Technovator

Technovator International Limited
(incorporated in Singapore with limited liability)

Stock Code: 1206

A Leading Integrated Energy Saving Services Provider

Interim Report 2015

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mr. Zhao Xiaobo (趙曉波)
Mr. Seah Han Leong (謝漢良)

Non-executive Directors
Mr. Lu Zhicheng (陸致成) *(Chairman)*
Mr. Fan Xin (范新)
Mr. Liu Tianmin (劉天民)
Mr. Ng Koon Siong (黃坤商)

Independent Non-executive Directors
Mr. Fan Ren Da Anthony (范仁達)
Mr. Chia Yew Boon (謝有文)
Ms. Chen Hua (陳華)

BOARD COMMITTEES

Audit Committee
Ms. Chen Hua *(Chairman)*
Mr. Chia Yew Boon
Mr. Fan Ren Da Anthony

Nomination Committee
Mr. Chia Yew Boon *(Chairman)*
Mr. Fan Ren Da Anthony
Mr. Lu Zhicheng

Remuneration Committee
Mr. Fan Ren Da Anthony *(Chairman)*
Mr. Chia Yew Boon
Mr. Ng Koon Siong

JOINT COMPANY SECRETARIES

Mr. Leung Lok Wai
Ms. Tan Siew Hua (resigned on 29 July 2015)
Mr. Cheo Meng Ching (appointed on 29 July 2015)

AUTHORISED REPRESENTATIVES

Mr. Zhao Xiaobo
Mr. Seah Han Leong

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 806–810
Bank of America Tower
12 Harcourt Road
Central, Hong Kong

LEGAL ADVISER AS TO HONG KONG LAWS

Orrick, Herrington & Sutcliffe

AUDITORS

KPMG
KPMG LLP

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
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY WEBSITE

www.technovator.com.sg

PRINCIPAL BANKERS

Standard Chartered Bank
DBS Bank
The Hong Kong and Shanghai Banking Corporation Limited
Agriculture Bank of China
Bank of China
China CITIC Bank
China Construction Bank
China Merchant Bank
Bank of Beijing

INVESTOR RELATIONS CONTACT

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GENERAL

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

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

BUSINESS REVIEW

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

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

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

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

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

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

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

FINANCIAL REVIEW – CONTINUING OPERATIONS

Revenue

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

Revenue by business segments

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

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

Building energy-saving solutions

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

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

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

Industrial energy-saving solutions

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

Control security systems and fire alarm systems

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

Revenue by Geographical Region

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

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

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

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

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

Cost of sales

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

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

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

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

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

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

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

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

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

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

Profit for the period

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

Working capital and financial resources

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

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

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

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

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

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

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

Liquidity and financial resources

We maintained a healthy liquidity position during the first half of 2015. We principally financed our operations by internal resources. As at 30 June 2015, we had approximately US$134.9 million in cash and cash equivalents. Our cash and cash equivalents consist primarily of cash in the banks and on hand and deposits that are readily convertible into known amounts of cash.

As at 30 June 2015, our indebtedness consisted of short-term loans of approximately US$61.1 million with an average annual interest rate of 6.09%, long-term loan of approximately US$33.6 million with an average annual interest rate of 5.98% and obligations under finance lease of approximately US$0.1 million. The loans mainly represented unsecured term loans of US$34.0 million from Technovator Beijing, unsecured term loans of US$43.6 million and secured term loans of US$9.9 million from Tongfang Energy Saving, terms loans and secured bank overdraft of approximately US$7.2 million from banks overseas.

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

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

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

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

Pledge of assets

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

Contractual obligation and capital commitments

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

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

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

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

Contingent liabilities

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

Off-balance sheet arrangements

We do not have any special purpose entities that provide financing, liquidity, market risk or credit support to us or engage in leasing, hedging or research and development services with us. We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. In addition, we have not entered into any derivative contracts that are indexed to our own shares and classified as shareholders' equity, or that are not reflected in our financial statements. Moreover, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that services as credit, liquidity or market risk support to such entity.

