beijing Urban Construction Group. In 2010, Technovator Beijing recognised US$2,418,000 as revenue upon delivery of the software and goods to Beijing Urban Construction Group according to the supplementary contract.

* The official name of the entity is in Chinese. The English translation of the name is for reference only.

24 **Other financial liabilities**

In 2008, the Group entered into foreign exchange contracts which allowed it to sell US$ and buy Canadian Dollars ("CAD $") at a rate of between 1.045 and 1.187. These derivative financial instruments are classified as financial liabilities at fair value through profit or loss. Fair value is remeasured at each balance sheet date and the gain or loss on remeasurement immediately recognised in profit or loss. The fair value is measured using quoted price in active markets for similar financial instruments.

25 **Loans and borrowings**

(a) ***The analysis of carrying amount of loans and borrowings is as follows:***

	The Group			
	At 31 December			**At 30 April**
	2008	**2009**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Secured bank overdrafts	966	473	1,433	1,585
Bank loans				
- Secured	798	409	5,733	5,990
- Unsecured	—	—	1,574	1,572
	1,764	882	8,740	9,147
Other borrowings	121	398	977	728
	1,885	1,280	9,717	9,875

Secured bank overdrafts of US$302,000, US$448,000, US$312,000 and US$Nil were secured by personal guarantee of US$81,000, US$83,000, US$78,000 and US$Nil from the then director of Distech Europe as at 31 December 2008, 2009 and 2010 and 30 April 2011 respectively.

(b) ***At the balance sheet dates, loans and borrowings were repayable as follows:***

	The Group			
	At 31 December			At 30 April
	2008	**2009**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within 1 year or on demand	1,439	810	9,344	9,431
After 1 year but within 2 years	266	197	149	208
After 2 years but within 5 years	180	273	224	236
	446	470	373	444
	1,885	1,280	9,717	9,875

(c) ***The amounts of banking facilities and the utilisation at each balance sheet dates are set out as follows:***

	The Group			
	At 31 December			At 30 April
	2008	**2009**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Banking facilities				
- secured	3,678	3,690	9,368	9,609
- unsecured	—	—	22,714	22,828
	3,678	3,690	32,082	32,437

The facilities were utilised to the extent of US$1,764,000, US$882,000, US$8,969,000 and US$9,353,000 as at 31 December 2008, 2009 and 2010 and 30 April 2011 respectively.

The secured banking facilities of Distech Controls were pledged by the following assets as well as its investments in subsidiaries:

		The Group			
		At 31 December			At 30 April
	Note	**2008**	**2009**	**2010**	**2011**
		US$'000	*US$'000*	*US$'000*	*US$'000*
Property, plant and equipment	11(a)	806	943	993	1,054
Trade debtors and bills receivable	18	3,372	3,841	5,202	5,254
Inventories	17(b)	1,470	1,151	1,805	1,868
Available-for-sale unlisted equity securities	15	—	279	479	503
		5,648	6,214	8,479	8,679

As at 31 December 2008, 2009 and 2010 and 30 April 2011, some of Distech Controls' banking facilities are subject to the fulfilment of covenants, whereby the subsidiary is required to comply with certain financial and non-financial covenants. If the subsidiary were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors the subsidiary's compliance with these covenants.

As at 31 December 2008 and 2009, none of the covenants relating to the drawn down facilities had been breached. As at 31 December 2010 and 30 April 2011, the Group did not comply with certain financial covenants in respect of a bank loan with carrying amounts of US$5,733,000 and US$5,695,000 respectively. As a result, loans and borrowings that are repayable after more than one year from the balance sheet dates with carrying amounts of US$4,426,000 and US$4,320,000 have been classified as current liabilities as at 31 December 2010 and 30 April 2011 respectively.

Further details of the Group's management of liquidity risk are set out in note 32(b).

26 **Promissory note payable**

The promissory note as at 31 December 2009 represented part of the consideration payable for the acquisition of the 49% non-controlling interests in Distech Europe and was unsecured and payable to the then non-controlling shareholder of Distech Europe and bears interest at 8% per annum. The promissory note would be payable thirty days after Distech Europe generated three consecutive months of positive cash flows from operating activities. The promissory note payable was settled during the year ended 31 December 2010.

27 Obligations under finance leases

At the balance sheet dates, obligations under finance leases repayable are as follows:

	The Group							
	At 31 December						At 30 April	
	2008		2009		2010		2011	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	US\$'000	*US\$'000*	*US\$'000*	*US\$'000*	*US\$'000*	*US\$'000*	*US\$'000*	*US\$'000*
Within 1 year	61	75	92	103	119	128	125	132
After 1 year but within 2 years	57	64	98	106	59	61	43	45
After 2 years but within 5 years	62	64	64	67	20	21	—	—
More than 5 years	14	15	—	—	—	—	—	—
	133	143	162	173	79	82	43	45
	194	218	254	276	198	210	168	177
Less: Total future interest expenses		(24)		(22)		(12)		(9)
Present value of lease obligations		194		254		198		168

28 Deferred income

	The Group			
	At 31 December			At 30 April
	2008	2009	2010	2011
	US\$'000	*US\$'000*	*US\$'000*	*US\$'000*
Current portion of deferred income (note 22)	221	80	168	168
Non-current portion of deferred income	62	51	50	40
	283	131	218	208

Deferred income represents receipt in advance from customers and lease incentives received from the landlord in respect of operating leases. The lease incentives are credited to profit or loss on a straight-line basis over lease term.

29 **Equity settled share-based transactions**

(a) ***Pre-IPO Share Option Scheme***

The Company has a share option scheme, namely the Technovator Employee Share Option Scheme 2009 ("Pre-IPO Share Option Scheme"), which was adopted on 11 August 2009 whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at nominal consideration of Singapore dollar ("S$") 1 per grant of option to subscribe for shares of the Company. The total number of shares issued and to be issued upon exercise of the options granted to the employees shall not exceed 10% of the total issued shares. Options are generally exercisable during the period commencing after vesting period and expiring on the third anniversary of such grant date. The vesting period to exercise one third of the total number of shares under the options is 18 months and the remaining two third is 24 months after the grant. Each option gives the holder the right to subscribe the issued ordinary shares of the Company at an exercise price of US$3.57 per share.

(i) The terms and conditions of the grants are as follows:

	Number of shares under the options	*Vesting conditions*	*Contractual life of options*
Options granted to directors:			
- on 11 August 2009	202,000	18 months from the date of grant	3 years
- on 11 August 2009	404,000	24 months from the date of grant	3 years
Options granted to employees:			
- on 11 August 2009	100,667	18 months from the date of grant	3 years
- on 11 August 2009	201,333	24 months from the date of grant	3 years
	908,000		

(ii) The number and weighted average exercise prices of share options are as follows:

	At 31 December						At 30 April	
	2008		2009		2010		2011	
	Weighted average exercise price US$	*Number of shares under the options*	*Weighted average exercise price US$*	*Number of shares under the options*	*Weighted average exercise price US$*	*Number of shares under the options*	*Weighted average exercise price US$*	*Number of shares under the options*
Outstanding at the beginning of the year/period	—	—	—	—	3.57	908,000	3.57	908,000
Granted during the year/period	—	—	3.57	908,000	—	—	—	—
Outstanding at the end of the year/period	—	—	3.57	908,000	3.57	908,000	3.57	908,000
Exercisable at the end of the year/period	—	—	—	—	—	—	3.57	302,667

No options were exercised during the Relevant Period.

The options outstanding at 31 December 2009 and 2010 and 30 April 2011 had an exercisable price of US$3.57 and a weighted average remaining contractual life of 2.6 years, 1.6 years and 1.3 years respectively.

(iii) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial option pricing model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial option pricing model.

Fair value of share options and assumptions

Fair value at measurement date	
- vesting date on 12 February 2011	US$1.14
- vesting date on 12 August 2011	US$1.21
Share price	US$3.61
Exercise price	US$3.57
Expected volatility	50.10%
Option life	3 years
Expected dividends	0%
Risk-free interest rate (based on 3-year US Treasury Bond yield)	1.78%

The expected volatility is based on the historic volatility of the share prices of the comparable companies. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. The condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

(iv) Effect of subdivision of shares on the Pre-IPO Share Option Scheme

On 15 August 2011, the Company adopted a 40-for-l share subdivision of its issued ordinary shares. The number of shares under each outstanding option granted and remained un-exercised, under the Pre-IPO Share Option Scheme, as at that date was adjusted at the same ratio of 1:40. The exercise price per share under the outstanding options was adjusted on a proportionate basis. All numbers/per share data of the Pre-IPO Share Option Scheme in note 29(a) above has been presented before the effect of the subdivision of shares. On the same date, the Company approved the modification of terms of the Pre-IPO Share Option Scheme, pursuant to which the United States Dollars denominated exercise price of each outstanding option granted was modified to Hong Kong Dollars, translated at the spot exchange rate at that date. The modification did not result in any incremental fair value of the share options granted under the Pre-IPO Share Option Scheme.

(b) ***Distech Controls Share Option Plan***

Distech Controls adopted a share option plan ("Distech Controls Share Option Plan") in May 2008 whereby the directors of Distech Controls are authorised, at their discretion, to invite the executives and management of Distech Controls to take up options to subscribe for the Class B common shares of Distech Controls. The total number of Class B common shares that can be issued cannot exceed 2,000,000 shares of the share capital issued and outstanding.

All options granted to directors and employees of Distech Controls under this plan will not exceed a three-year term and a five-year term respectively, starting from the date of grant. Options granted to directors of Distech Controls can be exercised at a rate of one-third per year. Options granted to employees of Distech Controls can be exercised at a rate of one-fifth per year except for the 150,000 options granted to the then non-controlling shareholder of Distech Europe which were immediately vested at the grant date. Each option gives the holder the right to subscribe for one Class B share of Distech Controls at an exercise price of CAD$ 0.60.

(i) The movements, and terms and conditions of the grants are as follows:

	Number of options	*Vesting conditions*	*Contractual life of options*
Options granted to employees on 28 May 2008	1,315,000	one-fifth per annum	5 years
Total options outstanding as at 31 December 2008	1,315,000		
Options forfeited during 2009	(210,000)	one-fifth per annum	5 years
Options granted to employees during 2009	140,000	one-fifth per annum	5 years
Options granted to then non-controlling shareholder of Distech Europe on 27 July 2009	150,000	At grant	5 years
Total options outstanding as at 31 December 2009	1,395,000		
Options forfeited during 2010	(40,000)	one-fifth per annum	5 years
Options granted to directors of Distech Controls during 2010	200,000	one-third per annum	3 years
Options granted to employees during 2010	260,000	one-fifth per annum	5 years
Total options outstanding as at 31 December 2010	1,815,000		
Options granted to employees during the four months ended 30 April 2011	135,000	one-fifth per annum	5 years
Total options outstanding as at 30 April 2011	1,950,000		

(ii) The number and weighted average exercise prices of share options are as follows:

	At 31 December						At 30 April	
	2008		2009		2010		2011	
	Weighted average exercise price CAD$	*Number of options*	*Weighted average exercise price CAD$*	*Number of options*	*Weighted average exercise price CAD$*	*Number of options*	*Weighted average exercise price CAD$*	*Number of options*
Outstanding at the beginning of the year/period	—	—	0.60	1,315,000	0.60	1,395,000	0.60	1,815,000
Forfeited during the year/period	—	—	0.60	(210,000)	0.60	(40,000)	—	—
Granted during the year/period	0.60	1,315,000	0.60	290,000	0.60	460,000	0.60	135,000
Outstanding at the end of the year/period	0.60	1,315,000	0.60	1,395,000	0.60	1,815,000	0.60	1,950,000
Exercisable at the end of the year/period	—	—	0.60	371,000	0.60	604,000	0.60	696,000

No options were exercised during the Relevant Period.

The options outstanding at 31 December 2008, 2009 and 2010 and 30 April 2011 had an exercisable price of CAD$0.60 and a weighted average remaining contractual life of 4.33 years, 3.38 years, 2.84 years and 2.66 years respectively.

(iii) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted, except for the 150,000 options granted to the then non-controlling shareholder of Distech Europe which is part of purchase consideration for acquisition of non-controlling interests of Distech Europe. The estimate of the fair value of the share options granted is measured based on a Black-Scholes option pricing model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the Black-Scholes option pricing model.

	At 31 December			At 30 April
	2008	**2009**	**2010**	**2011**
Fair value of share options and assumptions				
Fair value at measurement date	CAD $0.29	CAD $0.47	CAD $0.79	CAD $0.79
Share price	CAD $0.77	CAD $0.79	CAD $1.32	CAD $1.32
Exercise price	CAD $0.60	CAD $0.60	CAD $0.60	CAD $0.60
Expected volatility	22%	22%	22%	24%
Option life	5 years	5 years	3-5 years	5 years
Expected dividends	0%	0%	0%	0%
Risk-free interest rate	2.98%	2.33%	2.20%	2.25%

Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options, except for the options granted to the former non-controlling shareholder of Distech Europe that were immediately vested, were granted under a service condition. The condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

30 **Income tax in the balance sheets**

(a) ***Current taxation in the balance sheets represents:***

	The Group				**The Company**			
	At 31 December			**At 30 April**	**At 31 December**			**At 30 April**
	2008	**2009**	**2010**	**2011**	**2008**	**2009**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At beginning of the year/period	57	208	(401)	(562)	—	—	4	—
Acquisition of subsidiaries (notes 36(a) and (c))	(17)	—	85	—	—	—	—	—
Tax provision of overseas subsidiaries (note 6(a))	9	(941)	(1,313)	(527)	—	—	—	—
Provisional tax paid/(refunded)	155	335	1,100	857	—	4	(4)	
Exchange adjustments	4	(3)	(33)	(3)	—	—	—	—
At end of the year/period	208	(401)	(562)	(235)	—	4	—	—
Represented by:								
Tax recoverable	219	4	30	—	—	4	—	—
Tax payable	(11)	(405)	(592)	(235)	—	—	—	—
	208	(401)	(562)	(235)	—	4	—	—

(b) ***Deferred tax assets and liabilities recognised***

The components of deferred tax (assets)/liabilities recognised in the consolidated balance sheets as at 31 December 2008, 2009 and 2010 and 30 April 2011 and the movements during the Relevant Period are as follows:

	Depreciation in excess of the related depreciation allowances	Amortisation of intangibles	Research and development tax credits	Provision for trade receivables and inventories	Unrealised profit for inventories	Unused tax losses	Others	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2008	—	—	—	(3)	—	—	—	(3)
Acquisition of a subsidiary (note 36(a))	(122)	453	(121)	—	—	(619)	(35)	(444)
Charged/(credited) to the consolidated income statement (note 6(a))	9	21	(54)	(49)	(2)	448	(28)	345
Exchange adjustments	21	(65)	29	(1)	—	69	9	62
At 31 December 2008	(92)	409	(146)	(53)	(2)	(102)	(54)	(40)
At 1 January 2009	(92)	409	(146)	(53)	(2)	(102)	(54)	(40)
Charged/(credited) to the consolidated income statement (note 6(a))	14	38	540	(15)	(47)	110	(5)	635
Exchange adjustments	(13)	38	17	—	(1)	(8)	(10)	23
At 31 December 2009	(91)	485	411	(68)	(50)	—	(69)	618
At 1 January 2010	(91)	485	411	(68)	(50)	—	(69)	618
Acquisition of subsidiaries (note 36(c))	—	1,454	(146)	—	—	—	—	1,308
Charged/(credited) to the consolidated income statement (note 6(a))	8	(271)	592	(83)	28	(137)	9	146
Exchange adjustments	(4)	15	49	(2)	(1)	(5)	(2)	50
At 31 December 2010	(87)	1,683	906	(153)	(23)	(142)	(62)	2,122
At 1 January 2011	(87)	1,683	906	(153)	(23)	(142)	(62)	2,122
Charged/(credited) to the consolidated income statement (note 6(a))	69	(75)	40	6	(9)	(92)	(12)	(73)
Exchange adjustments	(2)	137	40	(10)	—	(17)	(5)	143
At 30 April 2011	(20)	1,745	986	(157)	(32)	(251)	(79)	2,192

	The Group			
	At 31 December			At 30 April
	2008	**2009**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Represented by:				
Deferred tax assets	(418)	(94)	(100)	(108)
Deferred tax liabilities	378	712	2,222	2,300
	(40)	618	2,122	2,192

(c) ***Deferred tax assets not recognised***

In accordance with the accounting policy set out in note 1(v), the Company did not recognise deferred tax assets in respect of unused tax losses of US$632,000, US$794,000, US$1,365,000 and US$1,633,000 and the Group did not recognise deferred tax assets in respect of unused tax losses of US$734,000, US$912,000, US$2,016,000 and US$2,200,000 at 31 December 2008, 2009 and 2010 and 30 April 2011, respectively, as it is not probable that future taxable profits against which the losses can be utilised will be available to the relevant tax entities. Tax losses as at 30 April 2011 do not expire under current tax legislation.

(d) ***Deferred tax liabilities not recognised***

No deferred tax liability was recognised on the taxable temporary differences relating to the undistributed profits of Technovator Beijing, Distech Controls, Distech U.S. and Comtec amounting US$1,204,000, US$5,621,000, US$15,689,000 and US$19,753,000 at 31 December 2008, 2009 and 2010 and 30 April 2011, respectively, as the Company controls the dividend policy of its subsidiaries and it has been determined that it is probable that such profits will not be distributed in the foreseeable future.

According to the new CIT Law and its implementation rules, non-PRC-resident enterprises are levied withholding tax at 10%, subject to any double tax treaty relief, on dividends from their PRC-resident investees for earnings accumulated beginning on 1 January 2008. According to the double tax treaty between the PRC and Singapore, the dividend withholding tax rate could be reduced to 5% provided that a Singapore parent company is the "beneficial owner" and holds directly at least 25% of the equity interest of a PRC company. Distributions of earnings generated prior to 1 January 2008 are exempt from such withholding tax.

According to the tax regulation of Canada, non-Canada-resident enterprises are levied withholding tax at 25%, subject to any tax treaty relief, on dividends from their Canada-resident investees. According to the tax treaty between Canada and Singapore, the withholding tax rate could be reduced to 15% when a Singapore-resident enterprise is the beneficial owner of the dividends being distributed.

According to the tax treaty between France and Canada, Canada-resident enterprises are levied withholding tax at 5% to 15% on dividends from their France-resident investees provided that Canada-resident enterprise is the "beneficial owner" and holds directly or indirectly at least 10% of the capital of the France-resident enterprise.

According to the French tax law, among French companies, 95% of the dividend receivable from a French subsidiary is exempt from tax if the parent company owns at least 5% of the French subsidiary's share capital. The remaining 5% is taxed at the current applicable tax rate. Within a tax-consolidated group, dividends are 100% tax exempt from the second year of tax consolidation.

31 **Capital, reserves and dividends**

(a) ***Movements in components of equity***

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

Details of the changes in the Company's individual components of equity between the beginning and the end of the year/period are set out below:

	Share capital	Share-based compensation reserve	Accumulated losses	Total equity
	(Note 31(c))	*(Note 31(d)(iii))*		
	US$'000	*US$'000*	*US$'000*	*US$'000*
At 1 January 2008	3,200	—	(557)	2,643
Capital injection	15,998	—	—	15,998
Conversion of redeemable convertible preference shares	5,030	—	—	5,030
Loss for the year	—	—	(519)	(519)
At 31 December 2008	24,228	—	(1,076)	23,152
At 1 January 2009	24,228	—	(1,076)	23,152
Equity settled share-based transactions	—	231	—	231
Loss for the year	—	—	(611)	(611)
At 31 December 2009	24,228	231	(1,687)	22,772
At 1 January 2010	24,228	231	(1,687)	22,772
Equity settled share-based transactions	—	596	—	596
Loss for the year	—	—	(1,198)	(1,198)
At 31 December 2010	24,228	827	(2,885)	22,170
At 1 January 2011	24,228	827	(2,885)	22,170
Equity settled share-based transactions	—	148	—	148
Loss for the period	—	—	(546)	(546)
At 30 April 2011	24,228	975	(3,431)	21,772
(Unaudited)				
At 1 January 2010	24,228	231	(1,687)	22,772
Equity settled share-based transactions	—	196	—	196
Loss for the period	—	—	(345)	(345)
At 30 April 2010	24,228	427	(2,032)	22,623

(b) ***Dividends***

The Company has not distributed any dividends during the Relevant Period.

(c) ***Share capital***

	At 31 December						At 30 April	
	2008		2009		2010		2011	
	Number of shares	Amounts *US$'000*	Number of shares	Amounts *US$'000*	Number of shares	Amounts *US$'000*	Number of shares	Amounts *US$'000*
Ordinary shares, issued and fully paid:								
At beginning of year/period	3,200,000	3,200	9,080,000	24,228	9,080,000	24,228	9,080,000	24,228
Shares issued (notes 31(c)(i) and (ii))	4,480,000	15,998	—	—	—	—	—	—
Conversion of redeemable convertible preference shares (note 31(c)(iii))	1,400,000	5,030	—	—	—	—	—	—
At the end of year/period	9,080,000	24,228	9,080,000	24,228	9,080,000	24,228	9,080,000	24,228

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

(i) Pursuant to the directors' resolutions in writing of the Company passed on 28 May 2008, 1,400,000 shares, 2,110,908 shares, 234,546 shares and 234,546 shares were issued, allotted and credited as fully paid to Tongfang Co., Ltd. *(同方股份有限公司), Dragon Point Limited, CTC Capital Partners I, L.P. and CTC Capital Partners Co., Ltd at a consideration of US$4,999,400, US$7,538,052, US$837,564 and US$837,564, respectively.

In this connection, pursuant to the subscription agreement dated 7 May 2008 (the "Subscription Agreement") and a side letter dated 22 June 2010 between the Company and Dragon Point Limited, CTC Capital Partners I, L.P. and CTC Capital Partners Co., Ltd; Dragon Point Limited, CTC Capital Partners I, L.P. and CTC Capital Partners Co., Ltd which hold 2,580,000 shares in aggregate were entitled to a performance warranty from the Company. According to Clause 5.1 in the Subscription Agreement, the Company was required to compensate Dragon Point Limited, CTC Capital Partners I, L.P. and CTC Capital Partners Co., Ltd if (i) the Company could not achieve a consolidated net profit of US$10,000,000 for the financial year ended 31 December 2010 (the "Profit Requirement"); and (ii) the Company could not achieve a listing on or before 31 December 2010 (the "Listing Requirement").

The Directors were of the view that given the quantum of the compensation was not specifically defined in the Subscription Agreement and the absence of any supplementary clarification between the contracted parties by then, such compensation clause was non-executable. Accordingly, no compensation was payable by the Company to Dragon Point Limited, CTC Capital Partners I, L.P. and CTC Capital Partners Co., Ltd during the Relevant Period.

On 8 April 2011, Dragon Point Limited, CTC Capital Partners I, L.P. and CTC Capital Partners Co., Ltd jointly signed a letter to waive any rights to seek compensation from the Company under Clause 5.1 of the Subscription Agreement even though the Profit Requirement and the Listing Requirement eventually are not fulfilled. In the same letter, Dragon Point Limited, CTC Capital Partners I, L.P. and CTC Capital Partners Co., Ltd also unconditionally released the pledge of Company's shares in Distech Controls, which were pledged to Dragon Point Limited, CTC Capital Partners I, L.P. and CTC Capital Partners Co., Ltd pursuant to the Subscription Agreement, on 8 April 2011.

* The official name of this entity is in Chinese. The English translation of the name is for reference only.

(ii) On 29 May 2008, pursuant to the directors' resolution in writing of the Company passed on 29 May 2008, 500,000 shares were issued, allotted and credited as fully paid to Diamond Standard Ltd at a consideration of US$1,785,500.

On 30 May 2008, pursuant to Article 1(A) of the supplemental Articles of Association of the Company, Dragon Point Limited and Yung Li Investments Inc. converted the 840,000 and 560,000 redeemable convertible preference shares of the Company held by each of them into 840,000 and 560,000 ordinary shares respectively.

On 31 May 2008, Dragon Point Limited transferred 240,000 shares to Diamond Standard Ltd at a consideration of US$1, and Yung Li Investments Inc. transferred 160,000 shares to Diamond Standard Ltd at a consideration of US$1.

(iii) On 15 January 2008, pursuant to an investment agreement and a supplementary agreement both dated 15 June 2007 entered into between, among others, Dragon Point Limited, CTC Capital Partners I, L.P., CTC Capital Partners Co., Ltd, Resuccess Investments Limited, Tongfang Co., Ltd. and the Company, a second supplementary agreement dated 29 October 2007 entered into between Dragon Point Limited and Yung Li Investments Inc., and directors' resolutions in writing of the Company passed on 15 January 2008, 840,000 and 560,000 redeemable convertible preference shares of the Company were issued, allotted and credited as fully paid to Dragon Point Limited and Yung Li Investments Inc., at a consideration of US$3,000,000 and US$2,000,000, respectively.

The movements of the liability component and conversion option derivative of the redeemable convertible preference shares are set out as below:

	Liability component	**Conversion option derivative**	**Total**
	US$'000	*US$'000*	*US$'000*
At 15 January 2008	3,437	1,563	5,000
Interest charge	193	—	193
Gain arising on change of fair value	—	(163)	(163)
Converted to ordinary shares on 30 May 2008	(3,630)	(1,400)	(5,030)
At 31 December 2008, 2009 and 2010 and 30 April 2011	—	—	—

Fair value of conversion option derivative and assumptions

The estimate of the fair value of the conversion option derivative is measured based on a binomial option pricing model. Details of the assumptions on valuing conversion option derivative are as follows:

Date of valuation	**15 January 2008**	**30 May 2008 (date of conversion)**
Share price (US$)	5,189,000	5,181,000
Exercise price (US$)	5,000,000	5,000,000
Expected volatility	45.17%	41.82%
Maturity date	14 January 2011	14 January 2011
Expected dividends	0%	0%
Risk-free interest rate (based on 3-year US Treasury Bond yield)	2.50%	2.82%

The redeemable convertible preference shares contain the following terms:

(1) *Redemption and conversion option by the holders of redeemable convertible preference shares*

At any time following the (i) receipt of the written request from the Company or its solicitors after the Company's receipt of the eligibility-to-list letter ("ETL") in order to facilitate the initial public offering, or (ii) upon a written notice of at least one month to the Company notifying their intention to convert the redeemable convertible preference shares into ordinary shares, each holder has the right to convert the preference shares into ordinary shares ("Conversion option") at the conversion price.

Alternatively, by serving a notice of redemption on the Company with seven business days of notice, preferential shareholders have the right, but not obliged, to require the Company to redeem any or all of the redeemable convertible preference shares any time at the redemption amount if one or more of the following events occur ("Redemption option"):

1 the Company does not receive the ETL within three years from the issue date of the preference shares;

2 the net profit after tax for financial year 2008 is less than US$10,000,000;

3 in the event the warrantor breaches any of the warranties and/or undertaking herein;

4 the Company refuses to execute or cooperate, avoids (and such refusal, avoidance or obstruction is not agreed by the preferential shareholders);

5 the Company is in breach of or fails to perform or comply with any warranty, representation, undertaking or any other term of the investment agreement and such breach is not waived by the preferential shareholders;

6 the Company, having qualified for an initial public offering, unreasonably refuses to seek or obtain a public listing of the shares and/or its existing shareholders refuse or fail to exercise all their voting rights and otherwise to facilitate or cooperate in helping the Company to seek or obtain such public listing.

In the event that the Company is required to redeem any or all of the preference shares, the Company shall pay the redemption amount to the holder of the preference shares without any deduction on the proposed date of redemption.

(2) *Conversion price and redemption amount*

Conversion Price

Each redeemable convertible preference share will be converted into one ordinary share. In the event of share splits, divisions or sub-divisions of shares in the Company, recapitalisation or similar capital alteration events, the conversion price shall be subject to proportional anti-dilution adjustments; and/or the Company shall issue additional preference shares and/or ordinary shares which shall be paid from the reserves of the Company.

Hence, the preferential holders would at all times hold the same equity interest and/or shareholding percentage in the Company before and after the proposed capital alteration event, assuming that the redeemable convertible preference shares were being converted immediately on completion.

Redemption Amount

Redemption Amount equals to 100% of the subscription price with the interest accrued at 1.47% per annum calculated from the date of respective payments of each amount of subscription price to the actual payment date of the Redemption Amount by the Company.

(3) *Dividends*

The preferential shareholders shall be entitled to receive a preference right to dividend distribution whether in cash or otherwise, which shall be paid in priority to the ordinary shareholders.

(4) *Voting Rights*

Each preferential shareholder shall carry the number of votes equal to the number of ordinary shares then issuable upon such preference share's conversion into ordinary shares even if such redeemable convertible preference share was not converted into ordinary share at the time.

Preferential shareholders shall vote together with the holders of the ordinary shares as a single class and not as a separate class.

(5) *Liquidation Preference*

Upon the occurrence of any liquidity event, the preferential shareholders shall be entitled to receive any amount available to shareholders of the Company prior to and in preference to any payment to the holders of ordinary shares.

(6) *Transfer*

A preferential shareholder shall be entitled to transfer its redeemable convertible preference shares to any of its related corporations provided that it shall bear the filing and corporate secretarial costs incurred in connection with such transfer.

All redeemable convertible preference shares were issued and converted into ordinary shares of the Company during the year ended 31 December 2008. There are no outstanding redeemable convertible preference shares as at 31 December 2008, 2009 and 2010 and 30 April 2011.

(iv) No shares were issued under the Pre-IPO Share Option Scheme during the Relevant Period.

