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TECHNOVATOR INTERNATIONAL LIMITED

同方泰德國際科技有限公司*

(incorporated in Singapore with limited liability)

(Stock Code: 1206)

ANNOUNCEMENT REVISION OF EXISTING ANNUAL CAPS FOR 2013, NEW SALES AGREEMENT, NEW PURCHASE AGREEMENT AND NEW MASTER AGREEMENT IN RELATION TO CERTAIN CONTINUING CONNECTED TRANSACTIONS

BACKGROUND

Reference is made to the Prospectus in relation to, among others, certain continuing connected transactions between Technovator Beijing and Tongfang under the Existing Agreements.

At the time of the listing of the Shares on the Stock Exchange in 2011, the Stock Exchange granted the Waiver to the Company from strict compliance with the announcement and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules for the non-exempt continuing connected transactions of the Company.

Pursuant to the Waiver, the transactions contemplated under the Existing Agreements (other than the Existing Trademark License Agreements) are subject to the annual caps for the years ended 31 December 2011 and 2012, and for the year ending 31 December 2013.

* *for identification purpose only*

With the continued development of the business of the Group and based on the 30% forecasted growth in the sales revenue in the building energy-saving industry as set out in the 12th Five Year Plan issued by the State Council of the PRC, the Board anticipates that there will be a corresponding increase in sales from the Group to the Tongfang Group and a corresponding increase in purchases by the Group from the Tongfang Group such that the existing annual caps for the Existing Sales Agreement and the Existing Purchase Agreement for the year ending 31 December 2013 will not be able to satisfy the operational needs of the Group and the Tongfang Group for the year ending 31 December 2013. Accordingly, Technovator Beijing and Tongfang agreed to terminate the Existing Sales Agreement and the Existing Purchase Agreement and entered into the New Agreements with the Proposed Annual Caps for the years ending 31 December 2013, 2014 and 2015.

A. THE NEW SALES AGREEMENT

The New Sales Agreement was entered into on 8 August 2013 between Technovator Beijing and Tongfang to terminate the Existing Sales Agreement with a new term of three years from 1 January 2013 to 31 December 2015 and annual caps for the years ending 31 December 2013, 2014 and 2015, being RMB240 million, RMB300 million and RMB360 million, respectively.

B. THE NEW PURCHASE AGREEMENT

The New Purchase Agreement was entered into on 8 August 2013 between Technovator Beijing and Tongfang to terminate the Existing Purchase Agreement with a new term of three years from 1 January 2013 to 31 December 2015 and annual caps for the years ending 31 December 2013, 2014 and 2015, being RMB120 million, RMB150 million and RMB180 million, respectively.

C. NEW MASTER AGREEMENT

The New Master Agreement was entered into on 8 August 2013 between Technovator Beijing and Tongfang with a term of three years from 1 January 2013 to 31 December 2015. Pursuant to the New Master Agreement, the Group may provide to or receive from the Tongfang Group miscellaneous products and services as may be required to satisfy the operational needs of the Group/Tongfang Group from time to time in the ordinary course of business of the Group with a Proposed Annual Cap of RMB35 million for each of the two categories of continuing connected transactions under the New Master Agreement for the years ending 31 December 2013, 2014 and 2015.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Tongfang directly and indirectly through Resuccess held approximately 32.98% of the issued Shares of the Company. 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. Accordingly, the transactions between the Group and the Tongfang Group under the New Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

According to Rule 14A.36 of the Listing Rules, if an annual cap is exceeded in respect of a given transaction or when the relevant agreement is renewed or there is a material change to the terms of the agreement, the Company is required to re-comply with Rules 14A.35(3) and (4) of the Listing Rules. In the circumstances, the Company will re-comply with the reporting, announcement and/or independent shareholders approval requirements in relation to the continuing connected transactions under the New Sales Agreement and the New Purchase Agreement.

As certain applicable percentage ratios for the Proposed Annual Caps in respect of the New Sales Agreement and the New Purchase Agreement for the years ending 31 December 2013, 2014 and 2015 exceed 5% on an annual basis, the transactions between the Group and the Tongfang Group under the New Sales Agreement and the New Purchase Agreement are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios for the Proposed Annual Caps for each of the two categories of continuing connected transactions under the New Master Agreement for the years ending 31 December 2013, 2014 and 2015 is less than 5% on an annual basis, the transactions between the Group and the Tongfang Group under the New Master Agreement are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will monitor the transaction amount under the New Sales Agreement and the New Purchase Agreement from time to time. If the actual amount of transactions contemplated under the New Agreements exceeds the corresponding Proposed Annual Caps disclosed, the Company will be required to comply with the applicable requirements under Chapter 14A of the Listing Rules.

As the transactions under the New Agreements are transactions of a revenue nature in the ordinary and usual course of business of the Company, these transactions do not constitute transactions under Chapter 14 of the Listing Rules.