Employment, Training and Development

As at 30 June 2015, we had a total of 787 employees, a decrease of 2.7% compared to 809 employees as at 30 June 2014. Total staff costs for the six months ended 30 June 2015 increased to approximately US$13.4 million from approximately US$11.5 million for the six months ended 30 June 2014, mainly due to employee salary increments.

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

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

Material Acquisitions and Disposals

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

Significant investment

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

Outlook

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

CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2015, the Company complied with all code provisions and, where appropriate, adopted the recommended best practices as set out in the Corporate Governance Code in Appendix 14 to the Main Board Listing Rules.

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

The Company has also adopted the Model Code set out in Appendix 10 of the Listing Rules throughout the six months ended 30 June 2015 as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors of the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions throughout the six months ended 30 June 2015.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The Directors confirm that disclosure of financial information in this interim report complies with Appendix 16 of the Listing Rules. The audit committee of the Company has held meetings to discuss the internal controls and financial reporting matters of the Company, including the review of the interim results and the unaudited consolidated interim financial statements for the six months ended 30 June 2015. The interim financial report is unaudited.

The external auditor has reviewed the interim financial information for the six months ended 30 June 2015 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 Hong Kong Institute of Certified Public Accountants.

ISSUE OF SECURITIES

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

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

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

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

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

MATERIAL ACQUISITIONS AND DISPOSALS

On 8 March 2015, (i) 1028665 B.C. Ltd. (as the purchaser), (ii) Acuity Brands Lighting, Inc. (as the purchaser's parent), (iii) Distech Controls Inc. (being the Target), and (iv) all shareholders of the Target, including the Company (other than Samsung) (as the sellers), entered into an agreement (the "Agreement" and as amended by a letter agreement dated 29 June 2015) for the disposal of all of the issued and outstanding shares in the capital of the Target. On 11 March 2015, Samsung also executed the Agreement and became one of the sellers. Upon completion of the Agreement, the Company will cease to have any interests in the Target and the Target will cease to be a subsidiary of the Company. Please refer to the announcements of the Company dated 9, 12 and 30 March 2015, 2 April 2015 and 30 June 2015 and the circular of the Company dated 14 July 2015 for further details.

Save as disclosed above, for the six months ended 30 June 2015, the Group did not make any other material acquisition or disposal of subsidiaries or associates.

DIVIDENDS

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

DISCLOSURE OF INTERESTS

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures

As at 30 June 2015, the Directors and the chief executive of the Company and their respective associates had the following interests or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and the chief executive of the Company are taken and deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

Long positions in the Company

Name of Director/ Chief executive	Capacity/Nature of interest	Number of Shares interested	Approximate percentage of interest in the issued share capital of the Company[3]
Mr. Seah Han Leong	Interest in a controlled corporation[1]	8,000,000	1.03%
	Beneficial owner	10,120,000	1.31%
	Beneficial owner	5,800,000[2]	0.75%
Mr. Lu Zhicheng	Beneficial owner	8,800,000[2]	1.14%
Mr. Zhao Xiaobo	Beneficial owner	5,120,000	0.66%
	Beneficial owner	5,800,000[2]	0.75%
Mr. Leung Lok Wai	Beneficial owner	3,600,000[2]	0.47%
Mr. Ng Koon Siong	Beneficial owner	1,000,000[2]	0.13%
Mr. Liu Tianmin	Beneficial owner	500,000[2]	0.06%
Mr. Fan Ren Da Anthony	Beneficial owner	500,000[2]	0.06%
Mr. Chia Yew Boon	Beneficial owner	500,000[2]	0.06%
Ms. Chen Hua	Beneficial owner	500,000[2]	0.06%

Notes:

(1) 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.

(2) Shares subject to options under the Share Option Scheme.

(3) The percentage of interest in the issued share capital of the Company is calculated based on the number of issued Shares without taking into account Shares which may be allotted and issued to all grantees upon their after full exercise of the options under the Share Option Scheme.