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

Exercise period	Exercise price	At 31 December			At 30 April
		2008	**2009**	**2010**	**2011**
		Number of shares under the options	*Number of shares under the options*	*Number of shares under the options*	*Number of shares under the options*
12 February 2011 to 11 August 2012	US$3.57	—	302,667	302,667	302,667
12 August 2011 to 11 August 2012	US$3.57	—	605,333	605,333	605,333
		—	908,000	908,000	908,000

Each option entitles the holder to subscribe for the issued ordinary shares of the Company.

Further details of these options are set out in note 29.

(d) ***Nature and purpose of reserves***

(i) *Statutory reserves*

Transfers from retained profits to statutory reserves are made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's PRC subsidiaries and were approved by the respective board of directors.

The subsidiary in the PRC is required to appropriate 10% of its after-tax profit, as determined in accordance with the PRC accounting rules and regulations, to the general reserve fund until the statutory reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to equity owners.

The statutory reserve fund can be utilised to offset prior year's losses or converted into paid up capital.

(ii) *Translation reserve*

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 1(y).

(iii) *Share-based compensation reserve*

Share-based compensation reserve represents the fair value of the share options granted to employees of the Group in accordance with the accounting policy adopted for share-based payments in note 1(u)(ii).

(iv) *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 and the amount by which the non-controlling interests are adjusted to reflect the changes in its interests in the subsidiary. In 2009, the movement arose from the change in ownership interest in Distech Europe from 51% to 100%. In 2010, the movement arose from the change in ownership interest in Distech Controls from 63.8% to 56.7%. The reserve is dealt with in accordance with the accounting policies set out in note 1(g).

(v) *Distributable reserves*

The Company does not have reserves available for distribution to equity holders of the Company at 31 December 2008, 2009 and 2010 and 30 April 2011.

(e) ***Capital management***

The Group's objectives in the aspect of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company defines "capital" as including all components of equity and short-term and long-term loans. On this basis, the amount of capital employed was US$27,628,000, US$35,030,000, US$58,076,000 and US$62,831,000 at 31 December 2008, 2009 and 2010 and 30 April 2011 respectively.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or dispose of assets to reduce debt.

Neither the Company nor any of its subsidiaries are subjected to externally imposed capital requirements.

32 Financial risk management and fair values

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) ***Credit risk***

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and may take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group requires certain customers to pay deposits upfront and the remaining trade receivables are due within 30-180 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 31 December 2008, 2009 and 2010 and 30 April 2011, the Group has certain concentration credit risk that 17.3%, 10.9%, 10.5% and 15.0% of the total trade and other receivables were due from the Group's five largest customers respectively and there were no trade and other receivables due from the Group's largest customer as at 31 December 2008, 2009 and 2010. As at 30 April 2011, 2% of the total trade and other receivables were due from the Group's largest customer.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the consolidated balance sheets after deducting any impairment allowance.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 18.

(b) ***Liquidity risk***

The Group's policy is to regularly monitor its liquidity requirements of each company to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the balance sheet dates of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet dates) and the earliest date the Group can be required to pay.

	At 31 December 2008					
	Contractual undiscounted cash flow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Balance sheet carrying amount**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Trade and bills payables	5,710	—	—	—	5,710	5,710
Amounts due to related parties	3,559	—	—	—	3,559	3,559
Other payables and accruals	1,182	—	—	—	1,182	1,182
VAT payables	42	—	—	—	42	42
Other financial liabilities	248	—	—	—	248	248
Loans and borrowings	1,525	281	184	—	1,990	1,885
Obligations under finance leases	75	64	64	15	218	194
	12,341	345	248	15	12,949	12,820

	At 31 December 2009				
	Contractual undiscounted cash flow				
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**Total**	**Balance sheet carrying amount**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Trade and bills payables	6,236	—	—	6,236	6,236
Amounts due to related parties	767	—	—	767	767
Other payables and accruals	1,274	—	—	1,274	1,274
VAT payables	558	—	—	558	558
Loans and borrowings	873	213	283	1,369	1,280
Promissory note payable	155	—	—	155	143
Obligations under finance leases	103	106	67	276	254
	9,966	319	350	10,635	10,512

	At 31 December 2010				
	Contractual undiscounted cash flow				
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**Total**	**Balance sheet carrying amount**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Trade and bills payables	14,360	—	—	14,360	14,360
Amounts due to related parties	1,602	—	—	1,602	1,602
Other payables and accruals	4,218	—	—	4,218	4,218
VAT payables	360	—	—	360	360
Loans and borrowings	9,478	151	234	9,863	9,717
Obligations under finance leases	128	61	21	210	198
	30,146	212	255	30,613	30,455

	At 30 April 2011				
	Contractual undiscounted cash flow				
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**Total**	**Balance sheet carrying amount**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Trade and bills payables	13,066	—	—	13,066	13,066
Amounts due to related parties	568	—	—	568	568
Other payables and accruals	4,708	—	—	4,708	4,708
VAT payables	53	—	—	53	53
Loans and borrowings	10,042	217	246	10,505	9,875
Obligations under finance leases	132	45	—	177	168
	28,569	262	246	29,077	28,438

(c) ***Interest rate risk***

The Group's interest rate risk arises primarily from cash at bank, deposits with banks, loans and borrowings issued at variable rates that expose the Group to cash flow interest rate risk and fixed rates that expose the Group to fair value interest rate risk. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) *Interest rate profile*

The following table details the interest rate profile of the Group's total borrowings at the balance sheet dates:

	At 31 December						At 30 April	
	2008		2009		2010		2011	
	Effective interest rate	Amounts	Effective interest rate	Amounts	Effective interest rate	Amounts	Effective interest rate	Amounts
	%	*US$'000*	%	*US$'000*	%	*US$'000*	%	*US$'000*
Fixed rate instruments:								
Loans and borrowings	7.43	423	7.43	544	4.61	1,353	4.88	1,556
Promissory note payable	N/A	—	8.00	143	N/A	—	N/A	—
		423		687		1,353		1,556
Variable rate instruments:								
Loans and borrowings	4.65	1,462	4.40	736	4.98	8,364	5.21	8,319
Obligations under finance leases	6.22	194	6.24	254	5.37	198	5.37	168
		1,656		990		8,562		8,487
Total borrowings		2,079		1,677		9,915		10,043
Fixed rate borrowings as a percentage of total borrowings		20.3%		41.0%		13.6%		15.5%

(ii) *Sensitivity analysis*

At 31 December 2008, 2009 and 2010 and 30 April 2011, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately US$12,000, US$7,000, US$60,000 and US$59,000 respectively.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the balance sheet date and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the balance sheet date. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the balance sheet date, the impact on the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest exposure or income of such a change in interest rates. The analysis is performed on the same basis during the Relevant Period.

(d) ***Currency risk***

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions related. The currencies giving rise to this risk are primarily Euros, Singapore Dollars and United States Dollars.

(i) *Exposure to currency risk*

The following table details the Group's exposure at the balance sheet date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in United States Dollars translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in US$) At 31 December 2008					
	Euros	**Singapore Dollars**	**United States Dollars**	**Hong Kong Dollars**	**Canadian Dollars**	**British Pound**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Trade and other receivables	1,608	75	2,809	—	—	—
Cash and cash equivalents	—	229	17	—	—	—
Trade and other payables	(836)	(315)	(4,426)	—	—	—
Loans and borrowings	(294)	—	—	—	—	—
Net exposure arising from recognised assets and liabilities	478	(11)	(1,600)	—	—	—

	Exposure to foreign currencies (expressed in US$) At 31 December 2009					
	Euros	**Singapore Dollars**	**United States Dollars**	**Hong Kong Dollars**	**Canadian Dollars**	**British Pound**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Trade and other receivables	1,853	34	2,913	—	—	—
Cash and cash equivalents	—	56	17	—	—	—
Trade and other payables	(563)	(147)	(3,796)	—	—	—
Loans and borrowings	(506)	—	—	—	—	—
Net exposure arising from recognised assets and liabilities	784	(57)	(866)	—	—	—

Exposure to foreign currencies (expressed in US$)
At 31 December 2010

	Euros	Singapore Dollars	United States Dollars	Hong Kong Dollars	Canadian Dollars	British Pound
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Trade and other receivables	4,309	47	5,222	670	551	187
Cash and cash equivalents	283	69	17	—	—	—
Trade and other payables	(4,462)	(185)	(1,715)	—	(83)	—
Loans and borrowings	(1,335)	—	—	—	—	—
Net exposure arising from recognised assets and liabilities	(1,205)	(69)	3,524	670	468	187

Exposure to foreign currencies (expressed in US$)
At 30 April 2011

	Euros	Singapore Dollars	United States Dollars	Hong Kong Dollars	Canadian Dollars	British Pound
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Trade and other receivables	4,920	47	4,970	1,080	714	200
Cash and cash equivalents	432	25	57	—	—	—
Trade and other payables	(4,708)	(179)	(1,570)	(105)	(91)	—
Loans and borrowings	(1,542)	—	—	—	—	—
Net exposure arising from recognised assets and liabilities	(898)	(107)	3,457	975	623	200

(ii) *Sensitivity analysis*

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the balance sheet dates had changed at that date, assuming all other risk variables remained constant.

	At 31 December						At 30 April	
	2008		2009		2010		2011	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits
		US$'000		*US$'000*		*US$'000*		*US$'000*
Euros	5%	16	5%	29	5%	(40)	5%	(29)
	(5)%	(16)	(5)%	(29)	(5)%	40	(5)%	29
Singapore Dollars	5%	—	5%	(2)	5%	(3)	5%	(4)
	(5)%	—	(5)%	2	(5)%	3	(5)%	4
United States Dollars	5%	(64)	5%	(53)	5%	138	5%	136
	(5)%	64	(5)%	53	(5)%	(138)	(5)%	(136)
Hong Kong Dollars	—	—	—	—	5%	28	5%	41
	—	—	—	—	(5)%	(28)	(5)%	(41)
Canadian Dollars	—	—	—	—	5%	19	5%	26
	—	—	—	—	(5)%	(19)	(5)%	(26)
British Pound	—	—	—	—	5%	7	5%	7
	—	—	—	—	(5)%	(7)	(5)%	(7)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group's entities' profit after tax and equity measured in the respective functional currencies, translated into United States Dollars at the exchange rate ruling at the balance sheet dates for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet date, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis during the Relevant Period.

(e) ***Fair values***

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2008, 2009 and 2010 and 30 April 2011.

33 **Non-cash transaction**

The Group has purchased certain items of property, plant and equipment through finance lease arrangement amounting to US$73,000 and US$85,000 for the years ended 31 December 2008 and 2009 respectively.

34 **Commitments**

(a) ***Capital commitments***

The Group has no material capital commitments at 31 December 2008, 2009 and 2010 and 30 April 2011.

(b) ***Operating lease commitments***

At 31 December 2008, 2009 and 2010 and 30 April 2011, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	At 31 December			At 30 April
	2008	**2009**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within 1 year	459	488	960	1,070
After 1 year but within 5 years	1,185	1,154	1,580	1,498
Over 5 years	49	—	—	—
	1,693	1,642	2,540	2,568

The Group leases a number of properties and items of plant and machinery under operating leases. The leases typically run for an initial period of one to five years, at the end of which period all terms are negotiated. None of the leases includes contingent rentals as at 31 December 2008, 2009 and 2010 and 30 April 2011.

35 **Material related party transactions**

In addition to the related party information disclosed elsewhere in this Financial Information, the Group entered into the following significant related party transactions during the Relevant Period.

(a) ***Name and relationship with related parties***

During the Relevant Period, transactions with the following parties are considered as related party transactions:

Name of party	**Relationships**
Tongfang Co., Ltd.* (同方股份有限公司)	Immediate holding company
Diamond Standard Ltd	Shareholder
Tsinghua Holdings Co., Ltd* (清華控股有限公司)	Shareholder
Tongfang Asia Pacific (R&D) Center Pte Ltd.	Fellow subsidiary
Tsinghua Tongfang Artificial Environment Co., Ltd* (同方人工環境有限公司)	Fellow subsidiary
Liaoning Tongfang Security Technology Co., Ltd.* (遼寧同方安全技術有限公司)	Fellow subsidiary
China Sports & Tongfang Technology Co., Ltd.* (中體同方體育科技有限公司)	Fellow subsidiary
Beijing Tsinghua & Tongfang Technology Co., Ltd.* (北京同方軟體股份有限公司)	Fellow subsidiary

* The official name of these entities is in Chinese. The English translation of the name is for reference only.

(b) ***Significant related party transactions***

Particulars of significant related party transactions during the Relevant Period are as follows:

	Years ended 31 December			Four months ended 30 April	
	2008	**2009**	**2010**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000* (*Unaudited*)	*US$'000*
Recurring transactions:					
Sales to Tongfang Co., Ltd.	5,906	8,702	5,292	987	2,331
Sales to Tongfang Asia Pacific (R&D) Center Pte Ltd.	520	—	—	—	—
Purchases from Tongfang Co., Ltd.	723	152	1,019	13	105
Purchases from Tongfang Asia Pacific (R&D) Center Pte Ltd.	484	—	—	—	—
Purchases from Beijing Tsinghua & Tongfang Technology Co., Ltd.	19	—	—	—	—
Purchases from Liaoning Tongfang Security Technology Co., Ltd.	149	227	409	98	148
Purchases from Tsinghua Holdings Co., Ltd	—	—	86	—	—
Purchases from China Sports & Tongfang Technology Co., Ltd.	—	—	37	—	—
Rental expenses paid to Tongfang Co., Ltd.	123	127	235	48	102
Machineries rental expenses paid to Tongfang Co., Ltd.	47	48	48	16	16
Non-recurring transactions:					
Administrative service income from Tongfang Asia Pacific (R&D) Center Pte Ltd.	—	16	29	9	—
Rental expenses paid to Tongfang Asia Pacific (R&D) Center Pte Ltd.	16	22	—	—	—
Sales of fixed assets to Tongfang Asia Pacific (R&D) Center Pte Ltd.	7	—	—	—	—
Purchase of fixed assets from Tongfang Co., Ltd.	547	—	—	—	—
Consulting fee to Tongfang Co., Ltd.	—	732	223	223	—

Other than the above related party transactions, certain trademarks are used by the Group in the PRC licensed by Tongfang Co., Ltd. at nil consideration.

The directors consider that the above related party transactions during the Relevant Period were conducted on normal commercial terms and in the ordinary and usual course of the Group's business.

(c) ***Amounts due from/(to) related parties***

As at the balance sheet dates, the Group had the following balances with related parties:

	At 31 December			At 30 April
	2008	**2009**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Trade receivables from:				
Tongfang Co., Ltd.	—	—	—	526
China Sports & Tongfang Technology Co., Ltd.	43	43	—	—
Liaoning Tongfang Security Technology Co., Ltd.	111	93	38	—
Tsinghua Holdings Co., Ltd	40	—	—	45
Tsinghua Tongfang Artificial Environment Co., Ltd	2	—	—	—
	196	136	38	571
Other receivables from:				
Tongfang Co., Ltd.	52	52	52	52
Tongfang Asia Pacific (R&D) Center Pte Ltd.	6	1	2	—
	58	53	54	52
Amounts due from related parties (note 18)	254	189	92	623
Trade payables to:				
Tongfang Co., Ltd.	(1,595)	(252)	(844)	(407)
Tsinghua Tongfang Artificial Environment Co., Ltd	—	(9)	(9)	(9)
China Sports & Tongfang Technology Co., Ltd.	—	—	(1)	—
	(1,595)	(261)	(854)	(416)
Other payables to:				
China Sports & Tongfang Technology Co., Ltd.	(15)	(15)	(15)	(15)
Diamond Standard Ltd	(1)	(1)	(1)	(1)
Tongfang Co., Ltd.	(1,948)	(490)	(732)	(136)
	(1,964)	(506)	(748)	(152)
Amounts due to related parties (note 22)	(3,559)	(767)	(1,602)	(568)

Balances with related parties are unsecured and interest free. The other receivables from related parties and other payables to related parties were subsequently settled on 12 October 2011.

(d) ***Key management personnel remuneration***

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8, is as follows:

	Years ended 31 December			Four months ended 30 April	
	2008	**2009**	**2010**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Short term employee benefits	300	470	574	170	276
Post-employment benefits	7	7	7	2	2
Share-based payments	—	154	398	130	98
	307	631	979	302	376

Total remuneration was included in "staff costs" (see note 5(b)).

36 **Business combinations and acquisition of subsidiaries**

(a) ***Acquisition of Distech Controls***

On 28 May 2008, the Company acquired 63.8% equity interests in Distech Controls from a third party at cash consideration of US$13,425,000. Upon the acquisition, Distech Controls became a subsidiary of the Group.

For the year ended 31 December 2008, Distech Controls contributed revenue of US$11,523,000 and net profit of US$1,114,000 to the Group since the date of acquisition. If the acquisition had occurred on 1 January 2008, the Group's revenue would have been increased by US$5,576,000 and net profit would have been decreased by US$899,000 for the year ended 31 December 2008 respectively.

The following summarises the consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Consideration transferred

	US$'000
Cash	13,425

Identifiable assets acquired and liabilities assumed:

	Note	**Acquiree's carrying amount** *US$'000*	**Fair value recognised on acquisition** *US$'000*
Property, plant and equipment	11(a)	1,450	1,326
Intangible assets	12	2,467	5,109
Deferred tax assets	30(b)	897	897
Inventories		1,039	1,098
Trade and other receivables		3,375	3,375
Cash and cash equivalents		1,703	1,703
Trade and other payables		(2,416)	(2,416)
Loans and borrowings		(2,680)	(2,680)
Obligations under finance leases		(198)	(198)
Deferred income		(88)	(88)
Income tax payable	30(a)	(17)	(17)
Deferred tax liabilities	30(b)	(15)	(453)
Net identifiable assets and liabilities		5,517	7,656

The intangible assets acquired include trade name, technology know-how and customer relationship. The fair value of trade name acquired in the business combination is determined based on the income approach technique known as the royalty-relief method. The fair value of technology know-how and customer relationship acquired in the business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of property, plant and equipment is determined based on both cost approach and market approach to arrive the market value in continued use.

Goodwill

Goodwill was recognised as a result of the acquisition as follows:

	Note	*US$'000*
Total consideration transferred		13,425
Non-controlling interests recognised		2,771
Recognised an option to purchase 5% additional shareholdings		(101)
		16,095
Less: Fair value of identifiable assets and liabilities acquired		(7,656)
Goodwill	13	8,439
Total consideration paid in cash		13,425
Less: Cash of Distech Controls acquired		(1,703)
Cash paid to obtain controls, net of cash acquired		11,722

Non-controlling interest is measured as its proportionate interest in the fair value of identifiable net assets of the acquiree. The goodwill is attributable to the skills and technical of Distech Controls' work force, and the synergies expected to be achieved from integrating Distech Controls into the Group's existing BAS business. None of the goodwill recognised is expected to be deductible for income tax purposes.

Acquisition-related costs

The Group incurred acquisition-related costs of US$461,000 relating to external legal fees and due diligence costs. The legal fees and due diligence costs were charged to profit or loss as incurred and have been included in administrative expenses.

(b) ***Acquisition of non-controlling interest of Distech Europe***

On 27 July 2009, Distech Controls acquired the 49% non-controlling interest in Distech Europe for a consideration of US$299,000 which comprised share options issued by Distech Controls with fair value of US$55,000, US$148,000 (EUR100,000) payable by way of a promissory note, a conditional variable purchase price of up to US$364,000 (EUR275,000) with fair value of US$66,000 (EUR50,000) and acquisition related cost of US$30,000 increasing its equity ownership from 51% to 100%. The carrying amount of Distech Europe's net liabilities in the consolidated financial statements on the date of the acquisition was US$13,000. The Group recognised a debit in non-controlling interests of US$7,000 and a debit in capital reserve arising from stepped acquisition of US$305,000.

The Directors confirm that Rule 4.05A of the Listing Rules does not apply to the acquisition of the non-controlling interest of Distech Europe.

(c) ***Acquisition of Comtec and Acelia***

On 25 February 2010, Distech Controls acquired 100% equity interest in Comtec and Acelia from Groupe Arcom by cash consideration of US$5,377,000 and issuance of ordinary shares of Distech Controls having an estimated fair value of US$5,416,000.

The Directors confirm that Rule 4.05A of the Listing Rules does not apply to the acquisition of Comtec and Acelia.

Comtec is principally engaged in the design, manufacturing, sales and marketing of building automation solutions while Acelia is principally engaged in the sales and marketing of building automation solutions provided by Comtec. This acquisition is a single negotiation to acquire the two entities from their parent company.

For the year ended 31 December 2010, Comtec and Acelia contributed revenue of US$8,074,000 and net loss of US$458,000 to the Group since the date of acquisition. If the acquisition had occurred on 1 January 2010, the Group's revenue for the year ended 31 December 2010 would have been increased by US$1,643,000 and net profit would have been decreased by US$208,000 respectively.

Consideration transferred

	2010
	US$'000
Cash	5,377
Ordinary shares	5,416
	10,793

The fair value of the ordinary shares issued was based on the price agreed between Groupe Arcom and Distech Controls which is with reference to a valuation prepared by an external valuer.

Identifiable assets acquired and liabilities assumed

	Note	**Acquiree's carrying amount**	**Fair value recognised on acquisition**
		US$'000	*US$'000*
Property, plant and equipment	11(a)	602	602
Intangible assets	12	275	4,637
Other non-current assets		74	74
Deferred tax assets	30(b)	146	146
Inventories		1,199	1,199
Trade and other receivables		3,802	3,802
Income tax recoverable	30(a)	85	85
Cash and cash equivalents		118	118
Trade and other payables		(3,566)	(3,566)
Loans and borrowings		(2,207)	(2,207)
Obligations under finance leases		(25)	(25)
Deferred tax liabilities	30(b)	—	(1,454)
Net identifiable assets and liabilities		503	3,411

The intangible assets include trade name, customer relationship, technology know-how and non-compete agreements. The fair value of trade name acquired in the business combination is determined based on the income approach technique known as the royalty-relief method. The fair value of customer relationship acquired in the business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of technology know-how and non-compete agreements is determined based on discounted cash flow method and replacement cost method respectively. Property, plant and equipment is not fair valued because the directors consider that the amount involved is not significant.

Goodwill

Goodwill was recognised as a result of the acquisition as follows:

	Note	*US$'000*
Total consideration transferred		10,793
Less: Fair value of identifiable assets and liabilities acquired		(3,411)
Goodwill	13	7,382
Total consideration paid in cash		5,377
Less: Cash of Comtec and Acelia acquired		(118)
Cash paid to obtain controls, net of cash acquired		5,259

The goodwill is attributable to the skills and technical of Comtec and Acelia's work force, and the synergies expected to be achieved from integrating the companies into the Group's existing BAS business. None of the goodwill recognised is expected to be deductible for income tax purposes.

Acquisition-related costs

The Group incurred acquisition-related costs of US$294,000 relating to external legal fees and due diligence costs. The legal fees and due diligence costs were charged to profit or loss as incurred and have been included in administrative expenses.

37 **Pre-acquisition financial information of Distech Controls**

The following pre-acquisition financial information of Distech Controls from the beginning of the Relevant Period to the date of acquisition presented in accordance with Rule 4.05A of the Listing Rules is disclosed below. The accounting policies adopted in the preparation of the pre-acquisition financial information is consistent with those adopted in the preparation of the Financial Information.

(a) ***Consolidated income statement***

	Note	**Period from 1 January 2008 to 28 May 2008** *US$'000*
Revenue	(1)	5,576
Cost of sales		(2,909)
Gross profit		2,667
Other net loss		(736)
Selling and distribution costs		(1,208)
Administrative and other operating expenses		(1,359)
Research and development expenses		(383)
Loss from operations		(1,019)
Finance costs	(2)	(136)
Loss before taxation	(3)	(1,155)
Income tax	(4)	256
Loss for the period		(899)
Attributable to:		
Equity holders of the parent company		(928)
Non-controlling interests		29
Loss for the period		(899)

(b) ***Consolidated balance sheet***

	Note	**At 28 May 2008**
		US$'000
Non-current assets		
Property, plant and equipment		1,450
Intangible assets		2,467
Deferred tax assets		897
		4,814
Current assets		
Inventories		1,039
Trade and other receivables	(5)	3,375
Cash and cash equivalents		1,703
		6,117
Current liabilities		
Trade and other payables	(6)	2,416
Loans and borrowings	(7)	2,532
Obligations under finance leases		60
Income tax payable		17
		5,025
Net current assets		1,092
Total assets less current liabilities		5,906
Non-current liabilities		
Loans and borrowings	(7)	148
Obligations under finance lease		138
Deferred income		88
Deferred tax liabilities		15
		389
NET ASSETS		5,517
CAPITAL AND RESERVES		
Share capital		13,664
Reserves		(8,179)
Total equity attributable to equity holders of the parent company		5,485
Non-controlling interests		32
TOTAL EQUITY		5,517

(c) ***Consolidated statement of changes in equity***

	US$'000
Total equity at 1 January 2008	(5,814)
Loss for the period from 1 January 2008 to 28 May 2008	(899)
Movement arising from conversion of preference shares and convertible debentures	11,247
Movement in other reserves	983
Total equity at 28 May 2008	5,517

(d) ***Consolidated cash flow statement***

	Period from 1 January 2008 to 28 May 2008 US$'000
Operating activities	
Loss before taxation	(1,155)
Adjustments for:	
Depreciation	134
Amortisation of intangible assets	415
Impairment losses on trade and other receivables	39
Loss on disposal of property, plant and equipment	49
Finance costs	136
Equity-settled share-based payment expenses	7
Foreign exchange loss	2
Operating loss before changes in working capital	(373)
Decrease in inventories	436
Decrease in trade and other receivables	1,051
Increase in trade and other payables	49
Decrease in deferred income	(9)
Cash generated from operations	1,154
Income tax refunded	17
Net cash generated from operating activities	1,171
Investing activities	
Payment for the purchase of property, plant and equipment	(222)
Expenditure on purchase of intangible assets	(524)
Net cash used in investing activities	(746)

	Period from 1 January 2008 to 28 May 2008
	US$'000
Financing activities	
Capital element of finance lease rentals paid	(19)
Proceeds from new loans and borrowings net of repayment	1,367
Interest element of finance lease rentals paid	(4)
Other borrowing costs paid	(132)
Net cash generated from financing activities	1,212
Net increase in cash and cash equivalents	1,637
Cash and cash equivalents at the beginning of the period	67
Effect of foreign exchange rate changes	(1)
Cash and cash equivalents at the end of the period	1,703

Notes:

(1) **Revenue**

	Period from 1 January 2008 to 28 May 2008
	US$'000
Sales of goods	5,474
Service income	102
	5,576

(2) **Finance costs**

	Period from 1 January 2008 to 28 May 2008
	US$'000
Interest on loans and borrowings wholly repayable within five years	132
Finance charges on obligations under finance leases	4
	136

(3) **Loss before taxation**

Loss before taxation is arrived at after charging:

	Period from 1 January 2008 to 28 May 2008
	US$'000
(a) Staff costs:	
Salaries and allowances	1,054
Contributions to defined contribution retirement schemes	202
Equity-settled share-based payment expenses	9
	1,265
(b) Other items:	
Cost of inventories	2,778
Amortisation of intangible assets	415
Depreciation	134
Impairment losses on trade and other receivables	39
Operating lease charges in respect of properties	12
Auditors' remuneration	77

(4) **Income tax**

During the period from 1 January 2008 to 28 May 2008, the date when the Group obtained control, the corporate income tax rate Distech Controls was 30.9%.

	Period from 1 January 2008 to 28 May 2008
	US$'000
Deferred tax	256

(5) **Trade receivables**

Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis as of balance sheet date:

	At 28 May 2008
	US$'000
Current	854
Less than 1 month past due	—
More than 1 month but less than 3 months past due	1,081
More than 3 months but less than 12 months past due	356
	2,291

(6) **Trade payables**

Included in trade and other payables are trade payables with the following ageing analysis as of the balance sheet date:

	At 28 May 2008
	US$'000
By date of invoice:	
- Within 3 months	1,402
- More than 3 months but within 6 months	2
	1,404

(7) **Loans and borrowings**

	At 28 May 2008
	US$'000
Within one year or on demand	2,532
More than one year but within two years	148
	2,680
Loans and borrowings are analysed into:	
- secured	2,626
- unsecured	54
	2,680

38 Accounting estimates and judgements

Key sources of estimation uncertainty

The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the Financial Information.

(i) *Net realisable value of inventories*

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and distribution expenses. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to changes in market conditions. Management reassesses these estimations at the balance sheet dates to ensure inventory is shown at the lower of cost and net realisable value.

(ii) *Impairment of trade receivables*

The management determines the impairment of trade receivables on a regular basis. This estimate is based on the credit history of its customers and current market conditions. If the financial conditions of the customers were to deteriorate, actual write-off would be higher than estimated. Management reassesses the impairment of trade receivables at the balance sheet dates.

(iii) *Depreciation*

Items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. The management reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(iv) *Income tax*

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The management carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of these transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for deductible temporary differences and unused tax losses. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax liability was not recognised in respect of the withholding income tax that would be payable on the distribution of retained profits of the Company's subsidiaries as the Company considers that it is probable that such profits will not be distributed in the foreseeable future. Any changes in dividend policy may result in the recognition of the related deferred tax liabilities.

(v) *Development costs*

Critical judgment by the Group's management is applied when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgments are based on the best information available at each balance sheet date. In addition, all internal activities related to the research and development of new products are continuously monitored by the Group management.