EGM

The Company will hold the EGM to approve the transactions under the New Sales Agreement and the New Purchase Agreement (including the Proposed Annual Caps). A circular containing, among other things, further details of the New Sales Agreement and the New Purchase Agreement (including the Proposed Annual Caps) and the transactions contemplated thereunder, and a notice convening the EGM, will be despatched to the Shareholders on or before 12 August 2013.

In view of the interests of Tongfang, Tongfang and its associates (i.e. including Resuccess) will abstain from voting at the EGM on resolutions to approve the New Sales Agreement and the New Purchase Agreement (including the Proposed Annual Caps) and the transactions contemplated thereunder.

BACKGROUND

Reference is made to the Prospectus in relation to, among others, the continuing connected transactions between Technovator Beijing and Tongfang under the Existing Agreements.

As disclosed in the Prospectus,

- (1) on 9 February 2011, Technovator Beijing and Tongfang entered into the Existing Sales Agreement, 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 from 9 February 2011 to 8 February 2014;
- (2) on 9 February 2011, Technovator Beijing and Tongfang entered into the Existing Purchase Agreement, 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 from 9 February 2011 to 9 February 2014;
- (3) on 28 May 2010, Technovator Beijing and Tongfang entered into the Existing Trademark License Agreements, 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; and
- (4) on 15 August 2009, Technovator Beijing and Tongfang entered into the Existing PRC Office Lease, 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.

At the time of the listing of the Shares on the Stock Exchange in 2011, the Stock Exchange granted the Waiver to the Company from strict compliance with the announcement and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules for the non-exempt continuing connected transactions of the Company.

Pursuant to the Waiver, the transactions contemplated under the Existing Agreements (other than the Existing Trademark License Agreements) are subject to the annual caps for the years ended 31 December 2011 and 2012, and for the year ending 31 December 2013.

With the continued development of the business of the Group and based on the 30% forecasted growth in the sales revenue in the building energy-saving industry as set out in the 12th Five Year Plan issued by the State Council of the PRC, the Board anticipates that there will be a corresponding increase in sales from the Group to the Tongfang Group and a corresponding increase in purchases by the Group from the Tongfang Group such that the existing annual caps for the Existing Sales Agreement and the Existing Purchase Agreement for the year ending 31 December 2013 will not be able to satisfy the operational needs of the Group and the Tongfang Group for the year ending 31 December 2013. Accordingly, Technovator Beijing and Tongfang agreed to terminate the Existing Sales Agreement and the Existing Purchase Agreement and entered into the New Agreements with the Proposed Annual Caps for the years ending 31 December 2013, 2014 and 2015.

A. THE NEW SALES AGREEMENT

The New Sales Agreement was entered into on 8 August 2013 between Technovator Beijing and Tongfang to terminate the Existing Sales Agreement with a new term of three years from 1 January 2013 to 31 December 2015 and annual caps for the years ending 31 December 2013, 2014 and 2015, being RMB240 million, RMB300 million and RMB360 million, respectively.

Principal Terms

Date:	8 August 2013
Parties:	(1) Technovator Beijing (2) Tongfang
Term:	Three years from 1 January 2013 to 31 December 2015, unless terminated by either party upon giving the other party three months' written notice.
Subject matter:	Technovator Beijing agreed to sell or procure such other parties agreed by Tongfang, including members of the Group, to sell building energy-saving solutions, control security systems and fire alarm systems to the Tongfang Group.
Consideration and Payment:	<p>The price at which the Group sells such products to the Tongfang Group will be determined based on normal commercial terms after arm's length negotiation.</p> <p>When negotiating the price, the Group will make reference to the following factors:</p> <ul style="list-style-type: none">(i) the prevailing market rate determined based on:<ul style="list-style-type: none">(a) the price of similar products used in similar scale and nature of projects offered by the Group and accepted by Independent Third Party customers (the "Comparable Sales Transactions") during a period of 12 months prior to the relevant transaction with the Tongfang Group (the "12-Month Sales Period") (if any), including but not limited to the most recent relevant transactions offered by the Group and accepted by Independent Third Party customers; and

- (b) if there are no Comparable Sales Transactions within the 12-Month Sales Period, the price of similar products used in similar scale and nature of products offered by the Group and accepted by Independent Third Party customers any time prior to the 12-Month Sales Period, including but not limited to the most recent relevant transactions offered by the Group and accepted by Independent Third Party customers and taking into account the latest market and independent supplier information available to the Group at the time of the relevant transaction with the Tongfang Group;
- (ii) length of the contracts; and
- (iii) the type, design and expected costs of the products.

In any event, the price offered to the Tongfang Group should be no less favourable to the Group than that offered by the Group to Independent Third Party customers for products of a similar type, scale and nature of projects and length of contracts.