Save as disclosed above, as at 30 June 2015, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

At no time was the Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the Directors and the chief executive of the Company (including their spouse and children under 18 years of age) to hold any interest or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

Substantial shareholders' interests and short positions in shares and underlying shares

So far as is known to any Director or chief executive of the Company, as at 30 June 2015, the persons or corporations (other than the Directors or chief executive of the Company) who had interest or short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of shareholders	Capacity/Nature of interest	Number of Shares interested	Approximate percentage of interest in the issued share capital of the Company
Tsinghua Tongfang Co., Ltd (同方股份有限公司)	Beneficial owner Interest in a controlled corporation[1]	92,000,000 176,148,142	11.88% 22.75%
Resuccess Investments Limited	Beneficial owner	176,148,142	22.75%
Dragon Point Limited	Beneficial owner	65,436,320	8.45%
Zana China Fund L.P.	Interest in a controlled corporation[2]	65,436,320	8.45%

Notes:

(1) Tsinghua Tongfang Co., Ltd (同方股份有限公司) is the sole shareholder of Resuccess Investments Limited and hence is deemed to be interested in all the Shares held by Resuccess Investments Limited.

(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.

Save as disclosed above, as at 30 June 2015, the Directors and the chief executive of the Company are not aware of any other person or corporation having an interest or short position in the Shares and underlying Shares of the Company which would require to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEMES

Pre-IPO Share Option Schemes

Prior to the listing of the Company, the Group has adopted the following share option schemes (collectively, "Pre-IPO Share Option Schemes") to enable our employees to build up a stake 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 of the Company 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.

There are no outstanding options under the Technovator Employee Share Option Scheme 2009.

(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.

Prior to the listing of the Company, options to subscribe to an aggregate of 1,770,000 class B common shares of Distech Controls ("Class B Common Shares"), representing approximately 0.04% of the total number of issued shares of the Distech Controls (being 39,532,595 shares as at the date of this report), at an exercise price of CAD$0.60 have been conditionally granted to 28 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, 19 January 2011 and 19 July 2011, and no further options have been granted under the Distech Controls Stock Option Plan since the listing of the Company.

Details of the movement of share options granted under the Distech Controls Stock Option Plan as at 30 June 2015 are as follows:

Name	Number of shares issuable under the share options		
	Outstanding as at 1 January 2015	Forfeited during the six months ended 30 June 2015	Outstanding as at 30 June 2015
Employees	1,131,000	–	1,131,000

Save as disclosed above, no options granted under the Pre-IPO Share Option Schemes were exercised, lapsed or cancelled during the six months ended 30 June 2015.

Share Option Scheme

As terms of the Pre-IPO Share Option Schemes do not comply with the provisions in Chapter 17 of the Listing Rules, no further options may be granted after the listing of the Company. As such, the shareholders of the Company have approved and the Company has adopted a new share option scheme ("Share Option Scheme") on 18 May 2012 ("Adoption Date") to grant options to eligible persons in addition to the Pre-IPO Share Option Schemes.

Pursuant to an ordinary resolution adopted in general meeting by the shareholders of the Company on 14 July 2014, the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the Shares in issue as at 14 July 2014, being the date of the extraordinary general meeting at which the said ordinary resolution was adopted, i.e. 52,152,000 Shares. No option may be granted to any participant of the Share Option Scheme such that the total number of Shares issued and to be issued upon exercise of the options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's shares in issue from time to time.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant. There is no minimum period for which an option must be held before it can be exercised. Participants of the Share Option Scheme are required to pay the Company HK$1.0 upon acceptance of the grant on or before 28 days after the offer date. The exercise price of the options is determined by the Board in its absolute discretion and shall not be less than whichever is the highest of:

(a) the closing price of a Share as stated in the Stock Exchange's daily quotations sheets on the offer date; and

(b) the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date.

The Share Option Scheme shall be valid and effective for a period of 10 years from the Adoption Date, after which no further options will be granted or offered.