(vi) *Fair value of assets acquired and liabilities assumed upon acquisition of subsidiaries*

In connection with acquisition of subsidiaries, the assets acquired and liabilities assumed are adjusted to their estimated fair values on date of acquisition. The determination of fair value of the assets acquired and liabilities assumed involved management's judgement and assumptions. Any change in such judgement and assumptions would affect the fair value of assets acquired and liabilities assumed and would change the amount of depreciation or amortisation expenses recognised relating to those identifiable property, plant and equipment and intangible assets.

(vii) *Construction contracts*

As explained in policy note 1(o) and 1(x)(iii), revenue and profit recognition on an uncompleted project is dependent on estimating the total outcome of the construction contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activity undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached the amounts due from/to customers for contract work as disclosed in note 23 will not include profit which the Group may eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the balance sheet date, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

39 Possible impact of amendments, new standards and interpretations issued but not yet effective for the Relevant Period

Up to the date of issue of these Financial Information, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the four months ended 30 April 2011 and which have not been adopted in the Financial Information. These include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKFRS 7, *Financial instruments: Disclosures - Transfers of financial assets*	1 July 2011
Amendments to HKAS 12, *Income taxes*	1 January 2012
Amendments to HKAS 1, *Presentation of financial statements - Presentation of items of other comprehensive income*	1 July 2012
HKFRS 9, *Financial instruments*	1 January 2013
HKFRS 10, *Consolidated financial statements*	1 January 2013
HKFRS 11, *Joint arrangements*	1 January 2013
HKFRS 12, *Disclosure of interests in other entities*	1 January 2013
HKFRS 13, *Fair value measurement*	1 January 2013
HKAS 27 (revised 2011), *Separate financial statements*	1 January 2013
HKAS 28 (revised 2011), *Investments in associates and joint ventures*	1 January 2013
Revised HKAS 19, *Employee benefits*	1 January 2013

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

C SUBSEQUENT EVENTS

1 Acquisition of additional shares in Distech Controls from its minority shareholders by the Company

On 1 September 2011, an offer to purchase was made by the Company in favour of a director of Distech Controls and a company controlled by the director of Distech Controls (the director and the company controlled by the director are collectively referred as the "Sellers"), pursuant to which, conditional upon (i) the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the shares of the Company in issue and to be issued as mentioned in the Prospectus; (ii) the obligations of the underwriters under the underwriting agreements as mentioned in the Prospectus becoming unconditional and not being terminated in accordance with their terms or otherwise, at or before 8:00 a.m. (Hong Kong time) on the day of the listing as mentioned in the Prospectus; (iii) the obtaining of the approval of the board of directors of Distech Controls; and (iv) the obtaining of the approval of the board of directors and the shareholders of the Company (the "Share Purchase Conditions"), the Company offered to purchase and the Sellers accepted such offer to purchase on 2 September 2011 to sell certain number of Class A common shares of Distech Controls held by the Sellers on 15 February 2012. In return, the Company shall issue and allot certain number of shares of the Company to the Sellers in accordance with the said offer to purchase agreement, details of which are set out in the paragraph headed "Acquisition of additional shares in Distech Controls from its minority shareholders by the Company" under the section headed "History and Corporate Structure" of the Prospectus.

On 1 September 2011, offers to purchase were made by the Company in favour of 28 individuals employed by Distech Controls or its subsidiaries, pursuant to which, conditional upon the Share Purchase Conditions, the Company offered to purchase and the individuals subsequently accepted such offer to purchase certain number of Class B common shares of Distech Controls held by such individuals. In return, the Company shall issue and allot certain number of shares of the Company to these individuals in accordance with the said offer to purchase agreements, details of which are set out in the paragraph headed "Pre-IPO Share Option Schemes — (ii) Distech Controls Stock Option Plan — Acquisition by the Company of additional shares in Distech Controls from its employees and directors" in Appendix VI to the Prospectus.

2 Subdivision of shares and Pre-IPO Share Option Scheme

Pursuant to the written resolutions of the shareholders passed on 15 August 2011, the Company adopted a 40-for-1 share subdivision of its issued ordinary shares and approved the subdivision of 9,080,000 issued shares into 363,200,000 shares. The number of shares under each outstanding option granted and remained un-exercised, under the Pre-IPO Share Option Scheme, as at that date was adjusted at the same ratio of 1:40. The exercise price per share under the outstanding options was adjusted on a proportionate basis. On the same date, the Company approved the modification of terms of the Pre-IPO Share Option Scheme, pursuant to which the United States Dollars denominated exercise price of each outstanding option granted was modified to Hong Kong Dollars, translated at the spot exchange rate at that date. The modification did not result in any incremental fair value of the share options granted under the Pre-IPO Share Option Scheme.

D SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, its subsidiaries or the Group in respect of any period subsequent to 30 April 2011.

Yours faithfully,
KPMG
Certified Public Accountants
Hong Kong

The information set forth in this appendix does not form part of the Accountants' Report prepared by KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set forth in Appendix I to this prospectus, and is included herein for illustrative purpose only.

The unaudited pro forma financial information should be read in conjunction with "Financial Information" in this prospectus and the Accountants' Report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

For illustrative purpose only, the unaudited pro forma statement of adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is set forth below to provide the prospective investors with further information on how the proposed listing might have affected the financial position of our Group by the completion of the Share Offer as if the Share Offer had been completed on 30 April 2011.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purpose only and because of its nature, it may not give a true picture of our Group's financial condition following the completion of the Share Offer.

The following unaudited pro forma statement of adjusted net tangible assets of our Group is based on the consolidated net assets of our Group as of 30 April 2011, as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus and adjusted as set forth below.

	Consolidated net tangible assets attributable to equity holders of the Company as of 30 April 2011[(1)]	**Estimated net proceeds from the Share Offer[(2)]**	**Unaudited pro forma adjusted net tangible assets attributable to equity holders of the Company**	**Unaudited pro forma adjusted net tangible assets per Share[(3)]**	**Unaudited pro forma adjusted net tangible assets per Share[(3)]**
	US$'000	*US$'000*	*US$'000*	*US$*	*(Equivalent to HK$)*
Based on the Offer Price of HK$1.0 per Share	17,204	10,381	27,585	0.057	0.44
Based on the Offer Price of HK$1.2 per Share	17,204	13,517	30,721	0.063	0.49

Notes:

(1) The consolidated net tangible assets of our Group attributable to equity holders of the Company as of 30 April 2011 is compiled based on the consolidated financial information included in the Accountants' Report as set out in Appendix I to this prospectus, which is based on the consolidated net assets attributable to equity holders of the Company of US$48.1 million less goodwill and intangible assets attributable to equity holders of the Company of US$30.9 million.

(2) The estimated net proceeds from the Share Offer are based on the Offer Price of HK$1.0 or HK$1.2, being the low or high end of the stated offer price range, per Offer Share after deduction of the underwriting fees and other related expenses payable by our Group and takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option.

(3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to above and on the basis that 485,200,000 Shares are in issue following the Share Offer but takes no account of any Shares which may be issued upon the exercise of the options under the Pre-IPO Share Option Schemes and Over-allotment Option. The unaudited pro forma adjusted net tangible assets per Share is converted to Hong Kong dollars at an exchange rate of US$0.1285 to HK$1.00. You should not construe such conversion as a representation that the US$ amounts could actually be converted into HK dollar amounts as the rate indicated, or at all.

B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus, in respect of the unaudited pro forma financial information of our Group.

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

The Directors
Technovator International Limited

17 October 2011

Dear Sirs,

We report on the unaudited pro forma financial information ("the Pro Forma Financial Information") of Technovator International Limited ("the Company") and its subsidiaries ("the Group") set out in Part (A) of Appendix II of the prospectus dated 17 October 2011 ("the Prospectus"), which has been prepared by the directors of the Company solely for illustrative purposes to provide information about how the proposed offering might have affected the financial information presented. The basis of preparation of the unaudited Pro Forma Financial Information is set out in Part (A) on page II-1 in Appendix II of the Prospectus.

Responsibilities

It is the responsibility solely of the directors of the Company to prepare the unaudited Pro Forma Financial Information in accordance with Paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by Paragraph 4.29(7) of the Listing Rules, on the unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements ("HKSIR") 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited Pro Forma Financial Information with the directors of the Company. The engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or review performed in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to Paragraph 4.29(1) of the Listing Rules.

Our procedures on the unaudited Pro Forma Financial Information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

The unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 30 April 2011 or any future date.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described under "Use of proceeds" set out in the section "Future Plans" of the Prospectus.

Opinion

In our opinion:

(a) the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to Paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
KPMG
Certified Public Accountants
Hong Kong

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Sallmanns Limited, an independent valuer, in connection with its valuation as at 31 August 2011 of the property interests of the Group.

JONES LANG LASALLE® SALLMANNS

Jones Lang LaSalle Sallmanns Limited
6/F, Three Pacific Place
1 Queen's Road East Hong Kong
tel +852 2169 6000 fax +852 2169 6001
Licence No: C-030171

17 October 2011

The Board of Directors
Technovator International Limited

Dear Sirs,

In accordance with your instructions to value the properties in which Technovator International Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") have interests in the People's Republic of China (the "PRC"), Singapore, Canada, France, and Netherlands, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the property interests as at 31 August 2011 (the "date of valuation").

Our valuation of the property interests represents the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

We have attributed no commercial value to the property interests in Group I and Group II, which are leased by the Group, due either to the short-term nature of the lease or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rent.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement, or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage, or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions, and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards on Properties published by the Hong Kong Institute of Surveyors and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various tenancy agreements relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interest or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisors — Jingtian & Gongcheng, concerning the validity of the tenancy agreements of property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in United States Dollars (US$).

Our valuation is summarized below and the valuation certificates are attached.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Sallmanns Limited

Paul L. Brown	**Gilbert C.H. Chan**
B.Sc. FRICS FHKIS	*MRICS MHKIS RPS(GP)*
Chief Valuation Advisor	*Director*

Note: Paul L. Brown is a Chartered Surveyor who has 28 years' experience in the valuation of properties in the PRC and 32 years of property valuation experience in Hong Kong, the United Kingdom as well as relevant experience in the Asia-Pacific region, Canada, France and the Netherland.

Gilbert C.H. Chan is a Chartered Surveyor who has 19 years' experience in the valuation of properties in the PRC and 18 years of property valuation experience in Hong Kong, the United Kingdom as well as relevant experience in the Asia-Pacific region, Canada, France and the Netherland.

SUMMARY OF VALUES

Group I — Property interests rented and occupied by the Group in the PRC

No.	Property	Capital value in existing state as at 31 August 2011 *US$*
1.	Portion of Level 22 Block A Tsinghua Tongfang Hi-Tech Plaza No. 1 Wangzhuang Road Haidian District Beijing the PRC	No commercial value
2.	Levels 5-6 Tsinghua Tongfang Industrial Park Building No. 21 Miyun Industry Development Zone Beijing the PRC	No commercial value
3.	Units on Basement Level 1 Levels 1 and 2 No. 9 Building Block 1 No. 61 Qingchun Road Huairou District Beijing the PRC	No commercial value
4.	Unit 202A Changfeng Investment Office Building No. 525 Daiduhe Road Putuo District Shanghai the PRC	No commercial value
5.	Half of Level 6 on South Western Side 559 Nong No. 18 Yunling East Road Shanghai the PRC	No commercial value
	Sub-total:	**Nil**

Group II — Property interests rented and occupied by the Group in overseas countries

No.	Property	Capital value in existing state as at 31 August 2011 *US$*
6.	#04-10/10A Sindo Building No. 66 Tannery Lane Singapore	No commercial value
7.	4005-B Matte Boulevard Brossard Québec Canada	No commercial value
8.	Ground Floor and 1st Floor 27 Rue du Chapitre ZA Les Andrés 69126 Brindas France	No commercial value
9.	Ground Floor 27 Rue du Chapitre ZA Les Andrés 69126 Brindas France	No commercial value
10.	Raam 16a 5422 WX Gemert Netherlands	No commercial value
	Sub-total:	**Nil**
	Grand total:	**Nil**

VALUATION CERTIFICATE

Group I — Property interest rented and occupied by the Group in the PRC

No.	**Property**	**Description and tenure**	**Particulars of occupancy**	**Capital value in existing state as at 31 August 2011** *US$*
1.	Portion of Level 22 Block A Tsinghua Tongfang Hi-Tech Plaza No. 1 Wangzhuang Road Haidian District Beijing the PRC	The property comprises a unit on Level 22 of a 28-storey office building completed in about 2003. The property has a gross floor area of approximately 700 sq.m. Pursuant to a Tenancy Agreement and Supplemental Agreement made between TongFang Technovator Int (Beijing) Co., Ltd. (同方泰德國際科技(北京)有限公司), as Lessee and Tsinghua Tongfang Co., Ltd. (同方股份有限公司), as Lessor, a connected party, the property is leased by the Group for a term of 5 years commencing from 1 September 2009 and expiring on 31 August 2014 at a monthly rent of RMB152.78 per sq.m. inclusive of management fee and electricity charges.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. TongFang Technovator Int (Beijing) Co., Ltd. is a wholly-owned subsidiary of the Company.

2. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company's PRC legal advisors, which contains, inter alia, the following:

   a. The Lessor has not processed the application of the building ownership certificate. In the event of the Lessor obtained the building ownership certificate, the Lessee's right to use the property can be dated back to the signing date of the Tenancy Agreement.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2011 *US$*
2.	Levels 5-6 Tsinghua Tongfang Industrial Park Building No. 21 Miyun Industry Development Zone Beijing the PRC	The property comprises whole floors on Levels 5-6 of an industrial building completed in 2000s. The property has a total gross floor area of approximately 500 sq.m. Pursuant to a Tenancy Agreement made between TongFang Technovator Int (Beijing) Co., Ltd. (同方泰德國際科技(北京)有限公司), as Lessee and Tsinghua Tongfang Co., Ltd. (同方股份有限公司), as Lessor, a connected party, the property is leased by the Group for a term of 5 years commencing from 1 December 2006 and expiring on 30 November 2011 at a monthly rent of RMB30 per sq.m. for the period of first year and increased by 5% per year thereafter inclusive of management fee and electricity changes.	The property is currently occupied by the Group for production and ancillary office purposes.	No commercial value

Notes:

1. TongFang Technovator Int (Beijing) Co., Ltd. is a wholly-owned subsidiary of the Company.

2. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company's PRC legal advisors, which contains, inter alia, the following:

   a. Lessor is the legal owner and has right to lease out the property, the Tenancy Agreement of the property is legal, valid and binding.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2011 *US$*
3.	Units on Basement Level 1 Levels 1 and 2 No. 9 Building Block 1 No. 61 Qingchun Road Huairou District Beijing the PRC	The property comprises 3 units on Basement Level 1, Levels 1 and 2 of a 3-storey commercial building completed in 1990s. The property has a total gross floor area of approximately 309.2 sq.m. Pursuant to a Tenancy Agreement made between TongFang Technovator Int (Beijing) Co., Ltd. (同方泰德國際科技(北京)有限公司), as Lessee and Kong Ling Guo (孔令國), as Lessor, an independent third party, the property is leased by the Group for a term of 5 years commencing from 10 May 2010 and expiring on 9 May 2015 at a monthly rent of RMB7,500, exclusive of other outgoing expenses.	The property is currently occupied by the Group for office purposes.	No commercial value

Notes:

1. TongFang Technovator Int (Beijing) Co., Ltd. is a wholly-owned subsidiary of the Company.

2. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company's PRC legal advisors, which contains, inter alia, the following:

   a. Lessor is the legal owner and has right to lease out the property, the Tenancy Agreement of the property is legal, valid and binding.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2011 *US$*
4.	Unit 202A Changfeng Investments Office Building No. 525 Daduhe Road Putuo District Shanghai the PRC	The property comprises a unit on Level 2 of an 8-storey office building completed in 1990s. The property has a gross floor area of approximately 15 sq.m. Pursuant to a Tenancy Agreement made between TongFang Technovator Int (Shanghai) Co., Ltd. (同方泰德國際科技(上海)有限公司), as Lessee and Shanghai Putuo District State-owned Assets Management Limited (上海市普陀區國有資產經營有限公司), as Lessor, an independent third party, the property is leased by the Group for a term of 1 year commencing from 5 May 2011 and expiring on 4 May 2012 at a monthly rent of RMB1,000, exclusive of other outgoings expenses.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. TongFang Technovator Int (Shanghai) Co., Ltd. is a wholly-owned subsidiary of the Company.

2. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company's PRC legal advisors, which contains, inter alia, the following:

   a. Lessor is the legal owner and has right to lease out the property, the Tenancy Agreement of the property is legal, valid and binding.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2011 *US$*
5.	Half of Level 6 on South Western Side 559 Nong No. 18 Yunling East Road Shanghai the PRC	The property comprises a unit on Level 6 of a 10-storey office building completed in about 2008. The property has a gross floor area of approximately 722 sq.m. Pursuant to a Tenancy Agreement made between TongFang Technovator Int (Shanghai) Co., Ltd. (同方泰德國際科技(上海)有限公司), as Lessee and China State Reserves Bureau Shanghai Office Service Center* (國家物資儲備局上海辦事處機關服務中心), as Lessor, an independent third party, the property is leased by the Group for a term of 3 years commencing from 10 December 2010 and expiring on 9 December 2013 at a monthly rent of RMB41,316 in the first year, RMB45,648 in the second year and RMB49,980 in the third year, exclusive of other outgoings expenses.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. TongFang Technovator Int (Shanghai) Co., Ltd. is a wholly-owned subsidiary of the Company.

2. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company's PRC legal advisors, which contains, inter alia, the following:

   a. Lessor is the legal owner and has right to lease out the property, the Tenancy Agreement of the property is legal, valid and binding.

VALUATION CERTIFICATE

Group II — Property interests rented and occupied by the Group in overseas countries

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2011 *US$*
6.	#04-10/10A Sindo Building No. 66 Tannery Lane Singapore	The property comprises a unit on the 4th Floor of a 4-storey office building completed in 1990s. The property has a lease area of approximately 1,652 sq.ft. (153.47 sq.m.) Pursuant to a Tenancy Agreement made between Tong Fong Asia Pacific (R&D) Center Pte Ltd., as Lessee and Sim Chin Guan as Lessor, an independent third party, the property is leased by the Group for a term of 2 years commencing from 1 January 2010 and expiring on 31 December 2011 at a monthly rent of SGD1,767.64 exclusive of other outgoing expenses.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. TongFang Asia Pacific (R&D) Center Pte Ltd. is a wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2011 *US$*
7.	4005-B and 4005-H Matte Boulevard Brossard Québec Canada	The property comprises a portion of ground floor and 1st floor of a 2-storey industrial building completed in 1990s. The property has a total gross floor area of approximately 18,371.96 sq.ft. (1,707 sq.m.). Pursuant to a Tenancy Agreement made between Distech Controls as leasee and Investors Real Property Fund, as Lessor an independent third party for a term of 7 years expiring on 31 May 2013 at a monthly rent of CAD14,108.84 exclusive of other outgoing expenses.	The property is currently occupied by the Group for production and ancillary office purposes.	No commercial value

Notes:

1. Distech Controls Inc. is a non wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2011 *US$*
8.	Ground Floor and 1st Floor 27 Rue du Chapitre ZA Les Andreś 69126 Brindas France	By a lease dated 25 June 2007, Acélia (a wholly-owned subsidiary of Distech France) occupies an area of 255 sq.m. on the Ground Floor and 1st Floor of a 3-storey light-industrial building, together with the right to 5 parking spaces. The lease is for 9 years from 1 July 2007. On 1 October 2009 the rent payable under the lease was revised to EUR 36,000 per annum.	The property is currently occupied by the Group and used for production and Research & Development purposes.	No commercial value

Note:

1. The building is owned by La Société IMMO Delta B, a connected party.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2011 *US$*
9.	Ground Floor 27 Rue du Chapitre ZA Les Andrés 69126 Brindas France	By a lease dated 25 June 2007, Comtec (a wholly-owned subsidiary of Distech France) occupies an area of 1,004 sq.m. on the Ground Floor of a 3-storey light-industrial building, together with the right to 20 parking spaces. The lease is for 9 years from 1 July 2007. On 1 October 2009 the rent payable under the lease was revised to EUR 105,600 per annum.	The property is currently occupied by the Group and used for production and Research & Development purposes.	No commercial value

Note:

1. The building is owned by La Société IMMO Delta B, a connected party.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2011 *US$*
10.	Raam 16a 5422 WX Gemert Netherlands	The property comprises a unit on the ground floor of a single-storey industrial building completed in about 1990s. The property has a gross floor area of approximately 397 sq.m. Pursuant to a Tenancy Agreement made between Distech Controls Europe B.V., as Leasee and Hendriks Beheer B.V., as Lessor an independent third party for a term of 25 months expiring on 30 September 2011 at a monthly rent of EUR2,429.59 exclusive of other outgoing expenses.	The property is currently occupied by the Group for production and ancillary office purposes.	No commercial value

Notes:

1. Distech Controls Europe B.V. is a wholly-owned subsidiary of the Company.

This section of the prospectus contains a summary of certain Singapore laws and regulations currently relevant to the Group's operations. Laws and regulations are subject to change as such, it is difficult to predict the possible impact of such changes on the Group's operations and the resulting costs for compliance.

SINGAPORE REGULATORY OVERVIEW

The following summarises the salient provisions of the laws of Singapore as at the date of this prospectus. The summaries below are for general guidance only and do not constitute legal advice, nor must they be used as a substitute for, or specific legal advice, on the corporate law of Singapore. The summaries below are not meant to be a comprehensive or exhaustive description of all the obligations, rights and privileges of shareholders of companies imposed or conferred by the corporate law of Singapore. In addition, prospective investors and/or Shareholders should also note that the laws applicable to shareholders may change, whether as a result of proposed legislative reforms to the laws of Singapore or otherwise. Prospective investors and/or Shareholders should consult their own legal advisors for specific legal advice concerning their legal obligations under the relevant laws.

Reporting Obligations of Shareholders

(a) **Obligation to notify company of substantial shareholding and change in substantial shareholding — Sections 81 to 84 of the Singapore Companies Act**

Under Section 82 of the Singapore Companies Act, a substantial shareholder of a company is required to notify the company of his interests in the voting shares in the company within 2 business days after becoming a substantial shareholder. Section 81 provides that a person has a substantial shareholding in a company if he has an interest or interests in one or more voting shares in the company, and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the company.

Section 83 provides that a substantial shareholder is also required to notify the company of changes in the percentage level of his shareholding or his ceasing to be a substantial shareholder, within 2 business days after he is aware of such changes. A change in "percentage level" means any change in a substantial shareholder's interest in the company which results in his interest, following such change, increasing or decreasing to the next 1% threshold.

(b) **Consequences of non-compliance with notification obligations — Sections 89 and 90 of the Singapore Companies Act**

Section 89 of the Singapore Companies Act sets out the consequences of non-compliance with Sections 82 to 84. Essentially, a person who fails to comply with the said Sections shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$5,000 and in the case of a continuing offence to a further fine of S$500 every day of the period during which the offence continues after conviction.

Section 90 provides for a defence to a prosecution for failing to comply with Sections 82 to 84. It is a defence if the defendant proves that his failure was due to his not being aware of a fact or occurrence the existence of which was necessary to constitute the offence and that he was not so aware on the date of the summons, or he became so aware less than 7 days before the date of the summons. However, a person will conclusively be presumed to have been aware of a fact or occurrence at a particular time (i) of which he would, if he had acted with reasonable diligence in the conduct of his affairs, have been aware at that time or (ii) of which an employee or agent of the person, being an employee or agent having duties or acting in relation to his master's or principal's interest or interests in a share or shares in the company concerned, was aware or would, if he had acted with reasonable diligence in the conduct of his mater's or principal's affairs, have been aware at that time.

(c) **Powers of the court with respect to defaulting substantial shareholders — Section 91 of the Singapore Companies Act**

Under Section 91 of the Singapore Companies Act, where a substantial shareholder fails to comply with Sections 82 to 84, the Singapore court may, on the application of the Minister, whether or not the failure still continues, make one of the following orders:-

(i) an order restraining the substantial shareholder from disposing of any interest in shares in the company in which he is or has been a substantial shareholder;

(ii) an order restraining a person who is, or is entitled to be registered as, the holder of shares referred to in paragraph (i) from disposing of any interest in those shares;

(iii) an order restraining the exercise of any voting or other rights attached to any share in the company in which the substantial shareholder has or has had an interest;

(iv) an order directing the company not to make payment, or to defer making payment, of any sum due from the company in respect of any share in which the substantial shareholder has or has had an interest;

(v) an order directing the sale of all or any of the shares in the company in which the substantial shareholder has or has had an interest;

(vi) an order directing the company not to register the transfer or transmission of specified shares;

(vii) an order that any exercise of the voting or other rights attached to specified shares in the company in which the substantial shareholder has or has had an interest be disregarded;

(viii) for the purposes of securing compliance with any other order made under Section 91, an order directing the company or any other person to do or refrain from doing a specified act.

Any order made under Section 91 may include such ancillary or consequential provisions as the Singapore court thinks just.

The Singapore court may not make an order other than an order restraining the exercise of voting rights, if it is satisfied that the failure of the substantial shareholder to comply was due to his inadvertence or mistake or to his not being aware of a relevant fact or occurrence and that in all circumstances, the failure ought to be excused.

Any person who contravenes or fails to comply with an order made under Section 91 that is applicable to him shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$5,000 and, in the case of a continuing offence, to a further fine of S$500 for every day of the period during which the offence continues after conviction.

Prohibited Conduct In Relation to Trading in the Securities of the Company

(a) **Prohibitions against false trading and market manipulation — Section 197 of the SFA**

Section 197 of the SFA prohibits (i) the creation of a false or misleading appearance of active trading in any securities on a securities exchange; (ii) the creation of a false or misleading appearance with respect to the market for, or price of, any securities on a securities exchange; (iii) affecting the price of securities by way of purchases or sales which do not involve a change in the beneficial ownership of those securities; and (iv) affecting the price of securities by means of any fictitious transactions or devices.

Under section 197(3), a person is deemed to have created a false or misleading appearance of active trading in securities on a securities market if he does any of the following acts:

(A) if he effects, takes part in, is concerned in or carries out, directly or indirectly, any transaction of purchase or sale of any securities, which does not involve any change in the beneficial ownership of the securities;

(B) if he makes or causes to be made an offer to sell any securities at a specified price where he has made or caused to be made or proposes to make or to cause to be made, or knows that a person associated with him has made or caused to be made or proposes to make or to cause to be made, an offer to purchase the same number, or substantially the same number, of securities at a price that is substantially the same as the first-mentioned price; or

(C) if he makes or causes to be made an offer to purchase any securities at a specified price where he has made or caused to be made or proposes to make or to cause to be made, or knows that a person associated with him has made or caused to be made or proposes to make or to cause to be made, an offer to sell the same number, or substantially the same number, of securities at a price that is substantially the same as the first-mentioned price.

In any proceedings against a person for a contravention of Section 197(1) because of an act referred to in Section 197(3), it is a defence if the person establishes that the purpose or purposes for which he did the act was not, or did not include, the purpose of creating a false or misleading appearance of active trading in securities on a securities market.

Section 197(5) provides that a purchase or sale of securities does not involve a change in the beneficial ownership if a person who had an interest in the securities before the purchase or sale, or a person associated with the first-mentioned person in relation to those securities, has an interest in the securities after the purchase or sale.

Section 197(6) provides a defence to proceedings against a person for contravention of Section 197(2) in relation to a purchase or sale of securities that did not involve a change in the beneficial ownership of those securities. It is a defence if the defendant establishes that the purpose or purposes for which he purchased or sole the securities was not, or did not include, the purpose of creating a false or misleading appearance with respect to the market for, or the price of, securities.

(b) **Prohibition against securities market manipulation — Section 198 of the SFA**

Under Section 198(1) of the SFA, no person shall effect, take part in, be concerned in or carry out directly or indirectly, 2 or more transactions in securities of a corporation, being transactions that have, or likely to have, the effect of raising, lowering, maintaining or stabilizing the price of the securities with intent to induce other persons to subscribe for, purchase or sell securities of the corporation or a related corporation. Section 198 (2) provides that transactions in securities of a corporation includes (i) the making of an offer to purchase or sell such securities of the corporation and (ii) the making of an invitation, however expressed, that directly or indirectly invites a person to offer to purchase or sell such securities of the corporation.

(c) **Prohibition against the manipulation of the market price of securities by the dissemination of misleading information — Sections 199 and 202 of the SFA**

Section 199 of the SFA prohibits the making of false or misleading statements. Under this provision, a person shall not make a statement, or disseminate information, that is false or misleading in a material particular and is likely (a) to induce other persons to subscribe for securities; (b) to induce the sale or purchase of securities by other persons; or (c) to have the effect of raising, lowering, maintaining, or stabilizing the market price of securities, if, when he makes the statement or disseminates the information, he either does not care whether the statement or information is true or false, or knows or ought reasonably to have know that the statement or information is false or misleading in a material particular.

Section 202 of the SFA prohibits the dissemination of information about illegal transactions. This provision prohibits the circulation or dissemination of any statement or information to the effect that the price of any securities of a corporation will rise, fall, or to be maintained by reason of transactions entered into in contravention of Sections 197 to 201 of the SFA. This prohibition applies where the person who is circulating or disseminating the information or statements (i) is the person who entered into the illegal transaction; (ii) is associated with the person who entered into the illegal transaction; or (iii) is the person, or associated with the person, who has received or expects to receive (whether directly or indirectly) any consideration or benefit of circulating or disseminating the information or statements.

(d) **Prohibition against fraudulently inducing persons to deal in securities — Section 200 of the SFA**

Section 200(1) of the SFA prohibits a person from inducing or attempting to induce another person to deal in securities, (a) by making or publishing any statement, promise, or forecast that he knows or ought reasonably to have known to be misleading, false, or deceptive; (b) by any dishonest concealment of material facts; (c) by the reckless making or publishing of any statement, promise, or forecast that is misleading, false, or deceptive; or (d) by recording or storing in, or by means of, any mechanical, electronic, or other device information that he knows to be false or misleading in a material particular. Section 200(2) states that in any proceedings against a person for a contravention of Section 200(1) constituted by recording or storing information as mentioned in part (d), it is a defence if it is established that, at the time when the defendant so recorded or stored the information, he had no reasonable grounds for expecting that the information would be available to any other person.

(e) **Prohibition against employment of manipulative and deceptive devices — Section 201 of the SFA**

Section 201 of the SFA prohibits (i) the employment of any device, scheme, or artifice to defraud; (ii) engaging in any act, practice, or course of business which operates as a fraud or deception, or is likely to operate as a fraud of deception, upon any person; (iii) the making of any statement he knows to be false in any material particular; and (iv) omitting to state a material fact necessary to make statements, in the light of circumstances under which they were made, not misleading.

(f) **Prohibition against the dissemination of information about illegal transactions — Section 202 of the SFA**

Section 202 of the SFA prohibits the circulation or dissemination, or the authorisation or involvement in the circulation or dissemination of, any statement or information to the effect that the price of any securities of a corporation will or is likely to rise, fall, or be maintained by reason of any transaction entered into or to be entered into or other act or thing done or to be done in relation to securities of that corporation, or of a corporation that is related to that corporation, which to his knowledge, was entered into or done in contravention of any of Sections 197 to 201 of the SFA or if entered into or done would be in contravention of any of Sections 197 to 201 of the SFA. This prohibition applies where the person who is circulating or disseminating the information or statements (i) is the person who entered into the illegal transaction; (ii) is associated with the person who entered into the illegal transaction; or (iii) is the person, or associated with the person, who has received or expects to receive (whether directly or indirectly) any consideration or benefit of circulating or disseminating or authorizing or being concerned in the circulation or dissemination of, the information or statements.

Prohibitions Against Insider Trading

Sections 218 and 219 of the SFA prohibit persons from dealing in securities of a corporation if those persons know or reasonably ought to know that they are in possession of information that is not generally available, which is expected to have a material effect on the price or value of the securities of that corporation. Such persons include (a) officers of that corporation or a related corporation, (b) substantial shareholders of a corporation or a related corporation, (c) persons who occupy a position reasonably expected to give him access to inside information by virtue of professional or business relationship, or by being an officer of a substantial shareholder of the corporation or a related corporation, or any other person in possession of inside information. For an alleged contravention of Section 218 or 219, Section 220 makes it clear that it is not necessary for the prosecution or plaintiff to prove that the accused person or defendant intended to use the information referred to in Section 218(1)(a) or (1A)(a) or 219(1)(a) in contravention of Section 218 or 219, as the case may be.

Section 216 of the SFA sets out when a reasonable person would be taken to expect information to have a material effect on the price or value of securities. It also provides that a reasonable person would be taken to expect information to have a material effect on the price or value of securities if the information would, or would likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy, or sell the first-mentioned securities.

Penalties — Sections 232, 204, and 221 of the SFA

Section 232 of the SFA provides that the Monetary Authority of Singapore may, with the consent of the Public Prosecutor, bring an action in a court against the offender to seek an order for a civil penalty in respect of any contravention. If the court is satisfied on the balance of probabilities that the contravention resulted in the gain or profit or avoidance of a loss by the offender, the offender may have to pay a civil penalty of a sum (a) not exceeding three times the amount of the profit that the person gained; or the amount of the loss that he avoided, as a result of the contravention; or (b) equal to S$50,000 if the person is not a corporation, or S$100,000 if the person is a corporation, whichever is the greater. If the court is satisfied on a balance of probabilities that the contravention did not result in the gain of a profit or avoidance of a loss by the offender, the court may make an order against him for the payment of a civil penalty of a sum not less than S$50,000 and not more than S$2 million.

Under Section 204 of the SFA, any person who contravenes Sections 197, 198, 201, or 202 is guilty of an offence and shall be liable on conviction to a fine not exceeding S$250,000 or to imprisonment for a term not exceeding seven years or to both. Section 204 further provides that no proceedings shall be instituted against a person for the offence after a court has made an order against him for the payment of a civil penalty under Section 232 in respect of the contravention.

Under Section 221 of the SFA, any person who contravenes Section 218 or 219, is guilty of an offence and shall be liable on conviction to a fine not exceeding S$250,000 or to imprisonment for a term not exceeding seven years or to both. Section 221 further provides that no proceedings shall be instituted against a person for an offence in respect of a contravention of Section 218 or 219 after a court has made an order against him for the payment of a civil penalty under Section 232 in respect of that contravention.

Civil Liability — Section 234 of the SFA

Section 234 of the SFA provides that a person who has contravened any of the provisions highlighted above which resulted in his gaining a profit or avoiding a loss shall, whether or not he had been convicted or had a civil penalty imposed on him in respect of that contravention, be liable to pay compensation to any person who:-

(a) contemporaneously with the contravention, had subscribed for, purchased or sold securities, or entered into futures contract, or contracts or arrangements in connection with leveraged foreign exchange trading, of the same description; and

(b) had suffered loss by reason of the difference between:-

  (i) the price at which the securities, futures contracts, or contracts in connection with leveraged foreign exchange trading were dealt in or traded contemporaneously with the contravention; and

  (ii) the price at which the securities, futures contracts, or contracts in connection with leveraged foreign exchange trading would have been likely to have been so dealt in or traded at the time of the contemporaneous dealing or trading if the contravention had not occurred.

Duty not to furnish false statements to securities exchange, futures exchange, designated clearing house and Securities Industry Council — Section 330 of the SFA

Under Section 330 of the SFA, any person who, with intent to deceive, makes or furnishes, or knowingly and wilfully authorises or permits the making or furnishing of, any false or misleading statement or report to a securities exchange, futures exchange, designated clearing house or any officers thereof relating to dealing in securities shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$50,000 or to imprisonment for a term not exceeding 2 years or to both. Section 330 further provides that any person who, with intent to deceive, makes or furnishes or knowingly and wilfully authorises or permits the making or furnishing of, any false or misleading statement or report to the Securities Industry Council or any of its officers, relating to any matter or thing required by the Securities Industry Council in the exercise of its functions under the SFA shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$50,000 or to imprisonment for a term not exceeding 2 years or both.

Extra-territorality of the SFA

Section 339(1) of the SFA provides that where a person does an act partly in and partly outside Singapore, which, if done wholly in Singapore, would constitute an offence against any provision of the SFA (which would include the provisions highlighted above), that person shall be guilty of that offence as if the act were carried out by that person wholly in Singapore and may be dealt with as if the offence were committed wholly in Singapore.

Section 339(2) provides that where:-

(i) a person does an act outside Singapore which has a substantial and reasonably foreseeable effect in Singapore; and

(ii) that act would, if carried out in Singapore, constitute an offence under the provisions of the SFA highlighted above,

that person shall be guilty of that offence as if the act were carried out by that person in Singapore, and may be dealt with as if the offence were committed in Singapore.

In addition, for the purposes of an action under Section 232 or 234 of the SFA, where a person falls within the purview of Section 339(1) and 339(2), the act committed by that person shall be treated as being carried out by that person in Singapore.

Take-Over Obligations

Under Rule 14 of the Singapore Take-Over Code, where a party, whether individually or together with parties acting in concert, holds less than 30% of the voting rights in a Singapore public company (the "**Offeree**"), and then acquires shares (whether through one or more transactions), which will result in him controlling 30% or more of the voting rights of the Offeree, such person (the "**Offeror**") must extend a takeover offer immediately to the other shareholders of the Offeree.

A similar obligation to make a takeover offer arises where the Offeror (together with his concert parties) holds not less than 30% but not more than 50% of the voting rights of the Offeree and acquires voting rights amounting to more than 1% of the total voting rights in the Offeree within a 6-month period. Where such a mandatory takeover offer is triggered, the takeover offer must comply with the strict rules of the Singapore Take-Over Code, including as to timing, price, and the consideration. Compliance with the Singapore Take-Over Code is regulated by the Securities Industry Council of Singapore, which forms a part of the Monetary Authority of Singapore.

"Parties acting in concert" are individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Certain persons are presumed (unless presumption is rebutted) to be acting in concert with each other. Such persons are:-

(a) the following companies:-

(i) a company;

(ii) the parent of (i);

(iii) the subsidiaries of (i);

(iv) the fellow subsidiaries of (i);

(v) the associated companies of (i) to (iv);

(vi) companies whose associated companies include any of (i) to (v). (If a company has ownership or control of 20% or more, but not more than 50%, of the voting rights of another company, the latter company is an associated company of the first); and

(vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

(b) a company with any of its directors, together with their close relatives and related trusts and companies controlled by any of the directors, their close relatives and related trusts;

(c) a company with any of its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis (but only in respect of the investment account which such person manages);

(e) a financial or other professional advisor, including a stockbroker, with its client in respect of the shareholdings of:

  (i) the advisor and persons controlling, controlled by or under the same control as the advisor; and

  (ii) all the funds which the advisor manages on a discretionary basis, where the shareholdings of the advisor and any of those funds in the client total 10% or more of the client's equity share capital;

(f) directors of a company (together with close relatives, related trusts and companies controlled by any of such persons/trusts) which is subject to an offer or when the directors have reason to believe a bona fide offer for their company may be imminent;

(g) partners; and

(h) the following persons and entities:

  (i) an individual;

  (ii) the close relatives and related trusts of (i);

  (iii) any person accustomed to act according to the instructions of (i);

  (iv) companies controlled by any of (i) to (iii); and

  (v) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

In the event that any of the above mentioned thresholds is reached, the person acquiring an interest must make a public announcement stating, inter alia, the terms of the offer and its identity. The Offeror must post an offer document not earlier than 14 days and not later than 21 days from the date of the offer announcement. An offer must be kept open for at least 28 days after the date on which the offer prospectus was posted.

The offeror may vary the offer by offering more for the shares or by extending the period in which the offer remains open. If a variation is proposed, the offeror is required to give a written notice to the offeree company and its shareholders, stating the modifications made to the matters set out in the offer document. The revised offer must be kept open for at least another 14 days. Where the consideration is varied, shareholders who agree to sell before the variation are also entitled to receive the increased consideration.

A mandatory offer must be in cash or be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror within the 6 months preceding the acquisition of the shares that triggered the mandatory offer obligation under Rule 14 of the Singapore Take-Over Code.

Under the Singapore Take-Over Code, where effective control of a company is acquired or consolidated by a person, or persons acting in concert, a general offer to all other shareholders is normally required. An offeror must treat all shareholders of the same class in an offeree company equally. A fundamental requirement is that shareholders in the company subject to the takeover offer must be given sufficient information, advice and time to consider and decide on the offer.

The Singapore Take-Over Code is non-statutory in that it does not have the force of law. The failure of any party to observe any of the provisions of the Singapore Take-Over Code shall not of itself render that party liable to criminal proceedings but any such failure may, in any proceedings whether civil or criminal, be relied upon by any party to the proceedings as tending to establish or to negate any liability which is in question in the proceedings. However, Securities Industry Council is not prohibited from invoking such sanctions (including public censure) as it may decide in relation to breaches of the Singapore Take-Over Code by any party concerned in a take-over offer or a matter connected therewith. In addition, Section 139 of the SFA states that where Securities Industry Council has reason to believe that any party concerned in a take-over offer, or any person advising on a take-over offer, is in breach of the provisions of the Singapore Take-Over Code or is otherwise believed to have committed acts of misconduct in relation to such take-over offer or matter, the Securities Industry Council has the power to enquire into the suspected breach or misconduct.

Specific requirements and sanctions in relation to take-overs are set out in Section 140 of the SFA as follows:-

(a) A person who has no intention to make an offer in the nature of a take-over offer shall not give notice or publicly announce that he intends to make a take-over offer.

(b) A person shall not make a take-over offer or give notice or publicly announce that he intends to make a take-over offer if he has no reasonable or probable grounds for believing that he will be able to perform his obligations if the take-over offer is accepted or approved, as the case may be.

(c) A contravention of any of the above will make the relevant person (and, where the person is a corporation, every officer of that corporation) guilty of an offence (on conviction, liable to a fine not exceeding S$250,000 or to imprisonment for a term not exceeding 7 years or to both).

Minority Protection

The rights of minority shareholders of Singapore-incorporated companies are protected under Section 216 of the Companies Act, which gives the Singapore courts a general power to make any order, upon application by any shareholder of the Company, as they think fit to remedy any of the following situations:-

(a) the affairs of the Company are being conducted or the powers of the Board of Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of the shareholders; or

(b) the Company takes an action, or threatens to take an action, or the shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of the shareholders, including the applicant.

Singapore courts have wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in Companies Act itself. Without prejudice to the foregoing, Singapore courts may:-

(i) direct or prohibit any act or cancel or vary any transaction or resolution;

(ii) regulate the conduct of the affairs of the Company in the future;

(iii) authorise civil proceedings to be brought in the name of, or on behalf of, the Company by a person or persons and on such terms as the court may direct;

(iv) provide for the purchase of a minority shareholder's shares by the other shareholders or by the Company and, in the case of a purchase of shares by the Company, a corresponding reduction of its share capital;

(v) provide that the Memorandum of Association or the Articles be amended; or

(vi) provide that the Company be wound up.

Taxation

Singapore Taxation

General

Scope of Tax

Corporate taxpayers are subject to Singapore income tax on all income accruing in or derived from Singapore or received/deemed received in Singapore (unless specifically exempt from income tax).

Foreign-sourced income in the form of dividends, branch profits, and services income remitted or deemed remitted to Singapore by Singapore tax resident companies are exempt from Singapore income tax if the following conditions are met:-

(a) the income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received;

(b) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax in the jurisdiction from which the income is received is at least 15%; and

(c) the Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the recipient of the foreign-sourced income.

For individuals, all foreign-sourced income received in Singapore is exempt from income tax, except for income received through a partnership in Singapore if the Inland Revenue Authority of Singapore is satisfied that the tax exemption would be beneficial to the individual.

Rates of Tax

The prevailing corporate tax rate is 18% with partial exemption for the first S$300,000 of chargeable income (excluding Singapore franked dividends).

During the 2009 Budget unveiled on 22 Jan 2009, it was announced that the corporate income tax rate will be reduced to 17% with effect from the year of assessment 2010.

Singapore tax-resident individuals are subject to tax on their taxable income based progressive rates ranging from 0% to 20%. Non-Singapore tax resident individuals are subject to income tax on their taxable income at a flat rate of 20%, except that their Singapore employment income is taxed at a flat rate of 15% or at tax resident rates, whichever yields a higher tax.

Tax Residency

A company is regarded as a tax resident in Singapore if the control and management of its business is exercised in Singapore (e.g. Boards of Directors meetings are held in Singapore).

An individual is regarded as a tax resident in Singapore for a Year of Assessment if, in the preceding year, he was physically present or has exercised employment in Singapore (other than as a director of a company) for 183 or more days, or if he resides in Singapore.

Dividend Distributions

Singapore adopts the one-tier corporate tax system ("One-tier System") with takes effect from 1 January 2003. Under the One-tier System, the tax paid by companies on their corporate profits is final and dividends paid by Singapore tax resident companies are exempt from Singapore income tax in the hands of all Shareholders. There will be no tax credits attached to such dividends.

The Company is under the One-tier system. Thus, its dividends will be tax exempt to all Shareholders.

There is no withholding tax on dividend payments to non-resident Shareholders.

Gains on Disposal of Ordinary Shares

Singapore does not impose tax on capital gains. However, gains arising from the disposal of the ordinary shares that are construed to be of an income nature will be subject to tax if the gains arise from activities which the Comptroller of Income Tax considers as the carrying on of a trade or business in Singapore. Hence, any profits from the disposal of ordinary shares are not taxable in Singapore unless the seller is regarded as having derived gains of an income nature, in which case the gains on disposal of the ordinary shares would be taxable.

Stamp Duty

No stamp duty is payable on the subscription and issuance of the Shares.

Where existing Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the instrument of transfer of the Shares at the rate of S$2.00 for every S$1,000.00 or any part thereof of the consideration for or market value of, the Shares, whichever is higher. The purchaser is liable for stamp duty, unless otherwise agreed.

No stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require instruments of transfer to be executed).

Estate Duty

With effect from 15 February 2008, Singapore estate duty is abolished.

Goods and Services Tax ("GST")

The sale of the Company's ordinary shares by an investor belonging in Singapore through a member of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") or to another person belonging in Singapore is exempt from GST.

Where the Company's ordinary shares are sold by a GST-registered investor to a person belonging outside Singapore, the sale is a taxable supply subject to GST at zero-rate if certain conditions are met. Any GST incurred by a GST-registered investor in the making of this supply in the course or furtherance of a business may be recovered from the Comptroller of GST.

Services such as brokerage, handling, and clearing charges rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale, or holding of shares will be subject to GST at the standard rate (currently at 7%). Similar services rendered to an investor belonging outside of Singapore may be zero-rated if certain conditions are met.

Exchange Controls

There are no Singapore governmental laws, decrees, regulations, or other legislation that may affect the following:-

(a) the import or export of capital, including the availability of cash and cash equivalents for use by the Group; and

(b) the remittance of dividends, interest, or other payments to non-resident holders of the Company's securities.

SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

The discussion below provides information about certain provisions of the Company's Articles. A summary of the laws of Singapore is set out in the section entitled "Laws and regulations in relation to Singapore incorporated company" in Appendix IV to this Prospectus. This description is only a summary and is qualified by reference to Singapore law and the Articles. The instruments that constitute and define the Company are the Memorandum and Articles of Association of the Company.

(a) **a Director's duty to disclose his interest in contracts with the Company**

Article 96(1)

Every Director shall observe the provisions of Section 156 of the Companies Act relating to the disclosure of the interests of the Director in contracts or proposed contracts with the Company or of any office or property held by a Director which might create duties or interests in conflict with his duties or interests as a Director.

(b) **a Director's power to vote on a proposal, arrangement or contract in which the Director is interested**

Article 96(1)

A Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he or any of his associates has directly or indirectly any material interest. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is prohibited from voting, save for a few exceptions provided in the Articles.

(c) **Director's power to vote on remuneration (including pension or other benefits) for himself or for any other Director, and whether the quorum at a meeting of the Board of Directors to vote on the Director's remuneration may include the Director whose remuneration is the subject of the vote**

Article 92

The ordinary remuneration of the Directors, which shall from time to time be determined by an Ordinary Resolution passed at a General Meeting, shall not be increased except pursuant to an Ordinary Resolution passed at a General Meeting where notice of the proposed increase shall have been given in the notice convening the General Meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office. The ordinary remuneration of an executive Director may not include a commission on or a percentage of turnover and the ordinary remuneration of a non-executive Director shall be a fixed sum, and not by a commission on or a percentage of profits or turnover.

Any Director who is appointed to any executive office or serves on any committee or who otherwise performs or renders services, which, in the opinion of the Directors, are outside his ordinary duties as a Director, may be paid such extra remuneration as the Directors may determine, subject however as is hereinafter provided in this Article.

Article 93

The Directors shall be entitled to be repaid all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or General Meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.

Article 94

Subject to the Singapore Companies Act, the Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director or former Director who had held any other salaried office or place of profit with the Company or to his widow or dependants or relations or connections and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

(d) **Borrowing powers exercisable by the Directors and how such borrowing powers can be varied**

Article 124

The Directors may at their discretion exercise every borrowing power vested in the Company by its Memorandum of Association or permitted by law and may borrow or raise money from time to time for the purpose of the Company and secure the payment of such sums by mortgage, charge or hypothecation of or upon all or any of the property or assets of the Company including any uncalled or called but unpaid capital or by the issue of debentures or otherwise as they may think fit.

(e) **Appointment, Retirement, Resignation and Removal of Directors**

Article 88

Subject to the other provisions of Section 145 of the Singapore Companies Act, the number of the Directors, all of whom shall be natural persons, shall not be less than two.

Article 89

The Members in General Meeting may, subject to the provisions of these Articles, by Ordinary Resolution, from time to time remove any Director before the expiration of his period of office (notwithstanding anything in these Articles or in any agreement between the Company and such Director but without prejudice to any claim for damages under any such agreement) and appoint another person in place of a Director so removed, and may increase or reduce the number of Directors, and may alter their share qualifications. Until otherwise determined by a General Meeting, there shall be no maximum number. Subject to the provisions of the Articles, the Directors shall have power from time to time and at any time to appoint any person to be a Director either to fill a casual vacancy or as an additional Director.

Article 102

Subject as herein otherwise provided or to the terms of any subsisting agreement, the office of a Director shall be vacated on any one of the following events, namely:-

(i) if he is prohibited from being a Director by reason of any order made under the Singapore Companies Act;

(ii) if he ceases to be a Director by virtue of any of the provisions of the Singapore Companies Act;

(iii) if he resigns by writing under his hand left at the Office;

(iv) if a receiving order is made against him or if he suspends payments or makes any arrangement or compounds with his creditors generally;

(v) if he should be found lunatic or becomes of unsound mind or bankrupt during his term of office;

(vi) if he absents himself from meetings of the Directors for a continuous period of six months without leave from the Directors and the Directors resolve that his office be vacated;

(vii) if he is removed by a resolution of the Members in General Meeting pursuant to these Articles; or

(viii) subject to the provisions of the Singapore Companies Act at the conclusion of the Annual General Meeting commencing next after he attains the age of 70 years.

In accordance with the provisions of Section 152 of the Singapore Companies Act, the Company may by Ordinary Resolution of which special notice has been given remove any Director before the expiration of his period of office, notwithstanding any provision of these Articles or of any agreement between the Company and such Director but without prejudice to any claim he may have for damages for breach of any such agreement. The Members in General Meeting may appoint another person in place of a Director so removed from office and any person so appointed shall be subject to retirement by rotation at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director. In default of such appointment the vacancy so arising may be filled by the Directors as a casual vacancy.

Article 103

A Director who is appointed by the Company as director of any related or associated company of the Company shall resign (without compensation whatsoever) as such director if he is removed or resigns as Director of the Company or if his office as Director is vacated (notwithstanding any agreement between the Director and the Company or any such related or associated company). An employee of the Company who is appointed director of any related or associated company of the Company shall resign (without compensation whatsoever) as such director if he ceases for any reason whatsoever to be an employee of the Company.

Article 104

Subject to the Articles and to the Singapore Companies Act, at each Annual General Meeting at least one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation. Provided that all Directors except the Managing or Joint Managing Director (or an equivalent office) shall retire from office at least once every three years and Provided further that no Director holding office as Managing or Joint Managing Director (or an equivalent office) shall be subject to retirement by rotation or be taken into account in determining the number of Directors to retire.

Article 105

The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who is due to retire at the meeting by reason of age or who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment or have been in office for the three years since their last election. However as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.

Article 106

The Company at the Meeting at which a Director retires under any provision of the Articles may by Ordinary Resolution fill up the vacated office by electing a person thereto. In default the retiring Director shall be deemed to have been re-elected, unless:-

(i) at such Meeting it is expressly resolved not to fill up such vacated office or a resolution for the re-election of such Director is put to the Meeting and lost; or

(ii) such Director is disqualified under the Singapore Companies Act from holding office as a Director or has given notice in writing to the Company that he is unwilling to be re-elected; or

(iii) such Director has attained any retiring age applicable to him as a Director.

(f) **The number of Shares, if any, required for Director's qualification**

Article 91

A Director need not be a Member and shall not be required to hold any share qualification in the Company and shall be entitled to attend and speak at General Meetings but subject to the provisions of the Singapore Companies Act he shall not be of or over the age of 70 years at the date of his appointment.

(g) **Rights, preferences and restrictions attaching to each class of Shares**

Article 8

Subject to the Singapore Companies Act and the Articles, no shares may be issued by the Directors without the prior approval of the Members in General Meeting but subject thereto and to Article 52, and to any special rights attached to any shares for the time being issued, the Directors may issue, allot or grant options over or otherwise deal with or dispose of the same to such persons on such terms and conditions and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and any shares may be issued in such denominations or with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, provided always that:-

(i) no shares shall be issued which results in a transfer of a controlling interest in the Company without the prior approval of the Members in a General Meeting;

(ii) the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same;

(iii) where the capital of the Company consists of shares of different monetary denominations, the voting rights shall be prescribed in such manner that a unit of capital in each class when reduced to a common denominator, shall carry the same voting power when such right is exercisable;

(iv) no shares shall be issued at a discount, except in accordance with the Act;

(v) any issue of shares for cash to Members holding shares of any class shall be offered to such Members in proportion as nearly as may be to the number of shares of such class then held by them and the second sentence of Article 52(1) with such adaptations as are necessary shall apply; and

(vi) where the Company issues shares which do not carry voting rights, the words "non-voting" shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting".

Article 9

Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending General Meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrears.

The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares from time to time already issued or about to be issued.

Article 9A

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

Article 14

Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by the Articles or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the person entered in the Register of Members as the registered holder thereof. Nothing contained in any notification of substantial shareholding to the Company or in response to a notice pursuant to Section 92 of the Singapore Companies Act or any note made by the Company of any particulars in such notification or response shall derogate or limit or restrict or qualify these provisions; and any proxy or instructions on any matter whatsoever given to the Company or the Directors shall not constitute any notification of trust and the acceptance of such proxies and the acceptance of or compliance with such instructions by the Company or the Directors shall not constitute the taking of any notice of trust.

Article 15

The Company shall not be bound to register more than four persons as the joint holders of any share except in the case of executors or administrators of the estate of a deceased Member.

If two or more persons are registered as joint holders of any share any one of such person may give effectual receipts for any dividend payable in respect of such share and the joint holders of a share shall, subject to the provisions of the Singapore Companies Act, be severally as well as jointly liable for the payment of all installments and calls and interest due in respect of such shares.

Only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive notices from the Company and any notice given to such person shall be deemed notice to all the joint holders.

Article 19

Shares must be allotted and certificates despatched within 10 Market Days of the final closing date for an issue of shares. Persons entered in the Register of Members as registered holders of shares shall be entitled to certificates within 10 Market Days after lodgement of any properly executed transfer or other relevant documents or the relevant certificates.

Article 21

Subject to the Articles, any Member may transfer all or any of his shares but every instrument of transfer of the legal title in shares must be in writing and in the form for the time being approved by the Directors. Shares of different classes shall not be comprised in the same instrument of transfer.

Article 23

No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

Article 24

Subject to the Articles, there shall be no restriction on the transfer of fully paid up shares except where required by law or by the rules, bye-laws or rules of the Designated Stock Exchange. The Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien or which are not fully paid up. If the Directors shall decline to register any such transfer of shares, they shall give to both the transferor and the transferee written notice of their refusal to register as required by the Singapore Companies Act.

The Directors may decline to register any instrument of transfer unless:-

(i) a fee of such maximum sum as the Designated Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require, is paid to the Company in respect thereof;

(ii) the instrument of transfer, duly stamped in accordance with any law for the time being in force relating to stamp duty, is deposited at the Office or at such other place (if any) as the Directors appoint accompanied by the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and

(iii) the instrument of transfer is in respect of only one class of shares.

Article 27

Nothing in the Articles shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favor of some other person.

Article 50

The Members in General Meeting may from time to time by Ordinary Resolution, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully called up or not, increase its capital by the creation of new shares of such amount as may be deemed expedient.

Article 51

Subject to any special rights for the time being attached to any existing class of shares, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation thereof shall direct and if no direction be given as the Directors shall determine; subject to the provisions of the Articles and in particular (but without prejudice to the generality of the foregoing) such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company or otherwise.

Article 52

Subject to any direction to the contrary that may be given by the Members in General Meeting, all new shares shall, before issue, be offered to the Members in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled or hold. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article.

Notwithstanding Article 52(1) above but subject to the Singapore Companies Act, the Directors shall not be required to offer any new shares to members to whom by reason of foreign securities laws such offers may not be made without registration of the shares or a prospectus or other document, but to sell the entitlements to the new shares on behalf of such Members in such manner as they think most beneficial to the Company.

Article 53

Except so far as otherwise provided by the conditions of issue or by the Articles, any capital raised by the creation of new shares shall be considered part of the original ordinary capital of the Company and shall be subject to the provisions of the Articles with reference to allotments, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

Article 76

Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company each Member entitled to vote may vote in person or by proxy or attorney, and (in the case of a corporation) by a representative, and each member shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share.

Article 76A

Where the Company has knowledge that any Member is, under the rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.

Article 78

If a Member be a lunatic, idiot or non-compos mentis, he may vote on a poll by his committee, curator bonis or such other person as properly has the management of his estate and any such committee, curator bonis or other person may vote by proxy or attorney, provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than forty-eight hours before the time appointed for holding the Meeting.

(h) **Any change in capital**

Article 7

The Company may purchase or otherwise acquire its issued shares or purchases for redemption a redeemable share either out of or otherwise than out of its distributable profits or the proceeds of a fresh issue of shares subject to and in accordance with the provisions of the Act and any other applicable rule, law or regulation enacted or promulgated by any relevant competent authority from time to time, including the Companies Ordinance (the "Applicable Laws"), on such terms and subject to such conditions as the Company may in general meeting prescribe in accordance with the Applicable Laws. Any shares purchased or acquired by the Company as aforesaid shall be dealt with in accordance with the Applicable Laws. Save as provided and then only to the extent permitted by the Applicable Laws, none of the funds or assets of the Company or of any subsidiary thereof shall be directly or indirectly employed in the purchase or subscription of or in loans upon the security of the Company's shares (or its holding company, if any) and the Company shall not, except as authorised by the Applicable Laws give any financial assistance for the purpose of or in connection with any purchase of shares in the Company (or its holding company, if any). Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender shall be limited to a maximum price as may from time to time be determined by the Members in General Meeting, either generally or with regard to specific purchases. If purchases are by tender, tenders shall be available to all Members alike.