Details of such share options granted under the Share Option Scheme as at 30 June 2015 are as follows:

Name	Date of Grant[1]	Exercise price per Share	Exercise period[(2),(3),(4)]	Number of shares issuable under the share options: Outstanding as at 1 January 2015	Exercised during the six months ended 30 June 2015[5]	Outstanding as at 30 June 2015
Director, chief executive or substantial shareholder						
Lu Zhicheng	23 July 2012	HK$1.15	23 July 2014–22 July 2017	4,800,000	–	4,800,000
	5 September 2013	HK$3.06	5 September 2015–4 September 2018	4,000,000	–	4,000,000
Zhao Xiao bo	23 July 2012	HK$1.15	23 July 2014–22 July 2017	4,800,000	–	4,800,000
	5 September 2013	HK$3.06	5 September 2015–4 September 2018	1,000,000	–	1,000,000
Seah Han Leong	23 July 2012	HK$1.15	23 July 2014–22 July 2017	4,800,000	–	4,800,000
	5 September 2013	HK$3.06	5 September 2015–4 September 2018	1,000,000	–	1,000,000
Ng Koon Siong	15 August 2014	HK$3.83	15 August 2014–14 August 2019	1,000,000	–	1,000,000
Liu Tianmin	15 August 2014	HK$3.83	15 August 2014–14 August 2019	500,000	–	500,000
Fan Ren Da Anthony	15 August 2014	HK$3.83	15 August 2014–14 August 2019	500,000	–	500,000
Chia Yew Boon	15 August 2014	HK$3.83	15 August 2014–14 August 2019	500,000	–	500,000
Chen Hua	15 August 2014	HK$3.83	15 August 2014–14 August 2019	500,000	–	500,000
Leung Lok Wai	23 July 2012	HK$1.15	23 July 2014–22 July 2017	3,000,000	–	3,000,000
	5 September 2013	HK$3.06	5 September 2015–4 September 2018	600,000	–	600,000
Other Employees						
In aggregate	23 July 2012	HK$1.15	23 July 2014–22 July 2017	28,000,000	(950,000)	27,050,000
	5 September 2013	HK$3.06	5 September 2015–4 September 2018	9,800,000	–	9,800,000
	15 August 2014	HK$3.83	15 August 2016–14 August 2019	4,300,000	–	4,300,000
	17 October 2014	HK$3.444	17 October 2015–16 October 2019	2,000,000	–	2,000,000
			17 October 2016–16 October 2019	2,000,000	–	2,000,000
Suppliers of goods or services						
In aggregate	5 September 2013	HK$3.06	5 September 2015–4 September 2018	1,800,000	–	1,800,000
	17 October 2014	HK$3.444	17 October 2015–16 October 2019	1,500,000	–	1,500,000
			17 October 2016–16 October 2019	1,500,000	–	1,500,000
Others						
In aggregate	5 September 2013	HK$3.06	5 September 2015–4 September 2018	33,900,000	–	33,900,000
Total				111,800,000	(950,000)	110,850,000

Notes:

(1) The closing price per Share immediately before 23 July 2012, 5 September 2013, 15 August 2014 and 17 October 2014 (the dates on which the share options were granted) was HK$1.15, HK$3.06, HK$3.83 and HK$3.34, respectively.

(2) Share options granted under the Share Option Scheme on 23 July 2012 and 5 September 2013 (each a "Date of Grant A") shall have an Option Period (as defined in the Share Option Scheme) of 5 years from the respective Date of Grant A and conditional upon, the achievement of certain performance targets as set out in the offer letter, shall vest in the grantees in accordance with the timetable below (for this purpose, the date or each such date on which the Options are to vest being hereinafter referred to as a "Vesting Date A"):

(i) For the Directors, chief executive or substantial shareholder, other employees and others:

Vesting Date A	Percentage of options to vest
Any time after the second anniversary of the Date of Grant A	50% of the total number of options granted
Any time after the third anniversary of the Date of Grant A	50% of the total number of options granted

(ii) For suppliers of goods or services:

Vesting Date A	Percentage of options to vest
Any time after the second anniversary of the Date of Grant A	100% of the total number of options granted

(3) Share options granted under the Share Option Scheme on 15 August 2014 (each a "Date of Grant B") shall have an Option Period (as defined in the Share Option Scheme) of 5 years from the respective Date of Grant B and conditional upon, the achievement of certain performance targets as set out in the offer letter, shall vest in the grantees in accordance with the timetable below (for this purpose, the date or each such date on which the Options are to vest being hereinafter referred to as a "Vesting Date B"):

(i) For the Directors:

Vesting Date B	Percentage of options to vest
On the Date of Grant B	100% of the total number of options granted

(ii) For other employees:

Vesting Date B	Percentage of options to vest
On the date of the second anniversary of the Date of Grant B	100% of the total number of options granted

(4) Share options granted under the Share Option Scheme on 17 October 2014 (each a "Date of Grant C") shall have an Option Period (as defined in the Share Option Scheme) of 5 years from the respective Date of Grant C and conditional upon, the achievement of certain performance targets as set out in the offer letter, shall vest in the grantees in accordance with the timetable below (for this purpose, the date or each such date on which the Options are to vest being hereinafter referred to as a "Vesting Date C"):

Vesting Date C	Percentage of options to vest
On the date of the first anniversary of the Date of Grant C	50% of the total number of options granted
On the date of the second anniversary of the Date of Grant C	50% of the total number of options granted

(5) The weighted average closing price of the Shares immediately before the date(s) on which the options were exercised is HK$5.46.

Save as disclosed above, no options granted under the Share Option Scheme were exercised, lapsed or cancelled during the six months ended 30 June 2015.

Changes in Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of the Directors subsequent to the publication of the annual report of the Company for the year ended 31 December 2014 are set out below:

Mr. Lu Zhicheng resigned as a non-executive director of CIAM Group Limited, the shares of which are listed on the Stock Exchange (Stock Code: 378), with effect form 9 March 2015.

Save as disclosed above, the Directors and the chief executive of the Company are not aware of any other information in respect of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Review report to the board of directors of
Technovator International Limited
(Incorporated in Singapore with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 22 to 44 which comprises the consolidated statement of financial position of Technovator International Limited as of 30 June 2015 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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 Hong Kong Institute of Certified Public Accountants. A review of the interim financial report 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.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2015 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

25 August 2015

CONSOLIDATED INCOME STATEMENT

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

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

The accompanying notes form part of this interim financial report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

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

The accompanying notes form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015 – unaudited
(Expressed in United States dollars)

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

The accompanying notes form part of this interim financial report.

At 30 June 2015 – unaudited
(Expressed in United States dollars)

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

Approved and authorised for issue by the board of directors on 25 August 2015.

Zhao Xiaobo)
) Directors
Seah Han Leong)

The accompanying notes form part of this interim financial report.

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

	Attributable to equity shareholders of the Company									
	Share capital US$'000	Statutory reserves US$'000	Translation reserve US$'000	Share-based compensation reserve US$'000	Capital reserve arising from changes in ownership interests in subsidiaries US$'000	Capital reserve arising from equity component of redeemable preference shares US$'000	Retained profits US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 January 2014	38,121	5,676	4,623	1,446	4,320	693	46,972	101,851	4,788	106,639
Changes in equity for the six months ended 30 June 2014 (as restated):										
Profit for the period	–	–	–	–	–	–	6,591	6,591	769	7,360
Other comprehensive income	–	–	(29)	–	–	–	–	(29)	(7)	(36)
Total comprehensive income for the period	–	–	(29)	–	–	–	6,591	6,562	762	7,324
Equity settled share-based transactions	–	–	–	688	–	–	–	688	62	750
Balance at 30 June 2014 (as restated)	38,121	5,676	4,594	2,134	4,320	693	53,563	109,101	5,612	114,713

The accompanying notes form part of this interim financial report.

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

	Attributable to equity shareholders of the Company									
	Share capital US$'000	Statutory reserves US$'000	Translation reserve US$'000	Share-based compensation reserve US$'000	Capital reserve arising from changes in ownership interests in subsidiaries US$'000	Capital reserve arising from equity component of redeemable preference shares US$'000	Retained profits US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 January 2015	98,096	7,880	2,827	3,246	(52,661)	693	69,298	129,379	4,752	134,131
Changes in equity for the six months ended 30 June 2015:										
Profit for the period	-	-	-	-	-	-	9,799	9,799	443	10,242
Other comprehensive income	-	-	(985)	-	-	-	-	(985)	(198)	(1,183)
Total comprehensive income for the period	-	-	(985)	-	-	-	9,799	8,814	245	9,059
Issuance of shares	96,947	-	-	-	-	-	-	96,947	-	96,947
Equity settled share-based transactions	-	-	-	936	-	-	-	936	-	936
Share issued under Share Option Scheme	172	-	-	(31)	-	-	-	141	-	141
Balance at 30 June 2015	195,215	7,880	1,842	4,151	(52,661)	693	79,097	236,217	4,997	241,214