Article 54

The Company may by Ordinary Resolution:-

(i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(ii) cancel any shares which, at the date of the passing of the Resolution, have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled;

(iii) subdivide its shares or any of them into shares of a smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the provisions of the Singapore Companies Act), provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and

(iv) subject to the provisions of the Articles and the Singapore Companies Act, convert any class of shares into any other class of shares.

Article 55

The Company may by Special Resolution reduce its share capital in any manner and subject to any incident authorised and consent required by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to the Articles, the number of issued shares of the Company shall be diminished by the number of the shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.

(i) Any change in the respective rights of the various classes of Shares including the action necessary to change the rights

Article 10

If at any time the share capital is divided into different classes, the repayment of preference capital other than redeemable preference and the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Singapore Companies Act, whether or not the Company is being wound up, only be made, varied or abrogated with the sanction of a Special Resolution passed at a separate General Meeting of the holders of shares of the class and to every such Special Resolution the provisions of Section 184 of the Singapore Companies Act shall, with such adaptations as are necessary, apply. To every such separate General Meeting the provisions of the Articles relating to General Meetings shall *mutatis mutandis* apply; but so that the necessary quorum (other than at an adjourned meeting) shall be two persons at least holding or representing by proxy or by attorney one-third of the issued shares of the class. Provided always that where the necessary majority for such a Special Resolution is not obtained at the Meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two months of the Meeting shall be as valid and effectual as a Special Resolution carried at the Meeting.

The repayment of preference capital other than redeemable preference capital or any other alteration of preference shareholder rights, may only be made pursuant to a special resolution of the preference shareholders concerned. PROVIDED ALWAYS that where the necessary majority for such a special resolution is not obtained at the Meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two months of the Meeting, shall be as valid and effectual as a special resolution carried at the Meeting.

Article 11

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by these Articles as are in force at the time of such issue, be deemed to be varied by the creation or issue of further shares ranking equally therewith.

(j) Dividends and distribution

Article 129

The Directors may, with the sanction of the Company, by Ordinary Resolution declare dividends but (without prejudice to the powers of the Company to pay interest on share capital as hereinbefore provided) no dividend shall be payable except out of the profits of the Company.

Article 130

Subject to the rights of holders of shares with special rights as to dividend (if any), all dividends shall be declared and paid according to the amounts paid on the shares in respect whereof the dividend is paid, but (for the purposes of this Article only) no amount paid on a share in advance of calls shall be treated as paid on the share. All dividends shall be apportioned and paid pro rata according to the amount paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date such shares shall rank for dividend accordingly.

Article 131

Notwithstanding Article 130, if, and so far as in the opinion of the Directors, the profits of the Company justify such payments, the Directors may pay fixed preferential dividends on any express class of shares carrying a fixed preferential dividend expressed to be payable on a fixed date on the half-yearly or other dates (if any) prescribed for the payment thereof by the terms of issue of the shares, and subject thereto may also from time to time pay to the holders of any other class of shares interim dividends thereon of such amounts and on such dates as they may think fit.

Article 133

No dividend or other moneys payable on or in respect of a share shall bear interest against the Company.

Article 134

The Directors may deduct from any dividend or other moneys payable to any Member on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or in connection therewith, or any other account which the Company is required by law to withhold or deduct.

Article 135

The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Article 136

The Directors may retain the dividends payable on shares in respect of which any person is under the Articles, as to the transmission of shares, entitled to become a Member, or which any person under the Articles is entitled to transfer, until such person shall become a Member in respect of such shares or shall duly transfer the same.

Article 137

The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. For the avoidance of doubt no Member shall be entitled to any interest, share of revenue or other benefit arising from any unclaimed dividends, howsoever and whatsoever.

Article 138

The Company may, upon the recommendation of the Directors, by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets and in particular of paid up shares or debentures of any other company or in any one or more of such ways, and the Directors shall give effect to such Resolution, and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.

Article 139

Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled thereto or, if several persons are registered as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons or to such person and such address as such persons may by writing direct. Every such cheque and warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque if purporting to be endorsed or the receipt of any such person shall be a good discharge to the Company. Every such cheque and warrant shall be sent at the risk of the person entitled to the money represented thereby.

Article 140

A transfer of shares shall not pass the right to any dividend declared on such shares before the registration of the transfer.

(k) **Any limitation on the right to own Shares**

Article 14

Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by the Articles or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the person entered in the Register of Members as the registered holder thereof. Nothing contained in any notification of substantial shareholding to the Company or in response to a notice pursuant to Section 92 of the Singapore Companies Act or any note made by the Company of any particulars in such notification or response shall derogate or limit or restrict or qualify these provisions; and any proxy or instructions on any matter whatsoever given to the Company or the Directors shall not constitute any notification of trust and the acceptance of such proxies and the acceptance of or compliance with such instructions by the Company or the Directors shall not constitute the taking of any notice of trust.

Article 21

Subject to the Articles, any Member may transfer all or any of his shares but every instrument of transfer of the legal title in shares must be in writing and in the form for the time being approved by the Directors. Shares of different classes shall not be comprised in the same instrument of transfer.

Article 23

No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

Article 24

Subject to the Articles, there shall be no restriction on the transfer of fully paid up shares except where required by law or by the rules, bye-laws or rules of the Designated Stock Exchange. The Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien or which are not fully paid up. If the Directors shall decline to register any such transfer of shares, they shall give to both the transferor and the transferee written notice of their refusal to register as required by the Singapore Companies Act.

The Directors may decline to register any instrument of transfer unless:-

(i) a fee of such maximum sum as the Designated Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require, is paid to the Company in respect thereof;

(ii) the instrument of transfer, duly stamped in accordance with any law for the time being in force relating to stamp duty, is deposited at the Office or at such other place (if any) as the Directors appoint accompanied by the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and

(iii) the instrument of transfer is in respect of only one class of shares.

Article 52

Subject to any direction to the contrary that may be given by the Members in General Meeting, all new shares shall, before issue, be offered to the Members in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled or hold. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article.

Notwithstanding Article 52(1) above but subject to the Singapore Companies Act, the Directors shall not be required to offer any new shares to members to whom by reason of foreign securities laws such offers may not be made without registration of the shares or a prospectus or other document, but to sell the entitlements to the new shares on behalf of such Members in such manner as they think most beneficial to the Company.

(l) **Approval for issue of new ordinary Shares**

Article 8

Subject to the Singapore Companies Act and the Articles, no shares may be issued by the Directors without the prior approval of the Members in General Meeting but subject thereto and to Article 52, and to any special rights attached to any shares for the time being issued, the Directors may issue, allot or grant options over or otherwise deal with or dispose of the same to such persons on such terms and conditions and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and any shares may be issued in such denominations or with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, provided always that:-

(i) no shares shall be issued which results in a transfer of a controlling interest in the Company without the prior approval of the Members in a General Meeting;

(ii) the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same;

(iii) where the capital of the Company consists of shares of different monetary denominations, the voting rights shall be prescribed in such manner that a unit of capital in each class when reduced to a common denominator, shall carry the same voting power when such right is exercisable;

(iv) no shares shall be issued at a discount, except in accordance with the Act;

(v) any issue of shares for cash to Members holding shares of any class shall be offered to such Members in proportion as nearly as may be to the number of shares of such class then held by them and the second sentence of Article 52(1) with such adaptations as are necessary shall apply; and

(vi) where the Company issues shares which do not carry voting rights, the words "non-voting" shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting".

(m) **Transfer of ordinary Shares and replacement of share certificates**

Article 21

Subject to these Articles, any Member may transfer all or any of his shares but every instrument of transfer of the legal title in shares must be in writing and in the form for the time being approved by the Directors. Shares of different classes shall not be comprised in the same instrument of transfer.

Article 22

The instrument of transfer of a share shall be signed by or on behalf of the transferor and the transferee and be witnessed. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members.

Article 23

No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

Article 24

Subject to the Articles, there shall be no restriction on the transfer of fully paid up shares except where required by law or by the rules, bye-laws or rules of the Designated Stock Exchange. The Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien or which are not fully paid up. If the Directors shall decline to register any such transfer of shares, they shall give to both the transferor and the transferee written notice of their refusal to register as required by the Singapore Companies Act.

The Directors may decline to register any instrument of transfer unless:-

(i) a fee of such maximum sum as the Designated Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require, is paid to the Company in respect thereof;

(ii) the instrument of transfer, duly stamped in accordance with any law for the time being in force relating to stamp duty, is deposited at the Office or at such other place (if any) as the Directors appoint accompanied by the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and

(iii) the instrument of transfer is in respect of only one class of shares.

Article 20

Subject to the provisions of the Singapore Companies Act, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled or purchaser as the Directors of the Company shall require, and (in case of defacement or wearing out) on delivery up of the old certificate and in any case on payment of a fee not exceeding S$2 as the Directors may from time to time require provided always that where share warrants have been issued, no new share warrant shall be issued to replace one that has been lost unless the Directors are satisfied beyond reasonable doubt that the original has been destroyed. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.

(n) **General Meeting of Shareholders**

Article 60

Subject to the provisions of the Singapore Companies Act, the Company shall in each year hold a General Meeting in addition to any other meetings in that year to be called the Annual General Meeting, and not more than fifteen months shall elapse between the date of one Annual General Meeting of the Company and that of the next. The Annual General Meeting shall be held at such time and place as the Directors shall appoint.

All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings.

Article 61

The Directors may, whenever they think fit, convene an Extraordinary General Meeting and Extraordinary General Meetings shall also be convened on such requisition or, in default, may be convened by such requisitionists as provided by Section 176 of the Singapore Companies Act. If at any time there are not within Singapore sufficient Directors capable of acting to form a quorum at a meeting of Directors, any Director may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

Article 62

62(1). Any general meeting at which it is proposed to pass special resolutions or (save as provided by the provisions of the Act) a resolution of which special notice has been given to the Company, shall be called by at least twenty-one days' notice in writing (exclusive both of the day on which the notice is served or deemed to be served and of the day for which the notice is given) and an annual general meeting or any other general meeting by at least fourteen days' notice in writing (exclusive both of the day on which the notice is served or deemed to be served and of the day for which the notice is given) to such persons (including the Auditors) as are under the provisions herein contained entitled to receive notice from the Company.

62(2). The accidental omission to give notice to, or the non-receipt by any person entitled thereto, shall not invalidate the proceedings at any General Meeting.

62(3). Subject to Article 62(4), where a company (not being a company which is a wholly owned subsidiary) gives notice of the intention to move a resolution at a general meeting of the company or a meeting of any class of members of the company the notice shall include or be accompanied by a statement:

(a) containing such information and explanation, if any, as is reasonably necessary to indicate the purpose of the resolution; and

(b) disclosing any material interests of any director in the matter dealt with by the resolution so far as the resolution affects those interests differently from the interests of other members of the company.

62(4). Article 62(3) shall not apply in relation to any resolution of which notice is given by the company under Article 67.

Article 63

Every notice calling a General Meeting shall specify the place and the day and hour of the Meeting and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and to vote instead of him and that a proxy need not be a Member of the Company.

In the case of an Annual General Meeting, the notice shall also specify the Meeting as such.

In the case of any General Meeting at which business other than routine business is to be transacted (special business), the notice shall specify the general nature of the special business, and if any resolution is to be proposed as a Special Resolution or as requiring special notice, the notice shall contain a statement to that effect.

Article 64

All business shall be deemed special that is transacted at any Extraordinary General Meeting, and all that is transacted at an Annual General Meeting shall also be deemed special, with the exception of sanctioning a dividend, the consideration of the accounts and balance sheet and the reports of the Directors and Auditors, and any other documents required to be annexed to the balance sheet, electing Directors in place of those retiring by rotation or otherwise and the fixing of the Directors' remuneration and the appointment and fixing of the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business.

Article 65

No business shall be transacted at any General Meeting unless a quorum is present at the time the meeting proceeds to business. Save as herein otherwise provided, two Members present in person shall form a quorum. For the purpose of this Article, "Member" includes a person attending by proxy or by attorney or as representing a corporation which is a Member. Provided that (i) a proxy representing more than one Member shall only count as one Member for the purpose of determining the quorum; and (ii) where a Member is represented by more than one proxy such proxies shall count as only one Member for the purpose of determining the quorum.

Article 66

If within half an hour from the time appointed for the Meeting a quorum is not present, the Meeting if convened on the requisition of Members shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place, or to such other day and at such other time and place as the Directors may determine, and if at such adjourned Meeting a quorum is not present within half an hour from the time appointed for holding the Meeting, the Meeting shall be dissolved.

Article 81

On a poll votes may be given either personally or by proxy or by attorney or in the case of a corporation by its representative and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

Article 82

A Member may appoint not more than two proxies to attend and vote at the same General Meeting.

Where a Member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

Voting right(s) attached to any shares in respect of which a Member has not appointed a proxy may only be exercised at the relevant general meeting by the member personally or by his attorney, or in the case of a corporation by its representative.

Where a Member appoints a proxy in respect of more shares than the shares standing to his name in the Register of Members, such proxy may not exercise any of the votes or rights of the shares not registered to the name of that Member in the Register of Members.

Article 83

A proxy or attorney need not be a Member, and shall be entitled to vote on poll on any question at any General Meeting.

Article 84

Any instrument appointing a proxy shall be in writing in the common form approved by the Directors (provided that this shall not preclude the use of the two-way form) under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, under seal or under the hand of its attorney duly authorised and the Company shall accept as valid in all respects the form of proxy approved by the Directors for use at the date relevant to the General Meeting in question.

Article 85

The instrument appointing a proxy, together with the power of attorney or other authority, if any, under which the instrument of proxy is signed or a duly certified copy of that power of attorney or other authority (failing previous registration with the Company) shall be attached to the instrument of proxy and must be left at the Office or such other place (if any) as is specified for the purpose in the notice convening the Meeting not less than forty-eight hours before the time appointed for the holding of the Meeting or adjourned Meeting (or in the case of a poll before the time appointed for the taking of the poll) at which it is to be used failing which the instrument may be treated as invalid. An instrument appointing a proxy shall, unless the contrary is stated thereon, be valid as well for any adjournment of the Meeting as for the Meeting to which it relates Provided that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates. An instrument of proxy shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointor. Unless otherwise instructed, a proxy shall vote as he thinks fit. The signature on an instrument appointing a proxy need not be witnessed.

Article 86

A vote given in accordance with the terms of an instrument of proxy (which for the purposes of these Articles shall also include a power of attorney) shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy, or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at the Office (or such other place as may be specified for the deposit of instruments appointing proxies) before the commencement of the Meeting or adjourned Meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the proxy is used.

Article 87

Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any Meeting of the Company or of any class of Members and the persons so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual Member of the Company. The Company shall be entitled to treat a certificate under the seal of the corporation as conclusive evidence of the appointment or revocation of appointment of a representative under this Article.

(o) **Voting rights**

Article 70

At any General Meeting a resolution put to the vote of the Meeting shall be decided on a poll.

Article 71

Voting by poll shall be taken in such manner (including the use of ballot or voting papers or tickets) as the Chairman may direct and the result of a poll shall be deemed to be the resolution of the Meeting. The Chairman may, and if so requested shall, appoint scrutineers and may adjourn the Meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

Article 72

If any votes are counted which ought not to have been counted or might have been rejected, the error shall not vitiate the result of the voting unless it is pointed out at the same Meeting or at any adjournment thereof, and not in that case unless it shall in the opinion of the Chairman be of sufficient magnitude.

Article 73

Subject to the Act, in the case of equality of votes, the Chairman of the Meeting shall be entitled to a second or casting vote in addition to the votes to which he may be entitled as a Member or as proxy of a Member.

Article 76

Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company each Member entitled to vote may vote in person or by proxy or attorney, and (in the case of a corporation) by a representative, and each member shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share.

Article 76A

Where the Company has knowledge that any Member is, under the rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.

Article 77

Where there are joint holders of any share any one of such persons may vote and be reckoned in a quorum at any Meeting either personally or by proxy or by attorney or in the case of a corporation by a representative as if he were solely entitled thereto but if more than one of such joint holders is so present at any meeting then the person present whose name stands first in the Register of Members in respect of such share shall alone be entitled to vote in respect thereof.

Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this Article be deemed joint holders thereof.

Article 78

If a Member be a lunatic, idiot or non-compos mentis, he may vote on a poll by his committee, curator bonis or such other person as properly has the management of his estate and any such committee, curator bonis or other person may vote by proxy or attorney, provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than forty-eight hours before the time appointed for holding the Meeting.

Article 79

Subject to the provisions of these Articles, every Member either personally or by attorney or in the case of a corporation by a representative and every proxy shall be entitled to be present and to vote at any General Meeting and to be reckoned in the quorum thereat in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid.

(p) **Capitalisation and rights issues**

Article 142

The Company may, upon the recommendation of the Directors, by Ordinary Resolution resolve that it is desirable to capitalise any sum for the time being standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution; provided that such sum be not required for paying the dividends on any shares carrying a fixed cumulative preferential dividend and accordingly that the Directors be authorised and directed to appropriate the sum resolved to be capitalised to the Members holding shares in the Company in the proportions in which such sum would have been divisible among them had the same been applied or have been applicable in paying dividends and to apply such sum on their behalf either in or towards paying up the amounts (if any) for the time being unpaid on any shares held by such Members respectively, or in paying up in full unissued shares or debentures of the Company, such shares or debentures to be allotted and distributed and credited as fully paid up to and among such Members in the proportion aforesaid or partly in one way and partly in the other. Where any difficulty arises in respect of any such distribution the Directors may settle the same as they think expedient and in particular they may fix the value for distribution of any fully paid-up shares or debentures, make cash payments to any Members on the footing of the value so fixed in order to adjust rights, and vest any such shares or debentures in trustees upon such trusts for the persons entitled to share in the appropriation and distribution as may seem just and expedient to the Directors. When deemed requisite a proper contract for the allotment and acceptance of any shares to be distributed as aforesaid shall be delivered to the Registrar of Companies for registration in accordance with the Act and the Directors may appoint any person to sign such contract on behalf of the persons entitled to share in the appropriation and distribution and such appointment shall be effective.

Article 143

Whenever such a resolution as aforesaid shall have been passed the Directors shall make all appropriations and applications of the sum resolved to be capitalised thereby, all allotments and issues of fully paid shares or debentures (if any), and generally shall do all acts and things required to give effect thereto and also to authorise any person to enter on behalf of all the Members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalisation or (as the case may require) for the payment up by the Company on their behalf, by the application thereto of their respective proportions of the sum resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares and any agreement made under such authority shall be effective and binding on all such Members.

(q) **Indemnity**

Article 166

Subject to the provisions of the Singapore Companies Act, every Director, Auditor, Secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or in relation thereto, and in particular and without prejudice to the generality of the foregoing, no Director, Manager, Secretary or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or left or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same happen through his own negligence, wilful default, breach of duty or breach of trust.

(r) **Accounts and audit**

Article 147

The Directors shall cause to be kept such accounting and other records as are necessary to comply with the provisions of the Singapore Companies Act and shall cause those records to be kept in such manner as to enable them to be conveniently and properly audited.

Article 148

Subject to the provisions of Section 199 of the Singapore Companies Act, the books of accounts shall be kept at the Office or at such other place or places as the Directors think fit within Singapore and shall be open to the inspection of the Directors. No Member (other than a Director) shall have any right to inspect any account or book or document or other recording of the Company except as is conferred by law or authorised by the Directors or by an Ordinary Resolution of the Company.

Article 149

In accordance with the provisions of the Singapore Companies Act, the Directors shall cause to be prepared and to be laid before the Members in General Meeting such profit and loss accounts, balance sheets, group accounts (if any) and reports as may be necessary. The interval between the close of a financial year of the Company and the issue of accounts relating thereto shall not exceed four months.

Article 150

A copy of every balance sheet and profit and loss account which is to be laid before a General Meeting of the Company (including every document required by the Act and any other Applicable Laws to be annexed thereto) together with a copy of every report of the Auditors relating thereto and of the Directors' report shall not less than twenty-one days before the date of the Meeting be sent to every Member of, and every holder of debentures (if any) of, the Company and to every other person who is entitled to receive notices from the Company under the provisions of the Singapore Companies Act or of the Articles; provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware or to more than one of the joint holders of a share in the Company but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the office.

(s) **Alteration of Articles**

Article 167

Subject to the provisions of the Companies Ordinance and to the conditions contained in the Memorandum of Association of the Company, deletion, amendment or addition to the Articles shall be made by a Special Resolution passed by the Members at a General Meeting.

(t) **Liquidation**

Article 164

If the Company is wound up (whether the liquidation is voluntary, under supervision or by the Court) the Liquidator may, with the authority of a Special Resolution, divide among the Members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds and may for such purpose set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The Liquidator may, with the like authority, vest the whole or any part of the assets in trustees upon such trusts for the benefit of Members as the Liquidator with the like authority thinks fit, and the liquidation of the Company may be closed and the Company dissolved, but no Member shall be compelled to accept any shares or other securities in respect of which there is a liability.

Article 165

On a voluntary winding up of the Company, no commission or fee shall be paid to a Liquidator without the prior approval of the Members in General Meeting. The amount of such commission or fee shall be notified to all Members not less than seven days prior to the Meeting at which it is to be considered.

(u) **Call on Shares and forfeiture of Shares**

Article 32

The Directors may from time to time make such calls as they think fit upon the Members in respect of any money unpaid on their shares and not by the terms of the issue thereof made payable at fixed times, and each Member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine.

Article 33

A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by installments.

Article 34

If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum due from the day appointed for payment thereof to the time of actual payment at such rate not exceeding ten per cent per annum as the Directors determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

Article 35

Any sum which by the terms of issue and allotment of a share becomes payable upon allotment or at any fixed date shall for all purposes of the Articles be deemed to be a call duly made and payable on the date on which, by the terms of issue, the same becomes payable, and in case of non-payment all the relevant provisions of the Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

Article 37

The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the money uncalled and unpaid upon the shares held by him and such payments in advance of calls shall extinguish (so far as the same shall extend) the liability upon the shares in respect of which it is made, and upon the money so received or so much thereof as from time to time exceeds the amount of the calls then made upon the shares concerned, the Company may pay interest at such rate not exceeding without the sanction of the Members in General Meeting ten per cent per annum as the Member paying such sum and the Directors agree upon. Capital paid on shares in advance of calls shall not whilst carrying interest confer a right to participate in profits subsequently declared and until appropriated towards satisfaction of any call shall be treated as a loan to the Company and not as part of its capital and shall be repayable at any time if the Directors so decide.

Article 38

If any Member fails to pay in full any call or installment of a call on or before the day appointed for payment thereof, the Directors may at any time thereafter serve a notice on such Member requiring payment of so much of the call or installment as is unpaid together with any interest and expense which may have accrued by reason of such non-payment.

Article 39

The notice shall name a further day (not being less than seven days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call was made will be liable to be forfeited.

Article 40

If the requirements of any such notice as aforesaid are not complied with any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before the forfeiture. The forfeiture or surrender of a share shall involve the extinction at the time of forfeiture or surrender of all interest in and all claims and demands against the Company in respect of the share, and all other rights and liabilities incidental to the share as between the Member whose share is forfeited or surrendered and the Company, except only such of those rights and liabilities as are by the Articles expressly saved, or as are by the Act given or imposed in the case of past Members. The Directors may accept a surrender of any share liable to be forfeited hereunder.

Article 41

When any share has been forfeited in accordance with the Articles, notice of the forfeiture shall forthwith be given to the holder of the share or to the person entitled to the share by transmission, as the case may be, and an entry of such notice having been given, and of the forfeiture with the date thereof, shall forthwith be made in the Register of Members opposite to the share; but the provisions of this Article are directory only, and no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

Article 42

Notwithstanding any such forfeiture as aforesaid, the Directors may, at any time before the forfeited share has been otherwise disposed of, annul the forfeiture, upon the terms of payment of all calls and interest due thereon and all expenses incurred in respect of the share and upon such further terms (if any) as they shall see fit.

Article 43

A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person, upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. To give effect to any such sale, the Directors may, if necessary, authorise some person to transfer a forfeited or surrendered share to any such person as aforesaid.

Article 44

A Member whose shares have been forfeited or surrendered shall cease to be a Member in respect of the shares, but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were payable by him to the Company in respect of the shares with interest thereon at ten per cent per annum (or such lower rate as the Directors may approve) from the date of forfeiture or surrender until payment, but such liability shall cease if and when the Company receives payment in full of all such money in respect of the shares and the Directors may waive payment of such interest either wholly or in part.

Article 45

The Company shall have a first and paramount lien and charge on every share (not being a fully paid share) in the name of each Member (whether solely or jointly with others) and on the dividends declared or payable in respect thereof for all unpaid calls and installments due on any such share and interest and expenses thereon but such lien shall only be upon the specific shares in respect of which such calls or installments are due and unpaid and to such amounts as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member.

Article 46

No Member shall be entitled to receive any dividend or to exercise any privileges as a Member until he shall have paid all calls for the time being due and payable on every share held by him, whether along or jointly with any other person, together with interest and expenses (if any).

Article 47

The Directors may sell in such manner as the Directors think fit any share on which the Company has a lien but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of seven days after notice in writing stating and demanding payment of the sum payable and giving notice of intention to sell in default, shall have been given to the Member for the time being in relation to the share or the person entitled thereto by reason of his death or bankruptcy. To give effect to any such sale, the Directors may authorise some person to transfer the shares sold to the purchaser thereof.

Article 48

The net proceeds of sale, whether of a share forfeited by the Company or of a share over which the Company has a lien, after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the unpaid call and accrued interest and expenses and the residue (if any) paid to the Member entitled to the share at the time of sale or his executors, administrators or assigns or as he may direct.

Article 49

A statutory declaration in writing by a Director of the Company that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts stated therein as against all persons claiming to be entitled to the share, and such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof, together with the certificate under Seal for the share delivered to a purchaser or allottee thereof, shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be entered in the Register of Members as the holder of the share in respect of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the forfeiture, surrender, sale, re-allotment or disposal of the share.

(v) **Untraceable members**

Article 59A

Without prejudice to the rights of the Company under paragraph (2) of Article 59A, the Company may cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered.

The Company shall have the power to sell, in such manner as the Board thinks fit, any shares of a Member who is untraceable, but no such sale shall be made unless:

(a) all cheques or warrants in respect of dividends of the shares in question, being not less than three in total number, for any sum payable in cash to the holder of such shares in respect of them sent during the relevant period in the manner authorised by the Articles of the Company have remained uncashed;

(b) so far as it is aware at the end of the relevant period, the Company has not at any time during the relevant period received any indication of the existence of the Member who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operation of law; and

(c) the Company, if so required by the rules governing the listing of shares on the Designated Stock Exchange, has given notice to, and caused advertisement in newspapers in accordance with the requirements of, the Designated Stock Exchange to be made of its intention to sell such shares in the manner required by the Designated Stock Exchange, and a period of three (3) months or such shorter period as may be allowed by the Designated Stock Exchange has elapsed since the date of such advertisement.

For the purpose of the foregoing, the "relevant period" means the period commencing twelve (12) years before the date of publication of the advertisement referred to in paragraph (c) of this Article and ending at the expiry of the period referred to in that paragraph.

To give effect to any such sale the Board may authorise some person to transfer the said shares and an instrument of transfer signed or otherwise executed by or on behalf of such person shall be as effective as if it had been executed by the registered holder or the person entitled by transmission to such shares, and the purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of the sale will belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former Member for an amount equal to such net proceeds. No trust shall be created in respect of such debt and no interest shall be payable in respect of it and the Company shall not be required to account for any money earned from the net proceeds which may be employed in the business of the Company or as it thinks fit. Any sale under this Article shall be valid and effective notwithstanding that the Member holding the shares sold is dead, bankrupt or otherwise under any legal disability or incapacity.

A. FURTHER INFORMATION ABOUT THE COMPANY

1. Incorporation

The Company was incorporated in Singapore under the Singapore Companies Act as a limited private company under the name of "Technovator Int Private Ltd." on 25 May 2005. On 2 September 2011, the Company was converted from a limited private company to a public company limited by shares and the Company's name was changed from "Technovator Int Private Ltd." to "Technovator Int Limited". The Company's name was further changed from "Technovator Int Limited" to "Technovator International Limited" on 8 September 2011. The Company has been registered as a non-Hong Kong company under Part XI of the Companies Ordinance on 15 September 2011 and the Company's principal place of business in Hong Kong is at 43rd Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong. Mr. Leung Lok Wai of Room 1021, Sin Sam House, Lung Hang Estate, Shatin, Hong Kong, a Hong Kong resident, has been appointed as the authorised representative of the Company for the acceptance of service of process and notices in Hong Kong.

As the Company was incorporated in Singapore, it operates subject to the relevant laws of Singapore and its constitution which comprises a memorandum of association and an articles of association. A summary of certain provisions of the Memorandum and the Articles of the Company and of certain aspects of the Singapore Companies Act is set out in Appendix V to this prospectus.

The address of the Company's registered office is 66 Tannery Lane, #04-10/A, Sindo Industrial Building, Singapore (347805).

2. Changes in share capital of the Company

As at the date of incorporation of the Company, its issued and paid-up share capital was US$2 comprising two Shares. The following sets out the changes in the share capital of the Company since the date of its incorporation:

(a) On 25 May 2005, pursuant to the first director's resolutions in writing of the Company passed on 25 May 2005, one Share was issued, allotted and credited as fully paid to Seah Han Leong and one Share was issued, allotted and credited as fully paid to Tongfang.

(b) On 26 June 2005, pursuant to the director's resolutions in writing of the Company passed on 26 June 2005, 99,999 Shares and 899,999 Shares were issued, allotted and credited as fully paid to Seah Han Leong and Tongfang, respectively.

(c) On 28 October 2006, pursuant to the director's resolutions in writing of the Company passed on 28 October 2006, 2,000,000 Shares were issued, allotted and credited as fully paid to Resuccess.

(d) On 2 April 2007, pursuant to the director's resolutions in writing of the Company passed on 2 April 2007, 200,000 Shares were issued, allotted and credited as fully paid to M2M Holdings Ltd.

(e) On 15 January 2008, pursuant to an investment agreement and a supplemental agreement both dated 15 June 2007 entered into between, among others, Dragon Point Limited, CTC Capital, the Company, Resuccess and Tongfang, and a second supplemental agreement dated 29 October 2007 entered into among Dragon Point Limited, Yung Li Investments Inc., the Company, Resuccess and Tongfang 840,000 and 560,000 redeemable convertible preference shares of the Company were issued, allotted and credited as fully paid to Dragon Point Limited and Yung Li Investment Inc., at a consideration of US$3,000,000 and US$2,000,000, respectively.

(f) On 28 May 2008, pursuant to the director's resolutions in writing of the Company passed on 28 May 2008, 1,400,000 Shares were issued, allotted and credited as fully paid to Tongfang at a consideration of US$4,999,400.00.

(g) On 28 May 2008, pursuant to a subscription agreement dated 7 May 2008 entered into between the Company, Dragon Point Limited, CTC Capital Partners I, L.P. and CTC Capital Partners Co., Ltd., 2,110,908 Shares, 234,546 Shares and 234,546 Shares were issued, allotted and credited as fully paid to Dragon Point Limited, CTC Capital Partners I, L.P. and CTC Capital Partners Co., Ltd. at a consideration of US$7,538,052.47, US$837,563.76 and US$837,563.77, respectively.

(h) On 29 May 2008, pursuant to the director's resolutions in writing of the Company passed on 29 May 2008, 500,000 Shares were issued, allotted and credited as fully paid to Diamond Standard Ltd at a consideration of US$1,785,500.

(i) On 30 May 2008, pursuant to Article 1(A) of the Supplemental Articles of Association of the Company, Dragon Point Limited and Yung Li Investment Inc. converted the 840,000 and 560,000 redeemable convertible preference shares of the Company held by each of them respectively into 840,000 Shares and 560,000 Shares respectively at a redemption price of US$3.5714285720 per redeemable convertible preference share.

(j) On 31 May 2008, Dragon Point Limited transferred 240,000 Shares to Diamond Standard Ltd at a consideration of US$1, and Yung Li Investment Inc. transferred 160,000 Shares to Diamond Standard Ltd at a consideration of US$1.

(k) On 15 August 2011, pursuant to the shareholders' resolutions passed on 15 August 2011, 9,080,000 issued Shares were subdivided into 363,200,000 Shares.

Assuming that the Share Offer becomes unconditional, the issue of the Offer Shares mentioned herein is made, but taking no account of any shares which may be issued upon the exercise of the Over-allotment Option and/or the exercise of subscription rights under any options to be granted under the Technovator Employee Share Option Scheme 2009, the number of issued and fully paid-up shares will be 485,200,000 Shares.

Save as disclosed in this Appendix and in the section headed "History and corporate structure" in this prospectus, there has been no alteration in the share capital of the Company since its incorporation.

3. Changes in share capital of the members of the Group

The following alterations in the share capital or registered capital of the Company's subsidiaries took place within the two years immediately preceding the date of this prospectus:

Distech Controls
(a direct non wholly-owned subsidiary of the Company incorporated as a limited liability company in the province of Québec, Canada on 5 January 1995)

Authorised share capital

As at 17 October 2009	unlimited class A common shares and unlimited class B common shares, both with no par value, ranking pari passu in all respects with each other
As at the Latest Practicable Date	unlimited class A common shares and unlimited class B common shares, both with no par value, ranking pari passu in all respects with each other

Issued share capital

As at 17 October 2009	CAD$8,618,291 divided into 34,360,262 class A common shares with no par value
As at 25 February 2010	CAD$14,333,891 divided into 38,670,669 class A common shares with no par value
As at the Latest Practicable Date	CAD$14,333,891 divided into 38,670,669 class A common shares with no par value

Distech Europe
(an indirect non wholly-owned subsidiary of the Company incorporated as a limited liability company in the Netherlands on 8 September 2006)

Authorised share capital

As at 17 October 2009	€90,000 divided into 2,000 shares with a par value of €45 each
As at the Latest Practicable Date	€90,000 divided into 2,000 shares with a par value of €45 each

Issued share capital

As at 17 October 2009	€18,000 divided into 196 common shares and 204 preferred shares with a par value of €45 each
As at the Latest Practicable Date	€18,000 divided into 196 common shares and 204 preferred shares with a par value of €45 each

Distech US
(an indirect non wholly-owned subsidiary of the Company incorporated as a limited liability company in Delaware, the United States on 17 February 2010)

Authorised share capital

As at 17 February 2010	unlimited number of RI shares with no par value and unlimited number of PI shares with par value of CAD$100 each
As at the Latest Practicable Date	unlimited number of RI shares with no par value and unlimited number of PI shares with par value of CAD$100 each

Issued share capital

As at 17 February 2010	US$100 divided into one RI share with no par value
As at 25 February 2010	US$100 divided into one RI share with no par value and CAD$6,858,720 divided into 68,587.2 PI shares with a par value of CAD$100 each
As at the Latest Practicable Date	US$100 divided into one RI share with no par value and CAD$6,858,720 divided into 68,587.2 PI shares with a par value of CAD$100 each

Distech France
(an indirect non wholly-owned subsidiary of the Company incorporated as a limited liability company in France on 24 February 2010)

Authorised share capital

As at 24 February 2010	€1,000 divided into 1,000 shares with a par value of €1 each
As at 25 February 2010	€3,200,000 divided into 3,200,000 shares with a par value of €1 each
As at the Latest Practicable Date	€3,200,000 divided into 3,200,000 shares with a par value of €1 each

Issued share capital

As at 24 February 2010	€1,000 divided into 1,000 shares with a par value of €1 each
As at 25 February 2010	€3,200,000 divided into 3,200,000 shares with a par value of €1 each
As at the Latest Practicable Date	€3,200,000 divided into 3,200,000 shares with a par value of €1 each

Comtec
(an indirect non wholly-owned subsidiary of the Company incorporated as a limited liability company in France on 27 July 1994)

Authorised share capital

As at 17 October 2009	€122,280 divided into 3,057 shares with a par value of €40 each
As at the Latest Practicable Date	€122,280 divided into 3,057 shares with a par value of €40 each

Issued share capital

As at 17 October 2009	€122,280 divided into 3,057 shares with a par value of €40 each
As at the Latest Practicable Date	€122,280 divided into 3,057 shares with a par value of €40 each

Acelia
(an indirect non wholly-owned subsidiary of the Company incorporated as a limited liability company in France on 27 February 1996)

Authorised share capital

As at 17 October 2009	€130,000 divided into 13,000 shares with a par value of €10 each
As at the Latest Practicable Date	€130,000 divided into 13,000 shares with a par value of €10 each

Issued share capital

As at 17 October 2009	€130,000 divided into 13,000 shares with a par value of €10 each
As at the Latest Practicable Date	€130,000 divided into 13,000 shares with a par value of €10 each

Technovator Beijing
(a direct wholly-owned subsidiary of the Company incorporated as a wholly-owned foreign enterprise in the PRC on 7 August 2006)

Registered capital

As at 17 October 2009	US$7,000,000
As at the Latest Practicable Date	US$7,000,000

Technovator Shanghai
(an indirect non wholly-owned subsidiary of the Company established in the PRC with limited liability on 31 May 2010 and is owned as to 80% by Techonvator Beijing and 20% by an Independent Third Party)

Registered capital

As at 31 May 2010	RMB 5,000,000
As at the Latest Practicable Date	RMB 5,000,000

Except as set out above, there has been no alteration in the share capital or registered capital of any of the subsidiaries of the Company within the two years immediately preceding the date of this prospectus.

4. Resolutions of the Shareholders passed at the Company's general meeting on 8 September 2011

At the general meeting of the Company held on 8 September 2011, resolutions were passed by the Shareholders entitled to vote at general meetings of the Company pursuant to which, inter alia:

(a) conditional on (i) the Listing Division of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued (pursuant to the Share Offer, the Over-allotment Option and the Technovator Employee Share Option Scheme 2009) as mentioned in this prospectus; and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Joint Bookrunners (for themselves and on behalf of the Underwriters)) and the Underwriting Agreements not being terminated in accordance with their terms or otherwise, in each case, on or before the day falling 30 days after the date of this prospectus, the Share Offer and the Over-allotment Option were approved and the Directors were authorised to allot and issue the Offer Shares and the Shares as may be required to be allotted and issued upon the exercise of the Over-allotment Option and on and subject to the terms and conditions stated in this prospectus and the relevant application forms and the Directors were authorized to do all things and execute all documents in connection with or incidental to the Share Offer with such amendments or modifications (if any) as the Directors may consider necessary or appropriate;

(b) pursuant to Section 161 of the Singapore Companies Act, a general unconditional mandate was given to the Directors to exercise all the powers of the Company to allot, issue and deal with (including the power to make or grant an offer or agreement, or grant securities or options which would or might require Shares to be allotted and issued), otherwise than by way of Rights Issue (as defined below), or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or pursuant to the issue of Shares upon the exercise of any subscription or conversion rights attached to any warrants of the Company (if any) or pursuant to the exercise of options which have been granted under the Technovator Employee Share Option Scheme 2009 or may be granted under any other option scheme(s) or similar arrangement for the time being adopted for the grant or issue to directors and/or officers and/or employees of the Company and/or any of its subsidiaries or rights to acquire Shares or pursuant to a specific authority granted by the Shareholders in general meeting, the Shares with an aggregate number of Shares not exceeding 20% of the total number of Shares in issue immediately following completion of the Share Offer but before any exercise of the Over-allotment Option;

For the purpose of this paragraph, "**Rights Issue**" means an offer of shares in the capital of the Company, or offer or issue of warrants, options, or other securities giving rights to subscribe to shares in the capital of the Company open for a period fixed by the Directors to holders of Shares in the Company on the Company's register of members on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, or any recognised regulatory body, or any stock exchange applicable to the Company);

(c) pursuant to section 76E of the Singapore Companies Act, a general unconditional mandate was given to the Directors to exercise all powers of the Company to repurchase on the Stock Exchange, or on any other stock exchange on which the securities of the Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares with an aggregate number of Shares not exceeding 10% of the total number of Shares in issue immediately following completion of the Share Offer but before any exercise of the Over-allotment Option;

(d) the extension of the general mandate to allot, issue and deal with Shares as mentioned in paragraph (c) above by the addition to the aggregate number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of the number of Shares repurchased by the Company pursuant to paragraph (d) above, provided that such extended number of Shares shall not exceed 10% of the total number of Shares in issue immediately following the Share Offer but before the exercise of the Over-allotment Option was approved; and

(e) the Memorandum and the Articles be adopted in substitution for and to the exclusion of the then existing memorandum and articles of association of the Company with effect from the date of conversion of the Company into a public limited company.

Each of the general mandates referred to in paragraphs (c), (d) and (e) above will remain in effect until whichever is the earliest of:

(1) the conclusion of the next annual general meeting of the Company, unless renewed by an ordinary resolution of the Shareholders in a general meeting, either unconditionally or subject to conditions;

(2) the expiration of the period within which the Company is required by any applicable law or the Articles of Association to hold the next annual general meeting of the Company; or

(3) the time when such mandate is varied or revoked by an ordinary resolution of the Shareholders in a general meeting.

5. Repurchase by the Company of its own securities

This section includes information relating to the repurchases of securities, including information required by the Stock Exchange to be included in this prospectus concerning such repurchase.

(1) *Provisions of the Listing Rules*

The Listing Rules permit companies whose primary listing is on the Main Board to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important restrictions are summarised below:

(i) *Shareholders' approval*

All proposed repurchases of Shares must be approved in advance by an ordinary resolution of the Shareholders in a general meeting, either by way of general mandate or by specific approval in relation to a particular transaction.

At the general meeting of the Company held on 8 September 2011, a general unconditional mandate (the "**Repurchase Mandate**") was given to the Directors to exercise all powers of the Company to repurchase Shares (Shares which may be listed on the Main Board) with an aggregate number of Shares not exceeding 10% of the total number of Shares in issue or to be issued immediately following the completion of the Share Offer but before the exercise of the Over-allotment Option, details of which have been described above in the paragraph headed "Resolutions of the Shareholders passed at the Company's general meeting on 8 September 2011".

(ii) *Source of funds*

Any repurchases of Shares by the Company must be paid out of funds legally available for the purpose in accordance with the Articles of Association, the Listing Rules and the Singapore Companies Act. The Company is not permitted to repurchase the Shares on the Main Board for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(iii) *Shares to be repurchased*

The Listing Rules provide that the Shares which are proposed to be repurchased by the Company must be fully-paid up.

(2) *Reasons for repurchases*

The Directors believe that it is in the best interests of the Company and the Shareholders for the Directors to have general authority from the Shareholders to enable them to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where the Directors believe that such repurchases will benefit the Company and the Shareholders.

(3) *Funding of repurchases*

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules, and the applicable Singapore laws and regulations.

On the basis of the Company's current financial position as disclosed in this prospectus and taking into account its current working capital position, the Directors consider that, if the Repurchase Mandate is exercised in full, it might have a material adverse effect on the Company's working capital and/or gearing position as compared with the position disclosed in this prospectus. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent that would, in the circumstances, have a material adverse effect on the Company's working capital requirements or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

(4) ***General***

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) currently intends to sell any Shares to the Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable Singapore laws and regulations.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

The Company has not made any repurchases of its own securities in the past six months.

No connected person (as defined in the Listing Rules) has notified the Company that he/she has a present intention to sell Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. CORPORATE REORGANIZATION

In preparation of the Listing, the Group underwent the Corporate Reorganization which consisted of the Share Subdivision. For details of the Corporate Reorganization, please refer to the sub-section headed "Corporate Reorganization" under the section headed "History and corporate structure" in this prospectus.

C. FURTHER INFORMATION ABOUT THE BUSINESS OF THE GROUP

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by the Group within the two years preceding the date of this prospectus and are or may be material:

(1) a letter of intent in French dated 20 November 2009 entered into between, Groupe Arcom, Comtec, Acelia, Distech Controls, AR21, JBI, Bernard Delhomme, Gilbert Fontaine and Patrick Tabouret, pursuant to which Distech Controls indicated its interest to purchase all the issued and outstanding shares of Acelia and Comtec for €8,000,000 to be satisfied as to €4,000,000 by certified cheque or bank transfer and as to €4,000,000 by the issue of common shares of Distech Controls for a total value of €4,000,000 to Groupe Arcom;

(2) a share purchase agreement dated 25 February 2010 entered into between Distech France, Groupe Arcom, Distech Controls, Patrick Tabouret, Gilbert Fontaine and Bernard Delhomme, pursuant to which Distech France agreed to purchase and Groupe Arcom agreed to sell all of the outstanding share capital of Acelia and Comtec for a total consideration of €8,000,000;

(3) a subscription agreement dated 25 February 2010 entered into between Groupe Arcom and Distech Controls in relation to a subscription of 4,310,407 Class A Common Shares of Distech Controls by Groupe Arcom for a consideration of €4,000,000;

(4) an addendum to the unanimous shareholders' agreement dated 25 February 2010 entered into between the Company, Distech Controls, Étienne Veilleux, 9109-2759 Québec Inc., and Groupe Arcom to amend a unanimous shareholders' agreement dated 28 May 2008 entered into between the Company, Distech Controls, Étienne Veilleux and 9109-2759 Québec Inc.;

(5) the non-competition agreement entered into among the Controlling Shareholders and the Company on 2 April 2010;

(6) a trademark license agreement (in Chinese) dated 28 May 2010 entered into between Technovator Beijing and Tongfang, pursuant to which Technovator Beijing was granted a non-exclusive license to use the trademark with registration number 1222907 for a period of 5 years from 28 May 2010 to 27 May 2015 in the PRC at nil consideration;

(7) a trademark license agreement (in Chinese) dated 28 May 2010 entered into between Technovator Beijing and Tongfang, pursuant to which Technovator Beijing was granted a non-exclusive license to use the trademark with registration number 1161441 for a period of 5 years from 28 May 2010 to 27 May 2015 in the PRC at nil consideration;

(8) a trademark license agreement (in Chinese) dated 28 May 2010 entered into between Technovator Beijing and Tongfang, pursuant to which Technovator Beijing was granted a non-exclusive license to use the trademark with registration number 6272343 for a period of 5 years from 28 May 2010 to 27 May 2015 in the PRC at nil consideration;

(9) a trademark license agreement (in Chinese) dated 28 May 2010 entered into between Technovator Beijing and Tongfang, pursuant to which Technovator Beijing was granted a non-exclusive license to use the trademark with registration number 1450316 for a period of 5 years from 28 May 2010 to 27 May 2015 in the PRC at nil consideration;

(10) a trademark license agreement (in Chinese) dated 28 May 2010 entered into between Technovator Beijing and Tongfang, pursuant to which Technovator Beijing was granted a non-exclusive license to use the trademark with registration number 4548148 for a period of 5 years from 28 May 2010 to 27 May 2015 in the PRC at nil consideration;

(11) a side letter dated 22 June 2010 entered into between the Company, Dragon Point Limited, CTC Capital Partners I, L.P. and CTC Capital Partners Co., Ltd whereby certain terms of a subscription agreement dated 7 May 2008 entered into between the Company, Dragon Point Limited, CTC Capital Partners I, L.P. and CTC Capital Partners Co., Ltd are amended;

(12) a release agreement (in Chinese) dated 7 April 2011 entered into between Technovator Beijing and Tongfang, pursuant to which Technovator Beijing and Tongfang agreed to terminate the trademark license agreement dated 28 May 2010 entered into between Technovator Beijing and Tongfang in relation to a license granted by Tongfang to Technovator Beijing to use the trademark with registration number 1450316 for a period of 5 years at nil consideration;

(13) a supplemental agreement to the trademark license agreements (in Chinese) dated 4 August 2011 entered into between Technovator Beijing and Tongfang to amend/supplement the trademark license agreements (6), (7), (8) and (10) listed above;

(14) an offer to purchase made by the Company on 1 September 2011 in favour of Étienne Veilleux and 9109-2759 Québec Inc. (Étienne Veilleux and 9109-2759 Québec Inc. are collectively referred as the "**Sellers**"), pursuant to which the Company offered to purchase and the Sellers accepted such offer on 2 September 2011 to sell an aggregate of 1,658,004 Class A Common Shares of Distech Controls held by either one or both of the Sellers on 15 February 2012 at a purchase price to be paid by the Company through the issuance of such number of Shares which shall be determined in accordance with the terms of such offer, details of which are set out in the paragraph headed "Acquisition of additional shares in Distech Controls from its minority Shareholders by the Company" in the section headed "History and Corporate Structure" of this prospectus;

(15) an offer to purchase made by the Company on 1 September 2011 in favour of Ahmed Hirani, pursuant to which the Company offered to purchase and Ahmed Hirani accepted such offer on 7 September 2011 to purchase up to 300,000 Class B Common Shares of Distech Controls that may be held by Ahmed Hirani at a purchase price to be paid by the Company through the issuance of such number of Shares which shall be determined in accordance with the terms of such offer, details of which are set out in the paragraph headed "Pre-IPO Share Option Schemes — (ii) Distech Controls Stock Option Plan — Acquisition by the Company of additional shares in Distech Controls from its employees and directors" in Appendix VI to the prospectus;

(16) an offer to purchase made by the Company on 1 September 2011 in favour of Stephane Bernique, pursuant to which the Company offered to purchase and Stephane Bernique accepted such offer on 2 September 2011 to purchase up to 150,000 Class B Common Shares of Distech Controls that may be held by Stephane Bernique at a purchase price to be paid by the Company through the issuance of such number of Shares which shall be determined in accordance with the terms of such offer, details of which are set out in the paragraph headed "Pre-IPO Share Option Schemes — (ii) Distech Controls Stock Option Plan — Acquisition by the Company of additional shares in Distech Controls from its employees and directors" in Appendix VI to the prospectus;

(17) an offer to purchase made by the Company on 1 September 2011 in favour of Patrick Winkelman, pursuant to which the Company offered to purchase and Patrick Winkelman accepted such offer on 5 September 2011 to purchase up to 100,000 Class B Common Shares of Distech Controls that may be held by Patrick Winkelman at a purchase price to be paid by the Company through the issuance of such number of Shares which shall be determined in accordance with the terms of such offer, details of which are set out in the paragraph headed "Pre-IPO Share Option Schemes — (ii) Distech Controls Stock Option Plan — Acquisition by the Company of additional shares in Distech Controls from its employees and directors" in Appendix VI to the prospectus;

(18) an offer to purchase made by the Company on 1 September 2011 in favour of Martin Boucher, pursuant to which the Company offered to purchase and Martin Boucher accepted such offer on 2 September 2011 to purchase up to 100,000 Class B Common Shares of Distech Controls that may be held by Martin Boucher at a purchase price to be paid by the Company through the issuance of such number of Shares which shall be determined in accordance with the terms of such offer, details of which are set out in the paragraph headed "Pre-IPO Share Option Schemes — (ii) Distech Controls Stock Option Plan — Acquisition by the Company of additional shares in Distech Controls from its employees and directors" in Appendix VI to the prospectus;

(19) an offer to purchase made by the Company on 1 September 2011 in favour of Martin Villeneuve, pursuant to which the Company offered to purchase and Martin Villeneuve accepted such offer on 2 September 2011 to purchase up to 150,000 Class B Common Shares of Distech Controls that may be held by Martin Villeneuve at a purchase price to be paid by the Company through the issuance of such number of Shares which shall be determined in accordance with the terms of such offer, details of which are set out in the paragraph headed "Pre-IPO Share Option Schemes — (ii) Distech Controls Stock Option Plan — Acquisition by the Company of additional shares in Distech Controls from its employees and directors" in Appendix VI to the prospectus;

(20) an offer to purchase made by the Company on 1 September 2011 in favour of Charles Gauvin, pursuant to which the Company offered to purchase and Charles Gauvin accepted such offer on 2 September 2011 to purchase up to 150,000 Class B Common Shares of Distech Controls that may be held by Charles Gauvin at a purchase price to be paid by the Company through the issuance of such number of Shares which shall be determined in accordance with the terms of such offer, details of which are set out in the paragraph headed "Pre-IPO Share Option Schemes — (ii) Distech Controls Stock Option Plan — Acquisition by the Company of additional shares in Distech Controls from its employees and directors" in Appendix VI to the prospectus;

(21) an offer to purchase made by the Company on 1 September 2011 in favour of Ryan Sen, pursuant to which the Company offered to purchase and Ryan Sen accepted such offer on 2 September 2011 to purchase up to 100,000 Class B Common Shares of Distech Controls that may be held by Ryan Sen at a purchase price to be paid by the Company through the issuance of such number of Shares which shall be determined in accordance with the terms of such offer, details of which are set out in the paragraph headed "Pre-IPO Share Option Schemes — (ii) Distech Controls Stock Option Plan — Acquisition by the Company of additional shares in Distech Controls from its employees and directors" in Appendix VI to the prospectus;

(22) an offer to purchase made by the Company on 1 September 2011 in favour of Caroline Cadieux, pursuant to which the Company offered to purchase and Caroline Cadieux accepted such offer on 2 September 2011 to purchase up to 100,000 Class B Common Shares of Distech Controls that may be held by Caroline Cadieux at a purchase price to be paid by the Company through the issuance of such number of Shares which shall be determined in accordance with the terms of such offer, details of which are set out in the paragraph headed "Pre-IPO Share Option Schemes — (ii) Distech Controls Stock Option Plan — Acquisition by the Company of additional shares in Distech Controls from its employees and directors" in Appendix VI to the prospectus;

(23) an offer to purchase made by the Company on 1 September 2011 in favour of Rafic Mouzaya, pursuant to which the Company offered to purchase and Rafic Mouzaya accepted such offer on 2 September 2011 to purchase up to 50,000 Class B Common Shares of Distech Controls that may be held by Rafic Mouzaya at a purchase price to be paid by the Company through the issuance of such number of Shares which shall be determined in accordance with the terms of such offer, details of which are set out in the paragraph headed "Pre-IPO Share Option Schemes — (ii) Distech Controls Stock Option Plan — Acquisition by the Company of additional shares in Distech Controls from its employees and directors" in Appendix VI to the prospectus;

(24) an offer to purchase made by the Company on 1 September 2011 in favour of Charles Pelletier, pursuant to which the Company offered to purchase and Charles Pelletier accepted such offer on 2 September 2011 to purchase up to 100,000 Class B Common Shares of Distech Controls that may be held by Charles Pelletier at a purchase price to be paid by the Company through the issuance of such number of Shares which shall be determined in

accordance with the terms of such offer, details of which are set out in the paragraph headed "Pre-IPO Share Option Schemes — (ii) Distech Controls Stock Option Plan — Acquisition by the Company of additional shares in Distech Controls from its employees and directors" in Appendix VI to the prospectus;

(25) an offer to purchase made by the Company on 1 September 2011 in favour of Mathieu Houle, pursuant to which the Company offered to purchase and Mathieu Houle accepted such offer on 6 September 2011 to purchase up to 20,000 Class B Common Shares of Distech Controls that may be held by Mathieu Houle at a purchase price to be paid by the Company through the issuance of such number of Shares which shall be determined in accordance with the terms of such offer, details of which are set out in the paragraph headed "Pre-IPO Share Option Schemes — (ii) Distech Controls Stock Option Plan — Acquisition by the Company of additional shares in Distech Controls from its employees and directors" in Appendix VI to the prospectus;

(26) an offer to purchase made by the Company on 1 September 2011 in favour of Pascal Gratton, pursuant to which the Company offered to purchase and Pascal Gratton accepted such offer on 7 September 2011 to purchase up to 20,000 Class B Common Shares of Distech Controls that may be held by Pascal Gratton at a purchase price to be paid by the Company through the issuance of such number of Shares which shall be determined in accordance with the terms of such offer, details of which are set out in the paragraph headed "Pre-IPO Share Option Schemes — (ii) Distech Controls Stock Option Plan — Acquisition by the Company of additional shares in Distech Controls from its employees and directors" in Appendix VI to the prospectus;

(27) an offer to purchase made by the Company on 1 September 2011 in favour of Elisabeth Gagnon, pursuant to which the Company offered to purchase and Elisabeth Gagnon accepted such offer on 2 September 2011 to purchase up to 20,000 Class B Common Shares of Distech Controls that may be held by Elisabeth Gagnon at a purchase price to be paid by the Company through the issuance of such number of Shares which shall be determined in accordance with the terms of such offer, details of which are set out in the paragraph headed "Pre-IPO Share Option Schemes — (ii) Distech Controls Stock Option Plan — Acquisition by the Company of additional shares in Distech Controls from its employees and directors" in Appendix VI to the prospectus;

(28) an offer to purchase made by the Company on 1 September 2011 in favour of Francine Gauthier, pursuant to which the Company offered to purchase and Francine Gauthier accepted such offer on 1 September 2011 to purchase up to 20,000 Class B Common Shares of Distech Controls that may be held by Francine Gauthier at a purchase price to be paid by the Company through the issuance of such number of Shares which shall be determined in accordance with the terms of such offer, details of which are set out in the paragraph headed "Pre-IPO Share Option Schemes — (ii) Distech Controls Stock Option Plan — Acquisition by the Company of additional shares in Distech Controls from its employees and directors" in Appendix VI to the prospectus;

(29) an offer to purchase made by the Company on 1 September 2011 in favour of Robert Harvey, pursuant to which the Company offered to purchase and Robert Harvey accepted such offer on 2 September 2011 to purchase up to 15,000 Class B Common Shares of Distech Controls that may be held by Robert Harvey at a purchase price to be paid by the Company through the issuance of such number of Shares which shall be determined in accordance with the terms of such offer, details of which are set out in the paragraph headed "Pre-IPO Share Option Schemes — (ii) Distech Controls Stock Option Plan — Acquisition by the Company of additional shares in Distech Controls from its employees and directors" in Appendix VI to the prospectus;

(30) an offer to purchase made by the Company on 1 September 2011 in favour of Patrice Soucy, pursuant to which the Company offered to purchase and Patrice Soucy accepted such offer on 2 September 2011 to purchase up to 15,000 Class B Common Shares of Distech Controls that may be held by Patrice Soucy at a purchase price to be paid by the Company through the issuance of such number of Shares which shall be determined in accordance with the terms of such offer, details of which are set out in the paragraph headed "Pre-IPO Share Option Schemes — (ii) Distech Controls Stock Option Plan — Acquisition by the Company of additional shares in Distech Controls from its employees and directors" in Appendix VI to the prospectus;

(31) an offer to purchase made by the Company on 1 September 2011 in favour of Xiao Sun, pursuant to which the Company offered to purchase and Xiao Sun accepted such offer on 6 September 2011 to purchase up to 15,000 Class B Common Shares of Distech Controls that may be held by Xiao Sun at a purchase price to be paid by the Company through the issuance of such number of Shares which shall be determined in accordance with the terms of such offer, details of which are set out in the paragraph headed "Pre-IPO Share Option Schemes — (ii) Distech Controls Stock Option Plan — Acquisition by the Company of additional shares in Distech Controls from its employees and directors" in Appendix VI to the prospectus;