The accompanying notes form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

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

	Note	Six months ended 30 June 2015 US$'000	2014 US$'000 (Restated)
Operating activities			
Cash used in operations		**(18,405)**	(17,192)
Income tax paid		**(4,142)**	(3,917)
Net cash used in operating activities		**(22,547)**	(21,109)
Net cash used in investing activities		**(4,633)**	(11,729)
Financing activities			
Proceeds from issuance of shares		**96,947**	–
Other cash flows arising from financing activities		**(5,772)**	9,076
Net cash generated from financing activities		**91,175**	9,076
Net increase/(decrease) in cash and cash equivalents		**63,995**	(23,762)
Cash and cash equivalents at 1 January	11	**72,157**	69,150
Effect of foreign exchange rates changes		**(1,295)**	(252)
Cash and cash equivalents at 30 June		**134,857**	45,136

The accompanying notes form part of this interim financial report.

1 BASIS OF PREPARATION

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

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

During 2014, the Company acquired 100% equity interest in Tongfang Energy Saving Engineering Technology Co., Ltd. ("Tongfang Energy Saving"), through the acquisition of 100% equity interest in TFRH Investments Limited (the "TFRH Investments") and 100% equity interest in Excel Perfect Investments Limited ("Excel Perfect"), which are investing holding companies holding 75% equity interest and 25% equity interest in Tongfang Energy Saving, respectively. The total consideration was satisfied by the issuance of an aggregate of 119,608,189 shares of the Company, of which 89,706,142 and 29,902,047 shares are issued to the shareholders of TFRH Investments and Excel Perfect, respectively. As the Company and TFRH Investments are under common control of Tsinghua Tongfang Co., Ltd, consequently, the acquisition of TFRH Investments are accounted for using merger accounting as set out in the 2014 annual financial statements, and the details are disclosed in note 18.

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

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

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

The financial information relating to the financial year ended 31 December 2014 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2014 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 18 March 2015.

(Expressed in United States dollars unless otherwise indicated)

2 CHANGES IN ACCOUNTING POLICIES

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

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

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE

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

Revenue represents the sales value of goods sold to customers, income from provision of services and revenue from construction contracts. The amounts of each significant category of revenue recognised during for the six months ended 30 June 2014 and 2015 are as follows:

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

4 SEGMENT REPORTING

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

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

(Expressed in United States dollars unless otherwise indicated)

4 SEGMENT REPORTING (CONTINUED)

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

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

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

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

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

(a) Information about reportable segments

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

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

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

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

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

(Expressed in United States dollars unless otherwise indicated)

4 SEGMENT REPORTING (CONTINUED)

(a) Information about reportable segments (Continued)

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

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

(b) Reconciliations of reportable segment profit or loss

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

(Expressed in United States dollars unless otherwise indicated)

4 SEGMENT REPORTING (CONTINUED)

(c) Geographic information

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

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

5 PROFIT BEFORE TAXATION

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

(a) Finance costs

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

(Expressed in United States dollars unless otherwise indicated)

5 PROFIT BEFORE TAXATION (CONTINUED)

(b) Other items

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

6 INCOME TAX

Income tax in the consolidated income statements represents:

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

Notes:

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

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

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

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

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

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

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

(Expressed in United States dollars unless otherwise indicated)

6 INCOME TAX (CONTINUED)

Notes: (Continued)

(iii) Tongfang Technovator International Technology (Beijing) Co., Ltd. ("Technovator Beijing") is recognised as a high and new technology enterprise and is eligible to enjoy a preferential tax rate of 15% until October 2017.

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

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

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

7 EARNINGS PER SHARE

(a) Basic earnings per share

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

(b) Diluted earnings per share

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

8 PROPERTY, PLANT AND EQUIPMENT

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

9 OTHER FINANCIAL ASSETS

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

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

(Expressed in United States dollars unless otherwise indicated)

10 TRADE AND OTHER RECEIVABLES

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

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

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

11 CASH AND CASH EQUIVALENTS

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

(Expressed in United States dollars unless otherwise indicated)

12 TRADE AND OTHER PAYABLES

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

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

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

13 OTHER NON-CURRENT LIABILITIES

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

(Expressed in United States dollars unless otherwise indicated)

14 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

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

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

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

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

(c) Dividends

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

15 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(i) Financial assets and liabilities measured at fair value

Fair valued hierarchy

The following table presents the fair value of financial instruments measured at the balance sheet dates on a recurring loans, categorised into the three level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available;
- Level 3 valuations: Fair value measured using significant unobservable inputs.

(Expressed in United States dollars unless otherwise indicated)

15 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(i) Financial assets and liabilities measured at fair value (Continued)

The Group has a team headed by the chief financial officer who is responsible for the valuations for the financial instruments, including Level 1 trading securities and liability component in redeemable preference shares which are categorised into Level 3 of the fair value hierarchy. At each annual reporting date, the team engages external valuers to perform valuations for the liability component in redeemable preference share and to prepare a valuation report with analysis of changes in fair value measurement, which is reviewed and approved by the chief financial officer. At each interim reporting date, the valuation of liability component in redeemable preference shares is estimated by the team and the result is reviewed and approved by the chief financial officer.

	Fair value at 30 June 2015 US$'000	**Fair value measurements as at 30 June 2015 categorised into**		
		Level 1 US$'000	**Level 2 US$'000**	**Level 3 US$'000**
Recurring fair value measurements				
Assets:				
Trading securities	**957**	**957**	**–**	**–**
Liabilities:				
Other non-current liabilities	**31,665**	**–**	**–**	**31,665**

	Fair value at 31 December 2014 US$'000	Fair value measurements as at 31 December 2014 categorised into		
		Level 1 US$'000	Level 2 US$'000	Level 3 US$'000
Recurring fair value measurements				
Assets:				
Trading securities	1,997	1,997	–	–
Liabilities:				
Other non-current liabilities	33,589	–	–	33,589

(Expressed in United States dollars unless otherwise indicated)

15 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair valued hierarchy (Continued)

Information about Level 3 fair value measurements:

	Valuation techniques	Significant unobservable inputs	Weighted average
Liability component in redeemable preference shares at fair value through profit or loss	Probability weighted equity value allocation	Expected volatility	30.09% for liquidation 29.45% for redemption

The fair value of liability component in redeemable preference shares is determined using Black-Scholes Option Pricing Model and discounted cash flow. The significant unobservable input used in the fair value measurement is expected volatility. The fair value measurement is negatively correlated to the expected volatility. For the six months ended 30 June 2015, it is estimated that with all other variables held constant, an increase in the expected volatility by 1% would have increased the Group's net profit by US$28,000 (2014: US$91,000).

Fair value of preference shares and assumptions

	2015	2014
Discount rate	**14.5%**	17%
Company specific risk in weighted average cost of capital ("WACC")	**0.5%**	1.5%
Debt/equity ratio assumed in WACC	**10%**	10%
Terminal year growth	**3%**	3%

The movement during the period in the balance of the Level 3 fair value measurements is as follows:

	2015 **US$'000**	2014 US$'000
Liability component of redeemable preference shares designated at fair value through profit or loss:		
At 1 January	**33,589**	35,571
Fair value adjustment charged to profit or loss	**474**	413
Foreign currency translation	**(2,398)**	(86)
At 30 June	**31,665**	35,898
Total losses for the period included in profit or loss for assets held at the end of the reporting period	**474**	413

(Expressed in United States dollars unless otherwise indicated)

15 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortized cost are not materially different from their fair value as at 30 June 2015.

16 CAPITAL COMMITMENTS

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

	At 30 June 2015 US$'000	At 31 December 2014 US$'000
Contracted for	**49,794**	34,342

17 MATERIAL RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

During the period, transactions with the following parties are considered as related party transactions:

Name of parties

Tsinghua Tongfang Co., Ltd ("Tongfang") * (同方股份有限公司)

Tsinghua Tongfang Artificial Environment Co., Ltd.* (同方人工環境有限公司)

Liaoning Tongfang Security Technology Co., Ltd.* (遼寧同方安全技術有限公司)

Beijing Tongfang Property Management Co., Ltd. * (北京同方物業管理有限公司)

Guangdong Tongfang Lighting Co., Ltd. * (廣東同方照明有限公司)

Tongfang Kawasaki Advanced Energy-saving Machine Co., Ltd. ("Tongfang Kawasaki")* (同方川崎節能設備有限公司)

* The official name of these entities is in Chinese. The English translation of the name is for reference only.