(32) an offer to purchase made by the Company on 1 September 2011 in favour of Dominic Gagnon, pursuant to which the Company offered to purchase and Dominique Gagnon accepted such offer on 9 September 2011 to purchase up to 15,000 Class B Common Shares of Distech Controls that may be held by Dominique Gagnon at a purchase price to be paid by the Company through the issuance of such number of Shares which shall be determined in accordance with the terms of such offer, details of which are set out in the paragraph headed "Pre-IPO Share Option Schemes — (ii) Distech Controls Stock Option Plan — Acquisition by the Company of additional shares in Distech Controls from its employees and directors" in Appendix VI to the prospectus;

(33) an offer to purchase made by the Company on 1 September 2011 in favour of Danny Breton, pursuant to which the Company offered to purchase and Danny Breton accepted such offer on 2 September 2011 to purchase up to 15,000 Class B Common Shares of Distech Controls that may be held by Danny Breton at a purchase price to be paid by the Company through the issuance of such number of Shares which shall be determined in accordance with the terms of such offer, details of which are set out in the paragraph headed "Pre-IPO Share Option Schemes — (ii) Distech Controls Stock Option Plan — Acquisition by the Company of additional shares in Distech Controls from its employees and directors" in Appendix VI to the prospectus;

(34) an offer to purchase made by the Company on 1 September 2011 in favour of Éric Lebrun, pursuant to which the Company offered to purchase and Éric Lebrun accepted such offer on 2 September 2011 to purchase up to 10,000 Class B Common Shares of Distech Controls that may be held by Éric Lebrun at a purchase price to be paid by the Company through the issuance of such number of Shares which shall be determined in accordance with the terms of such offer, details of which are set out in the paragraph headed "Pre-IPO Share Option Schemes — (ii) Distech Controls Stock Option Plan — Acquisition by the Company of additional shares in Distech Controls from its employees and directors" in Appendix VI to the prospectus;

(35) an offer to purchase made by the Company on 1 September 2011 in favour of Élise Boucher, pursuant to which the Company offered to purchase and Élise Boucher accepted such offer on 1 September 2011 to purchase up to 10,000 Class B Common Shares of Distech Controls that may be held by Élise Boucher at a purchase price to be paid by the Company through the issuance of such number of Shares which shall be determined in accordance with the

terms of such offer, details of which are set out in the paragraph headed "Pre-IPO Share Option Schemes — (ii) Distech Controls Stock Option Plan — Acquisition by the Company of additional shares in Distech Controls from its employees and directors" in Appendix VI to the prospectus;

(36) an offer to purchase made by the Company on 1 September 2011 in favour of Danièle Boivin, pursuant to which the Company offered to purchase and Danièle Boivin accepted such offer on 2 September 2011 to purchase up to 20,000 Class B Common Shares of Distech Controls that may be held by Danièle Boivin at a purchase price to be paid by the Company through the issuance of such number of Shares which shall be determined in accordance with the terms of such offer, details of which are set out in the paragraph headed "Pre-IPO Share Option Schemes — (ii) Distech Controls Stock Option Plan — Acquisition by the Company of additional shares in Distech Controls from its employees and directors" in Appendix VI to the prospectus;

(37) an offer to purchase made by the Company on 1 September 2011 in favour of Guerry Matthews, pursuant to which the Company offered to purchase and Guerry Matthews accepted such offer on 6 September 2011 to purchase up to 20,000 Class B Common Shares of Distech Controls that may be held by Guerry Matthews at a purchase price to be paid by the Company through the issuance of such number of Shares which shall be determined in accordance with the terms of such offer, details of which are set out in the paragraph headed "Pre-IPO Share Option Schemes — (ii) Distech Controls Stock Option Plan — Acquisition by the Company of additional shares in Distech Controls from its employees and directors" in Appendix VI to the prospectus;

(38) an offer to purchase made by the Company on 1 September 2011 in favour of Fernand Ostiguy, pursuant to which the Company offered to purchase and Fernand Ostiguy accepted such offer on 2 September 2011 to purchase up to 100,000 Class B Common Shares of Distech Controls that may be held by Fernand Ostiguy at a purchase price to be paid by the Company through the issuance of such number of Shares which shall be determined in accordance with the terms of such offer, details of which are set out in the paragraph headed "Pre-IPO Share Option Schemes — (ii) Distech Controls Stock Option Plan — Acquisition by the Company of additional shares in Distech Controls from its employees and directors" in Appendix VI to the prospectus;

(39) an offer to purchase made by the Company on 1 September 2011 in favour of Jean Rodrigue, pursuant to which the Company offered to purchase and Jean Rodrigue accepted such offer on 6 September 2011 to purchase up to 100,000 Class B Common Shares of Distech Controls that may be held by Jean Rodrigue at a purchase price to be paid by the Company through the issuance of such number of Shares which shall be determined in accordance with the terms of such offer, details of which are set out in the paragraph headed "Pre-IPO Share Option Schemes — (ii) Distech Controls Stock Option Plan — Acquisition by the Company of additional shares in Distech Controls from its employees and directors" in Appendix VI to the prospectus;

(40) an offer to purchase made by the Company on 1 September 2011 in favour of Steve Floth, pursuant to which the Company offered to purchase and Steve Floth accepted such offer on 2 September 2011 to purchase up to 20,000 Class B Common Shares of Distech Controls that may be held by Steve Floth at a purchase price to be paid by the Company through the issuance of such number of Shares which shall be determined in accordance with the terms of such offer, details of which are set out in the paragraph headed "Pre-IPO Share Option Schemes — (ii) Distech Controls Stock Option Plan — Acquisition by the Company of additional shares in Distech Controls from its employees and directors" in Appendix VI to the prospectus;

(41) an offer to purchase made by the Company on 1 September 2011 in favour of Matthew O'Shea, pursuant to which the Company offered to purchase and Matthew O'Shea accepted such offer on 1 September 2011 to purchase up to 20,000 Class B Common Shares of Distech Controls that may be held by Matthew O'Shea at a purchase price to be paid by the Company through the issuance of such number of Shares which shall be determined in accordance with the terms of such offer, details of which are set out in the paragraph headed "Pre-IPO Share Option Schemes — (ii) Distech Controls Stock Option Plan — Acquisition by the Company of additional shares in Distech Controls from its employees and directors" in Appendix VI to the prospectus;

(42) an offer to purchase made by the Company on 1 September 2011 in favour of Jonathan Cramer, pursuant to which the Company offered to purchase and Jonathan Cramer accepted such offer on 3 September 2011 to purchase up to 15,000 Class B Common Shares of Distech Controls that may be held by Jonathan Cramer at a purchase price to be paid by the Company through the issuance of such number of Shares which shall be determined in accordance with the terms of such offer, details of which are set out in the paragraph headed "Pre-IPO Share Option Schemes — (ii) Distech Controls Stock Option Plan — Acquisition by the Company of additional shares in Distech Controls from its employees and directors" in Appendix VI to the prospectus;

(43) a deed of indemnity dated 14 October 2011 entered into between the Controlling Shareholders and the Company for itself and as trustee for its subsidiaries, under which each of the Controlling Shareholders has given certain indemnities in favor of the Group containing, among others, the indemnities referred to the sub-paragraph headed "Estate Duty and Tax Indemnity" under the paragraph headed "Other Information" in this appendix; and

(44) the underwriting agreement dated 14 October 2011 relating to the Public Offer entered into between the Company, the Controlling Shareholders, the Sole Sponsor, the Joint Lead Managers and the Public Offer Underwriters.

2. Intellectual property rights of the Group

Trademarks

As at the Latest Practicable Date, the Group has the right to use the following trademarks:

Trademark	Registrant	Place of Registration	Class	Registration Number	Expiry Date
Technovator (1) Technovator (2)	the Company	Hong Kong	9, 37, 42, 45	301611495	11 May 2020
Techcon	the Company	Singapore	9	T0622551C	24 October 2016
DISTECH CONTROLS	Distech Controls	Canada	N/A	TMA562,962	4 June 2017
DISTECH CONTROLS	Distech Controls	U.S.	9, 37, 40	2,685,245	11 February 2013
DISTECH CONTROLS	Distech Controls	Europe	9, 37, 40	7424278	26 November 2018
DISTECH CONTROLS	Distech Controls	Australia	9, 37, 40	1274884	30 November 2018
DISTECH CONTROLS	Distech Controls	PRC	9	5771181	20 August 2020
DISTECH CONTROLS	Distech Controls	PRC	35	5771182	13 July 2020
DISTECH CONTROLS	Distech Controls	PRC	41	5771183	20 March 2020
DISTECH CONTROLS	Distech Controls	PRC	42	5771184	27 April 2021
Easy Controls Systems	Distech Controls	U.S.	9, 37	2,655,755	3 December 2012
Easy Controls Systems	Distech Controls	Canada	N/A	TMA592595	20 October 2018
Dalilon	Comtec	France	9, 11	3411155	15 February 2016
Karno	Acelia	France	9, 11, 42	3270108	22 January 2014
Acelia	Acelia	France	9, 11, 42	3410130	9 February 2016
Techcon	Technovator Beijing	PRC	9	7012270	27 September 2020
Techcon	Technovator Beijing	PRC	9	7012272	6 January 2021
Techcon	Technovator Beijing	PRC	6	7012273	13 June 2020
Open to Wireless	Distech Controls	Canada	N/A	TMA779,533	12 October 2025

Trademark	Registrant	Place of Registration	Class	Registration Number	Expiry Date
Open-to-Wireless	Distech Controls	Canada	N/A	TMA779533	12 October 2025
Open-to-Wireless	Distech Controls	U.S.	9, 37, 40	3917293	2 February 2021
Innovative Solutions for Greener Buildings	Distech Controls	Canada	N/A	TMA792738	11 March 2026

Notes:

(1) colours blue (pantone 307U) and yellow (pantone 611U) is an element of the mark.

(2) colours black and grey is an element of the mark.

As at the Latest Practicable Date, applications have been made for the registration of the following trademarks:

Trademark	Applicant	Place of Application	Class	Application Number	Application Date
Innovative Solutions for Greener Buildings	Distech Controls	U.S.	9, 37, 40	76/698285	8 April 2009
Allure	Distech Controls	Canada	N/A	1489851	19 July 2010
Eco-Vue	Distech Controls	Canada	N/A	1489850	19 July 2010
Allure	Distech Controls	U.S.	9	76/703834	19 July 2010
Allure	Distech Controls	European Union	9	009487539	1 November 2010 (Note)
Eco-Vue	Distech Controls	European Union	9	009487364	1 November 2010
Green Office Controller	Acelia	France	9, 11, 38	10 3 758 114	2 August 2010
Room Integrated Smart Controller	Acelia	France	9, 11, 38	10 3 758 171	2 August 2010
Office Smart Controller	Acelia	France	9, 11, 38	10 3 758 166	2 August 2010
LIGHTINBOX (logo)	Acelia	France	9, 11	10 3 756 900	28 July 2010
LIGHT IN BOX	Acelia	France	9, 11	10 3 754 228	16 July 2010

Note: A notice of opposition was filed on 1 March 2011 in respect of this trademark application because the trademark under registration has been registered by an Independent Third Party in respect of classes 11, 20 and 21 and is likely to cause confusion with these registered trademarks. However, it is the view of the management of Distech Controls that good arguments can be made to the relevant authorities to reject the opposition from such Independent Third Party because the channels of trade used by Distech Controls to promote, market and sell the goods are different from those used by the Independent Third Party and that the goods themselves are different. The classes that the Independent Third Party has registered the trademark "Allure" relate to water supply equipment and sanitary installations, furniture of metal, plastic or glass for the kitchen, bathroom and washroom, and washroom and bathroom accessories, which is different to the nature of business of the Group. Should the Independent Third Party pursue its opposition, the likelihood of confusion will be ultimately adjudicated by the

Opposition Division of the Office for Harmonization in the Internal Market and the Board of Appeal as the case may be. In any event, the use of the "Allure" trademark by Distech Controls is limited, and it could be easily discontinued without a material negative impact on the Group. Save for this trademark application, as at the Latest Practicable Date, there was no legal impediment for the Group to complete registration of the remaining unregistered trademarks.

Pursuant to the trademark license agreements between Technovator Beijing and Tongfang dated 28 May 2010, Technovator Beijing was granted non-exclusive licenses to use the following trademarks registered by Tongfang in relation to control security systems and fire alarm systems at nil consideration for a period of five years from 28 May 2010 to 27 May 2015, automatically renewable every five years unless confirmed otherwise by both parties at least one month prior to the expiry of the five-year period:

Trademark	**Place of registration**	**Class**	**Registration Number**
	PRC	9	1222907
	PRC	9	4548148
清華同方	PRC	9	1161441
清華同方	PRC	9	6272343

Please also refer to the sections headed "Relationship with the Controlling Shareholders" and "Continuing Connected Transactions" for more details in relation to the licensing arrangements.

Class 6: Common metals and their alloys; metal building materials; transportable buildings of metal; materials of metal for railway tracks; non-electric cables and wires of common metal; ironmongery, small items of metal hardware; pipes and tubes of metal; safes; goods of common metal not included in other classes; ores.

Class 9: Scientific, nautical, surveying, photographic, cinematographic, optical, weighing, measuring, signalling, checking (supervision), life-saving and teaching apparatus and instruments; apparatus and instruments for conducting, switching, transforming, accumulating, regulating or controlling electricity; apparatus for recording, transmission or reproduction of sound or images; magnetic data carriers, recording discs; automatic vending machines and mechanisms for coin-operated apparatus; cash registers, calculating machines, data processing equipment and computers; fire-extinguishing apparatus.

Class 11: Apparatus for lighting, heating, steam generating, cooking, refrigerating, drying, ventilating, water supply and sanitary purposes.

Class 35: Advertising; business management; business administration; office functions.

Class 37: Building construction; repair; installation services.

Class 38: Telecommunications.

Class 40: Treatment of materials.

Class 41: Education; providing of training; entertainment; sporting and cultural activities.

Class 42: Scientific and technological services and research and design relating thereto; industrial analysis and research services; design and development of computer hardware and software.

Class 45: Legal services; security services for the protection of property and individuals; personal and social services rendered by others to meet the needs of individuals.

Domain Names

As at the Latest Practicable Date, the Group has registered the following domain names:

Registrant	Domain Name	Date of Registration	Date of Expiry
The Company	technovator.com.sg	11 July 2005	11 July 2013
Distech Controls	www.distech-controls.ca	21 September 2008	21 July 2014
Distech Controls	www.distech-controls.com	31 March 2000	31 March 2018
Distech Controls	www.distech-controls.net	7 July 2008	7 July 2015
Distech Controls	www.distech-controls.org	7 July 2008	7 July 2015
Distech Controls	www.distech-controls-corporate.com	20 August 2006	30 August 2013
Distech Controls	www.distech-controls.info	7 July 2008	7 July 2015
Distech Controls	www.distech-controls.biz	7 July 2008	6 July 2015
Distech Controls	www.distech-controls.us	7 July 2008	6 July 2015
Distech Controls	www.distech-controls.fr	12 August 2010	11 August 2012
Distech Controls	www.distech-controls.cn	28 November 2007	28 November 2013
Distech Controls	www.distech-controls.eu	2 March 2007	30 April 2012
Distech Controls	www.distech-controls.co.nz	15 December 2010	14 December 2011
Distech Controls	www.distechcontrols.co.nz	15 December 2010	14 December 2011
Distech Controls	www.Distech.co.nz	15 December 2010	14 December 2011
Distech Controls	www.distechcontrols.com.au	16 December 2010	16 December 2012
Comtec	acelia.eu	4 July 2006	4 July 2012
Comtec	acelia.fr	28 March 2006	28 March 2012
Comtec	comtec-technologie.com	28 October 2003	28 October 2012
Comtec	comtectech.com	22 January 1998	21 January 2013
Comtec	dalilon.com	27 October 2003	27 October 2012
Comtec	dalilon.eu	2 February 2007	2 February 2012
Comtec	karno.eu	2 February 2007	2 February 2012
Comtec	karno.fr	17 January 2011	17 January 2012
Comtec	remion.eu	2 February 2007	2 February 2012

Patents

As at the Latest Practicable Date, the Group has the right to use the following patents:

Type	Registrant	Place of Registration	Patent Number	Effective Period
External Design	Technovator Beijing	PRC	ZL 2007 3 0305210.2	10 years commencing on 17 October 2007
External Design	Technovator Beijing	PRC	ZL 2008 3 0084561.X	10 years commencing on 24 January 2008
Invention	Technovator Beijing	PRC	ZL 2007 1 0175980.9	20 years commencing on 17 October 2007
Utility Model	Technovator Beijing	PRC	ZL 2007 2 0173657.3	10 years commencing on 17 October 2007
Utility Model	Technovator Beijing	PRC	ZL 2008 2 0233619.7	10 years commencing on 24 December 2008
Utility Model	Technovator Beijing	PRC	ZL 2008 3 0130956.9	10 years commencing on 15 December 2008
Utility Model	Technovator Beijing	PRC	ZL 2011 2 0063184.8	10 years commencing on 11 March 2011

As at the Latest Practicable Date, applications have been made for the registration of the following patents:

Type	Applicant	Place of Application	Application Number	Application Date
Utility	Comtec	France	1050390	21 January 2010
Utility	Distech Controls SAS	France	EP11151471.7	20 January 2011
Invention	Technovator Beijing	PRC	ZL 2009 1 0236414.3	21 October 2009
Invention	Technovator Beijing	PRC	ZL 2011 1 0058623.0	11 March 2011

Note:

As at the Latest Practicable Date, the Directors believe that there was no legal impediment for the Group to complete registration of the unregistered patents.

Copyrights

As at the Latest Practicable Date, the Group has the right to use the following copyrights for computer software:

Description	Registrant	Place of Registration	Registration Number	Effective Period
Tsinghua Tongfang Yizhong Hotel and Catering Entertainment Management System Software V3.0* (清華同方易衆酒店及餐飲娛樂管理系統軟件V3.0)	Technovator Beijing	PRC	2008SR05792	from 10 August 2007 to 31 December 2056
Tsinghua Tongfang Yizhong City Fire Management Information System V 1.0* (清華同方易衆城市消防管理信息系統V1.0)	Technovator Beijing	PRC	2008SR05793	from 31 August 2007 to 31 December 2056
Tsinghua Tongfang Yizhong Intellectual Infrastructure Information Integration System V3.0* (清華同方易衆智能建築信息集成系統V3.0)	Technovator Beijing	PRC	2008SR05794	from 10 November 2007 to 31 December 2056
Tsinghua Tongfang Yizhong City Security Integration Management System V1.0* (清華同方易衆城市安防集成管理系統V1.0)	Technovator Beijing	PRC	2009SRBJ3137	from 31 January 2009 to 31 December 2058
Building Control System for PC Configuration Software [abbreviated as Techview-iDSC]V4.3 (樓宇控制系統上位機組態軟件[簡稱: Techview-iDSC] V4.3)	Technovator Beijing	PRC	2010SRBJ2990	From 10 March 2009 to 31 December 2058

Description	Registrant	Place of Registration	Registration Number	Effective Period
Building Control System Simulation Software [abbreviated as Techview BasicSimulator]V1.0 (樓宇控制系統程序仿真軟件[簡稱: Techview-Basic Simulator] V1.0)	Technovator Beijing	PRC	2010SRBJ2991	From 16 October 2008 to 31 December 2057
Building Control System Handheld Software [abbreviated as Techview- iNet]V3.3 (樓宇控制系統手操器軟件 [簡稱: Techview-iNET] V3.3)	Technovator Beijing	PRC	2010SRBJ2992	From 23 April 2009 to 31 December 2058
Building Control System PC Network Configuration Software [abbreviated as Techview - SYS]V3.6 (樓宇控制系統上位機組網配置軟件 [簡稱: Techview-SYS] V3.6)	Technovator Beijing	PRC	2010SRBJ2993	From 15 May 2009 to 31 December 2058
Building Control System Gateway Configuration Software [abbreviated as Techview - ConfigSW]V1.0 (樓宇控制系統網關配置軟件[簡稱: Techview-Config SW] V1.0)	Technovator Beijing	PRC	2010SRBJ2994	From 29 November 2007 to 31 December 2056
Building Control System Data Server Software [abbreviated as Techview - OPCServer]V1.0 (樓宇控制系統數據服務器軟件[簡稱: Techview-OPC Server]V1.0)	Technovator Beijing	PRC	2010SRBJ2995	From 26 February 2009 to 31 December 2058

3. Further information about the members of the Group

Distech Controls

(i)	name of the company:	Distech Controls Inc.
(ii)	place of incorporation:	Québec
(iii)	date of incorporation:	5 January 1995
(iv)	nature of the company:	private limited liability company
(v)	authorised share capital:	Unlimited
(vi)	issued share capital:	CAD$14,333,891
(vii)	attributable interest of the Company:	56.7% (immediately after completion of the Share Offer)
(viii)	scope of business:	design, manufacturing and marketing of building automation solutions

Distech Europe

(i)	name of the company:	Distech Controls B.V.
(ii)	place of incorporation:	Netherlands
(iii)	date of incorporation:	8 September 2006
(iv)	nature of the company:	private limited liability company
(v)	authorised share capital:	€90,000 divided into 2,000 shares with a par value of €45 each
(vi)	issued share capital:	€8,820 divided into 196 common shares and €9,180 divided into 204 preferred shares
(vii)	attributable interest of the Company:	56.7% (immediately after completion of the Share Offer)
(viii)	scope of business:	distribution of building automation solutions

Distech US

(i)	name of the company:	Distech Controls LLC
(ii)	place of incorporation:	State of Delaware (United States)
(iii)	date of incorporation:	17 February 2010
(iv)	nature of the company:	private limited liability company
(v)	authorised share capital:	an unlimited number of RI shares with no par value and unlimited number of PI shares with par value of CAD$100 each
(vi)	issued share capital:	US$100 divided into one RI share with no par value and CAD$6,858,720 divided into 68,587.2 PI shares with a par value of CAD$100 each
(vii)	attributable interest of the Company:	56.7% (immediately after completion of the Share Offer)
(viii)	scope of business:	investment holding

Distech France

(i)	name of the company:	Distech France Holding S.A.S.
(ii)	place of incorporation:	France
(iii)	date of incorporation:	24 February 2010
(iv)	nature of the company:	private limited liability company
(v)	authorised share capital:	3,200,000 Euros
(vi)	issued share capital:	3,200,000 Euros divided into 3,200,000 common shares with par value of one Euro each
(vii)	attributable interest of the Company:	56.7% (immediately after completion of the Share Offer)
(viii)	scope of business:	investment holding

Comtec

(i)	name of the company:	Distech Controls S.A.S. (formerly known as Société Comtec Technologies S.A.S.)
(ii)	place of incorporation:	France
(iii)	date of incorporation:	27 July 1994
(iv)	nature of the company:	private limited liability company
(v)	authorised share capital:	122,280 Euros
(vi)	issued share capital:	122,280 Euros divided into 3,057 Shares with a par value of 40 Euros each
(vii)	attributable interest of the Company:	56.7% (immediately after completion of the Share Offer)
(viii)	scope of business:	design, manufacturing, sales, and marketing of building automation solutions

Acelia

(i)	name of the company:	ACELIA S.A.S.
(ii)	place of incorporation:	France
(iii)	date of incorporation:	27 February 1996
(iv)	nature of the company:	private limited liability company
(v)	authorised share capital:	130,000 Euros
(vi)	issued share capital:	130,000 Euros
(vii)	attributable interest of the Company:	56.7% (immediately after completion of the Share Offer)
(viii)	scope of business:	sales and marketing of building automation solutions

E2 Solutions

(i)	name of the company:	E2 Solutions Inc.
(ii)	place of incorporation:	Ontario Canada
(iii)	date of incorporation	22 April 2008
(iv)	nature of the company:	private limited liability company
(v)	authorised share capital:	unlimited common shares with no par value
(vi)	issued share capital:	6,888,635 common shares with no par value
(vii)	attributable interest of the Company:	13.78% (immediately after completion of the Share Offer)
(viii)	scope of business:	solutions for systems integration, performance improvement, call center management, and asset management and system management

Technovator Beijing

(i)	name of the company:	Tongfang Technovator (Beijing) Co., Ltd.
(ii)	place of establishment:	PRC
(iii)	nature of the company:	wholly foreign-owned enterprise
(iv)	term of business operation:	7 August 2006 to 6 August 2036 (30 years)
(v)	total investment:	US$7,000,000
(vi)	registered capital:	US$7,000,000
(vii)	attributable interest of the company:	100%
(viii)	scope of business:	design, development, production, installation, sale of, and providing technical support for intellectual control systems; wholesale and commission-based distribution (excluding auction) of computers and peripheral devices, electrical and mechanical appliances, electronic communications products; measurement apparatuses; opto-mechatronic products; import and export of goods and technology; design and construction of electrical and mechanical installation projects; and providing technological development, consulting, transfer, and services (subject to compliance with national regulations on quota permits management and product-specific regulations)
(ix)	legal representative:	Mr. Lu Zhicheng

Technovator Shanghai

(i)	name of the company:	Tongfang Technovator Intelligence Technology (Shanghai) Co., Ltd.
(ii)	place of establishment:	PRC
(iii)	nature of the company:	limited liability company
(iv)	term of business operation:	31 May 2010 to 30 May 2040 (30 years)
(v)	total investment:	N/A
(vi)	registered capital:	RMB5,000,000
(vii)	attributable interest of the Company:	80%
(viii)	scope of business:	providing technological development, transfer, consulting, and services in the intelligent control system industry, distribution of computer and peripheral devices (excluding products for information technology system security), electrical and mechanical appliances, electronic communications products, measurement apparatuses, opto-mechatronic products, import and export of goods and technology, design and construction of electrical, and mechanical installation projects (excluding special devices) (subject to compliance with any relevant administrative approval)
(ix)	legal representative:	Mr. Zhao Xiaobo

D. FURTHER INFORMATION ABOUT THE DIRECTORS

1. Directors' service contracts

Each of the executive Directors has entered into a service contract with us for an initial fixed term of 1 year commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term.

Each of the non-executive Directors has entered into a service contract with us for an initial fixed term of 1 year commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term.

Each of the independent non-executive Directors has entered into a service contract with us for an initial fixed term of 1 year commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term.

Each of the Directors is entitled to their respective basic salaries set out below. Each of the executive Directors is also entitled to a discretionary bonus, provided that the aggregate amount of the bonuses payable to all of the executive Directors in respect of any financial year of the Company may not exceed 5% of its consolidated net profit (after taxation and minority interests and payment of such bonuses but excluding extraordinary and exceptional items) in respect of that financial year. An executive Director may not vote on any resolution of the Directors regarding the increment of annual salary and the amount of the discretionary bonus payable to him.

Save as aforesaid, none of the Directors has or is proposed to have a service contract with the Company or any of its subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

2. Directors' remuneration during the Track Record Period

For each of the three years ended 31 December 2008, 2009 and 2010 and the four months ended 30 April 2011, the aggregate amount of the remuneration paid (including salaries, bonuses, allowance, benefits in kind and pension scheme contributions) to the Directors by the Company and its subsidiaries were approximately US$0.2 million, US$0.4 million, US$0.7 million and US$0.2 million, respectively. Details in respect of director emoluments is set out in note 7 headed "Directors' remuneration" to the Accountants' Report set out in Appendix I to this prospectus.

Save as disclosed in the paragraph above, no other emoluments have been paid or are payable, in respect of the Track Record Period by the Company to the Directors.

The Company intends to engage an Independent Third Party consultant after Listing to fix the remuneration of each director. Under the arrangements currently in force, the Company estimates that the aggregate remuneration payable to, and benefits in kind receivable by, the Directors (excluding discretionary bonus and share-based payment compensation granted under the Pre-IPO Share Option Schemes) for the year ending 31 December 2011 will be approximately US$0.2 million.

E. DISCLOSURE OF INTERESTS

1. Disclosure of Interests

(a) ***Interests and short positions of the Directors in share capital of the Company and its associated corporations following the Share Offer***

Immediately following completion of the Share Offer and taking no account of any Shares which may be allotted and issued pursuant to the Technovator Employee Share Option Scheme 2009 and the exercise of the Over-allotment Option (if any), the interests or short positions of the Directors and the chief executive in the Shares, underlying Shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the SFO which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

Interests and short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations:

Long Positions in the Company

Name of Director	Capacity/Nature of Interest	Number of Shares	Approximate percentage of the total number of Shares issued
Mr. Seah Han Leong	Interest in a controlled corporation[1]	36,000,000	7.42%
	Interest in a controlled corporation[2]	8,000,000	1.65%
	Beneficial owner	4,000,000	0.83%
	Beneficial owner	12,120,000[3]	2.32%[4]

Notes:

(1) Mr. Seah Han Leong owns 50% of the issued share capital of Diamond Standard Ltd and hence is deemed to be interested in all the Shares held by Diamond Standard Ltd.

(2) Mr. Seah Han Leong is the sole shareholder of M2M Holdings Ltd and hence is deemed to be interested in all the Shares held by M2M Holdings Ltd.

(3) Shares subject to options under the Technovator Employee Share Option Scheme 2009.

(4) 2.32% is calculated based on the number of issued Shares taking into account Shares which may be allotted and issued to all grantees upon their after full exercise of the options under the Technovator Employee Share Option Scheme 2009.