Tongfang is the controlling shareholder of the Company, incorporated in the PRC and produces financial statements available for public use. Other related parties listed above are subsidiaries of Tongfang, except for Tongfang Kawasaki, which is an associate of Tongfang.

(Expressed in United States dollars unless otherwise indicated)

17 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Significant related party transactions

Particulars of significant related party transactions during the six months ended 30 June 2014 and 2015 are as follows:

	2015 **US$'000**	2014 US$'000 (Restated)
Sales to Tongfang and its subsidiaries	**19,564**	14,401
Purchases from Tongfang and its subsidiaries	**478**	244
Purchases from Tongfang Kawasaki	**1,186**	960
Payment for miscellaneous products and services from Tongfang and its subsidiaries	**369**	355
Proceeds from loans from Tongfang Artificial	**–**	8,965
Repayment of loans to Tongfang Artificial	**–**	2,694

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 period ended 30 June 2014 and 2015 were conducted on normal commercial terms and in the ordinary and usual course of the Group's business.

(c) Transactions with other state-controlled entities in the PRC

The controlling shareholder of the Company, Tongfang, is a state-controlled enterprise controlled by the PRC government. Apart from transactions with Tongfang and its subsidiaries and associate which were disclosed in Note 17(a) above, the Group also has transactions with other state-controlled entities, included but not limited to the following:

- sales of products and provision of services;
- purchase of materials; and
- bank deposits and borrowings.

(Expressed in United States dollars unless otherwise indicated)

18 BUSINESS COMBINATION UNDER COMMON CONTROL

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

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

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

19 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) Disposal of shares in Distech Controls

On 8 March 2015, (i) 1028665 B.C. Ltd. (as the purchaser), (ii) Acuity Brands Lighting, Inc. (as the purchaser's parent), (iii) Distech Controls and (iv) all shareholders of Distech Controls, including the Company (other than SVIC No. 25 New Technology Business Investment L.L.P. ("Samsung")) (as the sellers), entered into an agreement (the "Agreement" and as amended by a letter agreement dated 29 June 2015) for the disposal of all of the issued and outstanding shares in the capital of Distech Controls. On 11 March 2015, Samsung also executed the Agreement and became one of the sellers.

The consideration for the sale shares (including any other shares (or rights or options with respect to shares) in the capital of Distech Controls that are issued and outstanding as of the closing date) before adjustments shall be CAD 318 million. The consideration after adjustments shall be the sum of: (i) CAD 318 million, (ii) plus the available cash, (iii) minus any indebtedness, (iv) plus the net working capital surplus or minus the net working capital deficiency. The Company shall be entitled to receive 42.80% of the consideration after adjustments for the disposal of all of its equity in Distech Controls, assuming all outstanding share options of Distech Controls are exercised in full. Upon completion of the Agreement, the Company will cease to have any interests in Distech Controls and Distech Controls will cease to be a subsidiary of the Company.

The above transaction has been approved by the independent shareholders of the Company at the extraordinary general meeting ("EGM") on 30 July 2015, but has not been completed yet as at the approval date of this report.

(Expressed in United States dollars unless otherwise indicated)

19 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

(b) Acquisitions of businesses

On 28 July 2015, the Company, through its wholly-owned subsidiaries, Technovator Beijing and Tongfang Energy Saving (as purchasers), entered into agreements (including the Technovator Beijing Agreement and the Tongfang Energy Saving Agreement) with Tongfang (as vendor) to acquire the businesses in relation to providing intelligence integrated solutions which center around supervision and control systems in the fields of intelligent rail transit, intelligent building and intelligent urban heating network (in each case, together with the assets and liabilities associated with such businesses) for a total consideration of RMB528,000,000 (subject to adjustments).

This transaction is subject to independent shareholders approval at an EGM to be held.