(b) ***Interests and short positions discloseable under Divisions 2 and 3 of Part XV of the SFO***

Immediately following completion of the Share Offer and taking no account of any shares which may be allotted and issued pursuant to the Technovator Employee Share Option Scheme 2009 or the exercise of the Over-allotment Option, in addition to the interests disclosed under paragraph (a) above, so far as the Directors are aware, the following persons are expected to have interests or short positions in the Shares or underlying Shares which are required to be disclosed to the provisions of Divisions 2 and 3 of Part XV of the SFO or, are expected to be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Interests and short positions in the Shares and underlying Shares:

Name	Capacity/Nature of Interest	Number of Shares	Approximate percentage of the total number of Shares issued
Tongfang	Beneficial owner	92,000,000	18.96%
	Interest in a controlled corporation[(1)]	80,000,000	16.49%
Resuccess	Beneficial owner	80,000,000	16.49%
Dragon Point Limited	Beneficial owner	108,436,320	22.35%
Zana China Fund L.P.	Interest in a controlled corporation[(2)]	108,436,320	22.35%

Notes:

(1) Tongfang is the sole shareholder at Resuccess and hence is deemed to be interested in all the Shares held by Resuccess.

(2) Zana China Fund L.P. is the sole shareholder of Dragon Point Limited and hence is deemed to be interested in all the Shares held by Dragon Point Limited.

2. Disclaimers

Save as disclosed in the paragraph headed "Disclosure of Interests" in this appendix:

(a) the Directors are not aware of any person (not being the Director or the chief executive) who will, immediately after completion of the Share Offer (taking no account of the Over-allotment Option or any Shares which may be issued pursuant to the exercise of options granted under the Technovator Employee Share Option Scheme 2009), have an interest or a short position in Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company;

(b) none of the Directors has any interest or short position in any of the Shares, underlying Shares, or debentures or any shares, underlying shares, or debentures of any associated corporation within the meaning of Part XV of the SFO, which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, each case once the Shares are listed;

(c) none of the Directors nor any of the parties listed in the section headed "Other Information — Consents of experts" of this appendix is interested in the promotion of the Company, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by or leased to the Company or any of its subsidiaries;

(d) none of the Directors nor any of the parties listed in the section headed "Other Information — Consents of experts" of this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the Group's business;

(e) save in connection with the Underwriting Agreements, none of the parties listed in the section headed "Other Information — Consents of experts" of this appendix:

    (i) is interested legally or beneficially in any securities of the Company or any of its subsidiaries; or

    (ii) has any right (whether legally enforceable or not) to subscribe to or to nominate persons to subscribe to securities of the Company or any of its subsidiaries;

(f) none of the Directors or their associates (as defined in the Listing Rules) or the existing Shareholders (who, to the knowledge of the Directors, owns more than 5% of the total number of issued Shares) has any interest in any of the five largest customers or the five largest suppliers of the Group.

F. OTHER INFORMATION

1. Estate Duty and tax indemnity

Each of the Controlling Shareholders (together, the "**Indemnifiers**") has entered into a deed of indemnity with and in favor of the Company (for itself and as trustee for each of its present subsidiaries) (being the material contract (43) referred to in the paragraph headed "Summary of material contracts" in this appendix) to provide indemnities on a joint and several basis in respect of, among other matters, in relation to taxation which might be payable by any member of the Group in respect of any income, profits or gains earned, accrued, or received on or before the date on which the Share Offer becomes unconditional.

The deed of indemnity does not cover any claim and the Indemnifiers shall be under no liability under the deed in respect of any taxation:

(a) to the extent that adequate provision has been made for such taxation in the consolidated audited accounts of the Company or the audited accounts of the relevant Group members up to 30 April 2011;

(b) to the extent that such taxation or liability for such taxation falling on any of the members of the Group in respect of their accounting periods or any accounting period commencing on or after 30 April 2011 and ending on the date on which dealings in the Shares first commence on the Main Board of the Stock Exchange, where such taxation or liability would not have arisen but for some act or omission of, or transaction voluntarily effected by, the members of the Group or any of them (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without the prior written consent or agreement of the Indemnifiers other than any such act, omission or transaction:

(i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after 30 April 2011; or

(ii) carried out, made or entered into pursuant to a legally binding commitment created on or before 30 April 2011 or pursuant to any statement of intention made in the Prospectus;

(c) to the extent that such claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or any other relevant authority coming into force after the date on which the Share Offer becomes unconditional or to the extent such claim arises or is increased by an increase in rates of taxation after such date with retrospective effect; or

(d) to the extent that any provision or reserve made for taxation in the audited accounts of any member of the Group up to 30 April 2011 which is finally established to be an over-provision or an excessive reserve in which case the Indemnifiers' liability (if any) in respect of such taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied referred to in this item (e) to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter.

2. Litigation

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries are/is engaged in any litigation, arbitration, or claim of material importance, and no litigation, arbitration, or claim of material importance is known to the Directors to be pending or threatened by or against us, that would have a material adverse effect on its results of operations or financial condition.

3. Sponsor

The Sponsor made an application on behalf of the Company to the Stock Exchange for listing of, and permission to deal in, the Shares in issue as mentioned herein, any Shares falling to be issued pursuant to the exercise of the Over-allotment Option and the Shares that may be issued upon the exercise of options that may be granted under the Technovator Employee Share Option Scheme 2009. All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

4. No Material Adverse Change

The Directors confirm that there has been no material adverse change in their financial or trading position or prospects since 30 April 2011 (being the date to which the latest consolidated financial statements of the Company were made up).

5. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

6. Miscellaneous

(1) Save as disclosed herein:

(a) within the two years immediately preceding the date of this prospectus, no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(b) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(c) neither the Company nor any of its subsidiaries have issued or agreed to issue any founder shares, management shares or deferred shares;

(d) within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerage, or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of the Group;

(e) within the two years preceding the date of this prospectus, no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription, or agreeing to procure subscription of any Shares in the Company;

(f) none of the equity and debt securities of the Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and

(g) the Group has no outstanding convertible debt securities.

(2) There has not been any interruption in the business of the Group which may have or have had a significant effect on the financial position of the Group in the twelve (12) months immediately preceding the date of this prospectus.

7. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualification
Piper Jaffray	Licensed under the SFO for type 1 (dealing in securities) and type 6 (advising on corporate finance) activities as defined under the SFO)
KPMG	Certified public accountants
Jones Lang LaSalle Sallmanns Limited	Independent professional property valuer
TSMP Law Corporation	Singaporean legal counsel to the Company
Jingtian & Gongcheng	PRC legal counsel to the Company
BCF LLP	Canadian legal counsel to the Company
Bignon Lebray	French Legal counsel to the Company

8. Consents of experts

Each of Piper Jaffray, KPMG, Jones Lang LaSalle Sallmanns Limited, TSMP Law Corporation, Jingtian & Gongcheng, BCF LLP and Bignon Lebray has given and has not withdrawn their respective consent to the issue of this prospectus with the inclusion of its report and/or letter and/or summary of valuations and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in the Company or any of its subsidiaries or the right (whether legally enforceable or not) to subscribe to or to nominate persons to subscribe to securities in the Company or any of its subsidiaries.

9. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

G. PRE-IPO SHARE OPTION SCHEMES

The Group has adopted the following Pre-IPO Share Option Schemes to enable its employees to build up a stack in the Group:

(i) Technovator Employee Share Option Scheme 2009; and

(ii) Distech Controls Stock Option Plan.

As Pre-IPO Share Option Schemes were adopted before Listing, they do not need to be approved by its shareholders after Listing, and Chapter 17 of the Listing Rules do not apply thereto. The terms of these Pre-IPO Share Option Schemes do not comply with the provisions in Chapter 17 of the Listing Rules. However, the options granted under these Pre-IPO Share Option Schemes will continue to be valid after the Listing and no further options may be granted after the Listing.

(i) Technovator Employee Share Option Scheme 2009

The following is a summary of the principal terms of the Technovator Employee Share Option Scheme 2009 as approved by resolutions of the Shareholders passed at an extraordinary general meeting of the Company on 11 August 2009 and amended by the resolution of the committee administering the scheme on 15 August 2011:

1. *Purpose*

The purpose of the Technovator Employee Share Option Scheme 2009 is to motivate each Participant (as mentioned in the following paragraph) to optimise his performance standards and efficiency and to maintain a high level of contribution to the Group; to retain key employees and Directors of the Group whose contributions are essential to the long-term growth and profitability of the Group; to instil loyalty to, and a stronger identification by the Participants with the long-term prosperity of, the Company; to attract potential employees with relevant skills to contribute to the Group and to create value for the Shareholders; and to align the interests of the Participants with the interests of the Shareholders.

2. *Who may join*

The committee comprising directors of the Company who were duly authorised, appointed and nominated by the Board pursuant to the rules of the Technovator Employee Share Option Scheme 2009 (the "**Rules**") to administer the Technovator Employee Share Option Scheme 2009 (the "**Committee**"), may at its absolute discretion grant options to any employees of the Group who (i) are confirmed in his/her employment with the Group; (ii) have attained the age of 21 years on or before the date of granting the options; and (iii) are not be an undischarged bankrupt and must not have entered into a composition with his creditors. Shareholders exercising control over the Company (including, unless rebutted, persons who control directly or indirectly a shareholding of 15% or more of the Company's issued share capital) or their associates are not eligible to join the Technovator Employee Share Option Scheme 2009. Directors and employees of (a) companies which shares are at least 20% but not more than 50% owned by the Company or the Group and (b) the Company's parent company and such parent company's subsidiaries are not eligible to join the Technovator Employee Share Option Scheme 2009.

3. *Maximum number of Shares*

The maximum number of Shares over which the Committee may grant options under the Technovator Employee Share Option Scheme 2009 on any date, when added to the new Shares issued and issuable in respect of (a) all options granted under the Technovator Employee Share Option Scheme 2009, and (b) all awards granted under any other share option, share incentive, performance share, or restricted share plan implemented by the Company in force at the relevant time shall not in exceed 10% of the issued share capital of the Company on that date.

4. *Offer and grant of option*

Subject to the terms of the Technovator Employee Share Option Scheme 2009, the Committee may grant options at any time during the period when the Technovator Employee Share Option Scheme 2009 is in force.

5. *Acceptance of option*

The grant of an option shall be accepted by the person to whom the offer is made within 30 days from the date of grant of that option by completing, signing, and returning the acceptance form accompanied by payment of S$1.00 as consideration.

6. *Exercise price*

Subject to any adjustment pursuant to the Technovator Employee Share Option Scheme 2009, the exercise price per option is HK$0.69523 as amended on 15 August 2011.

7. *Exercise of options*

An option may be exercised in accordance with the terms of the Technovator Employee Share Option Scheme 2009 during the period commencing after the date of grant and expiring on the third anniversary of such date of grant, subject to termination under the Technovator Employee Share Option Scheme 2009. The vesting period to exercise one-third of the total options granted under the Technovator Employee Share Option Scheme 2009 will be 18 months and the rest of the two-third will be 24 months after the grant.

Outstanding options granted under the Technovator Employee Share Option Scheme 2009

As at the date of this prospectus, options to subscribe to an aggregate of 36,320,000 Shares (representing approximately 6.96% of the number of issued Shares immediately after completion of the Share Offer and full exercise of the share options under the Technovator Employee Share Option Scheme 2009, assuming the Over-allotment Option is not exercised) at an exercise price of HK$0.69523 per Share representing a 36.8% discount to the mid-point of the Offer Price range have been conditionally granted to five participants by the Company at a consideration of S$1.00 per participant under the Technovator Employee Share Option Scheme 2009. All the options under the Technovator Employee Share Option Scheme 2009 were granted on 12 August 2009 and no further options will be granted under the Technovator Employee Share Option Scheme 2009 prior to the Listing Date.

Application has been made to the Stock Exchange for the approval of the listing of and permission to deal in the 36,320,000 Shares to be issued pursuant to the exercise of the options granted under the Technovator Employee Share Option Scheme 2009.

The options have been conditionally granted based on the performance of the grantees who have made important contributions and are important to the long term growth and profitability of the Group. A total of five employees including two executive Directors and three other employees of the Group (set out in the section headed “Directors and Senior Management” of this prospectus) have been conditionally granted options under the Technovator Employee Share Option Scheme 2009.

A full list of such grantees containing all the details in respect of each option required under Rule 17.02(1)(b) of and paragraph 27 of Part A of Appendix I to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies Ordinance is set out below:

No.	Grantee and Position	Address	Number of Shares to be issued upon full exercise of the share options	Percentage of the number of issued Shares after completion of Share Offer and full exercise of the share options
	Directors			
1.	Zhao Xiaobo	An Ningzhuang, Hai Dian District, Beijing, PRC	12,120,000	2.32%
2.	Seah Han Leong	46 Li Hwan Close Golden Hill Estate Singapore (557169)	12,120,000	2.32%
	Other Employees			
3.	Xu Zhenxi, chief engineer	No. 906, 2/F Dorm Tower, Er Li Zhuang Community, Hai Dian District, Beijing, PRC	4,000,000	0.76%
4.	Chen Fangju	No.111-5, Tianchi Road, Gong Jing District, Zi Gong City, Si Chuan Province, PRC	4,040,000	0.78%
5.	Qiu Duanyun	No. 13, No. 20 Building, West of Baiyun Road, Xi Cheng District, Beijing, PRC	4,040,000	0.78%
Total			36,320,000	6.96%

Note:

1. Assuming that the Over-allotment Option is not exercised.

The total number of Shares which may be issued upon the exercise of all options granted under the Technovator Employee Share Option Scheme 2009 is 36,320,000, representing approximately 7.49% of the Company's the number of issued shares immediately upon completion of the Share Offer. If all options are exercised, this would have a dilutive effect on the shareholdings of the Shareholders of approximately 6.96%. However, as the options are exercisable for a period of three years, any such dilution and impact on earnings per Share will be staggered over several years. No further options will be granted under the Technovator Employee Share Option Scheme 2009 after the Listing Date.

The Directors have undertaken to the Company that they will not exercise the options granted under the Technovator Employee Share Option Scheme 2009 to such extent that the Shares held by the public (as defined in the Listing Rules) after the Share Offer will fall below the required percentage set out in Rule 8.08(1)(a) of the Listing Rules or such other percentage as approved by the Stock Exchange from time to time.

Adjustments to share options granted under the Technovator Employee Share Option Scheme 2009

If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:-

(a) the exercise price of the Shares, the nominal amount, class and/or number of Shares comprised in an option to the extent unexercised; and/or

(b) the nominal amount, class and/or number of Shares over which options may be granted under the Technovator Employee Share Option Scheme 2009,

shall be adjusted in such manner as the committee which has been appointed to administer the Technovator Employee Share Option Scheme 2009 shall decide.

Notwithstanding the foregoing:-

(i) no such adjustment shall be made if as a result:-

(A) the exercise price shall fall below the nominal amount of a Share and if such adjustment would, but for this paragraph (i), result in the exercise price being less than the nominal amount of a Share, the exercise price payable shall be the nominal amount of a Share; or

(B) the participant receives a benefit that a Shareholder does not receive; and

(ii) any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the auditors of the Company for the time being (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

(ii) Distech Controls Stock Option Plan

The following is a summary of the principal terms of the Distech Controls Stock Option Plan as approved by resolutions of the board of directors of Distech Controls on 28 May 2008:

1. *Propose*

The purpose of the Distech Controls Stock Option Plan is to (i) encourage the financial participation of certain employees, officers, directors, and Special Contributors (as mentioned in the following paragraph) of Distech Controls; (ii) attract and retain the competent employees, officers, directors, and Special Contributors whom Distech Controls needs; (iii) add an incentive component to the compensation of key employees and directors of Distech Controls; and (iv) improve Distech Controls' long-term profitability.

2. *Who may join*

Employees (who have passed their probation period) and external directors of Distech Controls and its subsidiaries, as well as consultants, contractual employees, and advisors of Distech Controls and its subsidiaries ("**Special Contributors**") are eligible to join the Distech Controls Stock Option Plan ("**Eligible Persons**").

3. *Maximum number of Shares*

The aggregate number of (i) class B common shares of the share capital of Distech Controls ("**Class B Common Shares**") reserved for issuance under the Distech Controls Stock Option Plan and (ii) Class B Common Shares issued pursuant to the exercise of options under the Distech Controls Stock Option Plan, shall not exceed 2,000,000 Class B Common Shares subject to adjustment provided by the Distech Controls Stock Option Plan and in accordance with any unanimous shareholders' agreement of Distech Controls in effect at that time.

The maximum number of Distech Controls Class B Common Shares that may be issued upon the exercise of options may never exceed the maximum number of Class B Common Shares reserved for issuance under the Distech Controls Stock Option Plan. However, if an option expires or otherwise terminates for any reasons whatsoever, without having been exercised in whole, the shares that were not issued thereunder will again become available for issuance under the Distech Controls Stock Option Plan.

4. *Offer and grant of option*

An offer of the grant of an option under the Distech Controls Stock Option Plan shall be made to Eligible Persons by the board of directors of Distech Controls through a stock option agreement executed by Distech Controls in the form set out in the general rules of interpretation of the Distech Controls Stock Option Plan.

5. *Acceptance of option*

Eligible Persons shall return an executed copy of the share option agreement to the Company on acceptance of the option offer as consideration for the grant.

6. *Exercise price*

The exercise price per option is determined by the board of directors of Distech Controls when the options are granted.

7. *Exercise of options*

Unless otherwise decided at the time of the grant, during the period between one year from the date of grant and the termination date of the Distech Controls Stock Option Plan, 25% of the options granted under the Distech Controls Stock Option Plan may be exercised; and the one thirty-sixth of the remainder of the options granted will become exercisable each month thereafter until the termination date of the Distech Controls Stock Option Plan.

Outstanding options granted under the Distech Controls Stock Option Plan

As at the Latest Practicable Date, options to subscribe to an aggregate of 1,770,000 Distech Controls Class B Common Shares, representing approximately 4.58% of the total number of issued shares of the Distech Controls (being 38,670,669 shares), at an exercise price of CAD$0.60 have been conditionally granted to 31 participants by Distech Controls under the Distech Controls Stock Option Plan. All the options under the Distech Controls Stock Option Plan were granted on 27 August 2008, 8 September 2009, 10 March 2010 and 19 January 2011 and no further options will be granted under the Distech Controls Stock Option Plan prior to the Listing Date.

A summary of such grantees containing all the details in respect of each option required under Rule 17.02(1)(b) of and paragraph 27 of Part A of Appendix I to the Listing Rules and paragraph 10, of Part I of the Third Schedule to the Companies Ordinance is set out below:

No.	Grantee	Address	Number of shares to be issued upon full exercise of the Distech Controls share option	Percentage of the total number of issued shares of Distech Controls after full exercise of the Distech Controls share option
1.	Ahmed Hirani	412 Meadow Street Oshawa ONTARIO L1L 1C1 Canada	300,000	0.74%
2.	Stephane Bernique	1621, Michel-Levasseur Chambly Québec J3L 6Y1 CANADA	150,000	0.37%
3.	Patrick Winkelman	375 Hattie St Palm Harbor FLORIDA 34683 USA	100,000 (Note 1)	0.25%
4.	Martin Boucher	2027 de Mont-Parnasse Ste-Julie Québec J3E 3S1 CANADA	100,000 (Note 1)	0.25%
5.	Martin Villeneuve	22 Allée Adanson Ste-Foy les Lyon 69110 FRANCE	150,000 (Note 2)	0.37%
6.	Charles Gauvin	11 Daubigny Candiac Québec J5R 6G6 CANADA	150,000 (Note 2)	0.37%
7.	Ryan Sen	7140 du Chardonnet Appartment 5 Brossard Québec J4Z 0B3 CANADA	100,000	0.25%

No.	Grantee	Address	Number of shares to be issued upon full exercise of the Distech Controls share option	Percentage of the total number of issued shares of Distech Controls after full exercise of the Distech Controls share option
8.	Caroline Cadieux	4455 St-Urbain Appartment 306 Montréal Québec H2W 1V7 CANADA	100,000 (Note 1)	0.25%
9.	Rafic Mouzaya	68 Koubba St Batroun - North Lebanon	50,000 (Note 3)	0.12%
10.	Charles Pelletier	213 Amilia Bowman St-Jean-sur-Richelieu Québec J2X 0C8 CANADA	100,000	0.25%
11.	Mathieu Houle	133 rue Joseph Veronneau Ste-Julie Québec J3E 2S3 CANADA	20,000	0.05%
12.	Pascal Gratton	4455 St-Urbain Appartment 306 Montréal Québec H2W 1V7 CANADA	20,000	0.05%
13.	Elisabeth Gagnon	10 Rushbrooke Dollard-des-Ormeaux Québec H9B 3K6 CANADA	20,000	0.05%
14.	Francine Gauthier	3430 chemin de Chambly Appartment 302 Longueuil Québec J4L 1N8 CANADA	20,000	0.05%

No.	Grantee	Address	Number of shares to be issued upon full exercise of the Distech Controls share option	Percentage of the total number of issued shares of Distech Controls after full exercise of the Distech Controls share option
15.	Robert Harvey	114 Avenue de Balmoral Appartment 204 Laprairie Québec J5R 4L5 CANADA	15,000	0.04%
16.	Patrice Soucy	580, Gaby-Desmarais Marieville Québec J3M 0A2 CANADA	15,000	0.04%
17.	Xiao Sun	158 Monchamp Boulevard St-Constant Québec J5A 2K8 CANADA	15,000	0.04%
18.	Dominique Gagnon	3575 du Tamaris St-Bruno de Montarville Québec J3V 0B9 CANADA	15,000	0.04%
19.	Danny Breton	229 Julien Beaudriau St-Jean-sur-Richelieu Québec J2X 5W4 CANADA	15,000	0.04%
20.	Éric Lebrun	309 Yvon L'Heureux Road McMasterville Québec J3G 2C9 CANADA	10,000	0.02%
21.	Elise Boucher	829 Rémi St-Amable Québec J0L 1N0 CANADA	10,000	0.02%

No.	Grantee	Address	Number of shares to be issued upon full exercise of the Distech Controls share option	Percentage of the total number of issued shares of Distech Controls after full exercise of the Distech Controls share option
22.	Danièle Boivin	5980 Cornelle Street Appartment 306 Brossard Québec J4Z 0H8 CANADA	20,000	0.05%
23.	Guerry Matthews	1103 Smokewood Drive Apex North Carolina 27502 USA	20,000	0.05%
24.	Fernand Ostiguy	428, Leroyer St-Lambert Québec J4R 1M6 CANADA	100,000	0.25%
25.	Jean Rodrigue	1536 Summerhill Avenue Montréal Québec H3H 1B9 CANADA	100,000	0.25%
26.	Steve Floth	4618 Auburn Lane Lake Oswego Oregon, 97035 U.S.A.	20,000	0.05%
27.	Matthew O'Shea	1279 Cedar Lake Drive Metamora, lllinois 61548 U.S.A.	20,000	0.05%
28.	Jonathan Cramer	6723 Bonnie Blue Drive Wesley Chapel Florida 33544 U.S.A.	15,000	0.04%
Total			1,770,000	4.38%

Notes:

1. Of the 100,000 options, 70,000 options were granted in 2008 and 30,000 options were granted in 2010.

2. Of the 150,000 options, 70,000 options were granted in 2008, 30,000 options were granted in 2010 and 50,000 options were granted in 2011.

3. Of the 50,000 options, 40,000 options were granted in 2008 and 10,000 options were granted in 2010.

Other than 150,000 options exercised by Johan Schkenraad at an exercise price of CAD$0.60 per option on 19 May 2011 (150,000 Class B Common Shares of Distech Controls issued pursuant to the exercise of such options have been repurchased by Distech Controls at a consideration of CAD$1.45 per share), none of the options granted under the Distech Controls Stock Option Plan has been exercised.

The options to be issued under the Distech Controls Stock Option Plan represent approximately 4.32% of the total number of issued shares of Distech Controls as at the Listing Date.

Without taking into account the additional shares of Distech Controls that Technovator will acquire from Étienne Veilleux and 9109-2759 Québec Inc. as set out in the section headed "History and Corporate Structure — Corporate Reorganization — (a) Acquisition of additional shares in Distech Controls from its minority shareholders by the Company" of this prospectus and if all options issued under the Distech Controls Stock Option Plan are exercised and assuming that no holder thereof sells his shares of Distech Controls to Technovator pursuant to the provisions set forth in the paragraph headed "Acquisition by the Company of additional shares in Distech Controls from its employees and directors" in this Appendix, the shareholding of the Company in Distech Controls will be diluted from 56.7% to 54.2%. As the options are exercisable over a period of years, any such dilution and impact on the shareholding interest and on earnings per Share will be spread over several years. No further options will be granted under the Distech Controls Stock Option Plan after the Listing Date.

Acquisition by the Company of additional shares in Distech Controls from its employees and directors

On 1 September 2011, the Company made 28 offers to purchase in favour of 26 individuals employed by Distech Controls or its subsidiaries and two directors of Distech Controls ("**Eligible Person**"), pursuant to which the Company agreed, conditional upon the closing of the Share Offer, to purchase an aggregate of up to 885,000 Class B common shares of Distech Controls ("**Class B Shares**") from the Eligible Persons that they may hold on 14 February 2012. In return, the Company shall issue and allot such number of Shares to the relevant Eligible Person determined as follows:

$$\frac{\text{EBITDA of Distech Controls for the twelve month period ending on 31 December 2011}}{\text{EBITDA of the Company for the twelve month period ending on 31 December 2011}} \quad \text{X} \quad \frac{C}{A + B} \quad \text{X} \quad D$$

where A represents the number of Class A Shares issued and outstanding on 31 December 2011;

B represents the number of Class B Shares issued and outstanding on 31 December 2011;

C represents the number of Class B Shares sold to the Company by the relevant Eligible Person; and

D represents the number of issued and outstanding Shares as of 31 December 2011 plus the number of Shares to be issued to all shareholders of Distech Controls who, on 15 February 2012, are selling Class A Shares and Class B Shares to the Company pursuant to an offer to purchase made by the Company.

The Company also agreed to purchase an aggregate of up to 885,000 Class B Shares from the Eligible Persons that they may hold on a date between 15 February 2013 and 15 February 2015 to be set by the Board of Directors of Distech Controls (the "**Date of the Sale**") and to be communicated to the Company and the Eligible Persons at least 15 business days before the Date of the Sale, and conditional upon the closing of the Share Offer. In return, the Company shall issue and allot an aggregate of such number of Shares to the relevant Eligible Person determined as follows:

$$\frac{\text{EBITDA of Distech Controls for the twelve month period ending on the Relevant Quarter Date}}{\text{EBITDA of the Company for the twelve month period ending on the Relevant Quarter Date}} \quad X \quad \frac{C}{A + B} \quad X \quad D$$

where A represents the number of Class A Shares issued on the day preceding the Relevant Quarter Date;

B represents the number of Class B Shares issued and outstanding on the day preceding the Relevant Quarter Date;

C represents the number of Class B Shares sold to the Company; and

D represents the number of issued and outstanding Shares as of Relevant Quarter Date.

Relevant Quarter Date means the last day of the quarter of the financial year ended prior to the Date of the Sale, being currently 31 March, 30 June, 30 September or 31 December.

For the purpose of the above formulas, EBITDA means consolidated profit before tax, plus interest expenses, depreciation, amortization, gains and losses from fair value changes of financial instruments at fair value through profit or loss, share-based payment expenses, and, in the case of Technovator only, the listing expenses relating to the initial public offering. All financial information is to be prepared in accordance with the International Financial Reporting Standards.

The EBITDAs of the Company and of Distech Controls, both on a consolidated basis, shall be determined by them based on audited financial statements for the year ending 31 December 2011 and unaudited (audited if the date of the end of the Relevant Quarter is 31 December) financial statements for the quarter ending on the Relevant Quarter Date.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were (i) copies of the Application Forms, (ii) the written consents referred to in the paragraph headed "Other Information — Consents of experts" in Appendix VI to this prospectus, and (iii) copies of the material contracts referred to in the paragraph headed "Summary of material contracts" in Appendix VI to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Orrick, Herrington & Sutcliffe at 43rd Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and the Articles of Association;

(b) the Accountants' Report from KPMG, the text of which is set out in Appendix I to this prospectus;

(c) the report in relation to unaudited pro forma financial information from KPMG, the texts of which are set out in Appendix II to this prospectus;

(d) the letter, summary of values and valuation certificates relating to the property interests of the Group prepared by Jones Lang LaSalle Sallmanns Limited, the texts of which are set out in Appendix III to this prospectus;

(e) the Singapore legal opinions prepared by TSMP Law Corporation, legal advisors to the Company on Singapore law, in respect of certain aspect of the Company and its property interests, and summarizing certain aspects of Singapore Companies Act referred to in Appendix V to this prospectus;

(f) the PRC legal opinions prepared by Jingtian & Gongcheng, legal advisors to the Company on PRC law, in respect of certain aspect of the Group and its property interests;

(g) the Canadian legal opinions prepared by BCF LLP, legal advisors to the Company on Canadian law, in respect of certain aspect of Distech Controls and its property interests;

(h) the French legal opinions prepared by Bignon Lebray, legal advisors to the Company on French law, in respect of certain aspect of the Group and its property interests;

(i) the Singapore Companies Act;

(j) the material contracts referred to in the paragraph headed "Summary of material contracts" in Appendix VI to this prospectus;

(k) the service contracts with each of the Directors referred to in the paragraph headed "Further Information about the Directors — Directors' service contracts" in Appendix VI to this prospectus;

(l) the written consents referred to in the paragraph headed "Other Information — Consents of experts" in Appendix VI to this prospectus; and

(m) the rules of the Pre-IPO Share Option Schemes.

Technovator

科諾威德國際有限公司
Technovator International Limited