The payment terms for the products will be set out in separate sales contracts, shall be on normal commercial terms, and determined with reference to prevailing market practices.

Depending on the product type, scale and length of contracts, the payment term may include a deposit and/or instalments which may be payable at the completion of different stages of the contract or after certain deliverables are available or after certain milestones are reached.

In any event, the payment terms should be no less favorable to the Group than those offered by the Group to Independent Third Party customers for products of a similar type, scale and length of contracts.

As an active market participant, the Group will through market analysis, market research, feedback from customers and interactions with other market participants obtain sufficient market intelligence to enable them to ascertain the prevailing market rate and practices as well as the latest market and competitor information at any point in time. The Company will also continue to take steps to keep themselves abreast of market developments through maintaining a team of experienced sales and marketing personnel focusing on different regions and cities throughout the PRC.

Effectiveness: The New Sales Agreement will become effective upon the Company obtaining all approvals and resolutions as required under the Listing Rules.

Historical, Existing and Proposed Annual Caps

Historical Transaction Amounts: During each of the years ended 31 December 2011 and 2012, the Group sold products under the Existing Sales Agreement to the Tongfang Group in the amount of approximately RMB70 million and RMB86.7 million, respectively.

During the five months from 1 January 2013 to 31 May 2013, the Group sold products under the Existing Sales Agreement to the Tongfang Group in the amount of approximately RMB38.4 million.

Existing Annual Cap for 2013: The existing annual cap under the Existing Sales Agreement for the year ending 31 December 2013 is RMB85 million.

Proposed Annual Caps for 2013 to 2015: The Directors estimate that the proposed annual sales under the New Sales Agreement for the three years ending 31 December 2015 will not exceed RMB240 million, RMB300 million and RMB360 million, respectively.

Reasons for the Proposed Annual Caps

In arriving at the Proposed Annual Cap for 2013, the Company has taken into account the following:

- (i) the aforementioned 30% forecasted growth in the building energy-saving market in China and the expected corresponding growth in the Group's relevant business and sales (including those made to the Tongfang Group);
- (ii) favourable national policies such as the 12th Five Year Plan in the PRC which require new buildings in first-tier cities generally to comply with a minimum energy-saving standard and existing buildings to be renovated to make them consume less energy and more energy-efficient and "The Chinese Green Building Movement Plan" whereby subsidy is provided for having green buildings. These policies have increased the awareness of efficiency of energy-savings in buildings and stimulated demand for energy-saving solutions in the PRC, resulting in increased business for the Group and corresponding increase in sales to the Tongfang Group;
- (iii) release of operating tax exemptions for energy management servicing companies in the PRC, VAT exemptions for building equipment owners and corporate tax exemptions for energy management servicing companies in the first three years of operations after they have signed up for the scheme and half the normal rate for the following three years, which have encouraged growth in the energy management industry and increased sales of energy saving solutions (including those to the Tongfang Group);

- (iv) estimated sales from the Group to the Tongfang Group under the Karamay BT Contract (details of which have been set out in the announcement of the Company dated 26 March 2013) in the second half of 2013;
- (v) actual and increasing sales from the Group to the Tongfang Group during the historical periods, in particular, for the year ended 31 December 2012, which was in line with the revenue growth of Technovator Beijing during the relevant periods; and
- (vi) the sales to the Tongfang Group recognised subsequent to 31 December 2012 and up to 31 May 2013 amounted to approximately RMB38.4 million, representing approximately 45% of the existing annual cap for 2013. The Directors expect that demand will gradually increase in the later part of the year based on their past experience and that the existing annual cap for 2013 will be used up by the end of August 2013.

The annual caps for 2014 and 2015 were determined based on, among other things, the historical transaction amounts, the projected increase in sales from the Group to the Tongfang Group in respect of 2014 and 2015 based on the 30% forecasted growth in the building energy-saving industry and the expected demand for the Group's products from the Tongfang Group, in particular, the anticipation that the Group will be engaged as a provider of building energy-saving products for projects of similar scale to that of Karamay BT Contract in 2014 and 2015.

The Directors, including the independent non-executive Directors, consider that the New Sales Agreement was entered into on normal commercial terms, in the ordinary and usual course of business, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

B. THE NEW PURCHASE AGREEMENT

The New Purchase Agreement was entered into on 8 August 2013 between Technovator Beijing and Tongfang to terminate the Existing Purchase Agreement with a new term of three years from 1 January 2013 to 31 December 2015 and annual caps for the years ending 31 December 2013, 2014 and 2015, being RMB120 million, RMB150 million and RMB180 million, respectively.

Principal Terms

Date:	8 August 2013
Parties:	(1) Technovator Beijing (2) Tongfang
Term:	Three years from 1 January 2013 to 31 December 2015, unless terminated by either party upon giving the other party three months' written notice

Subject matter: Tongfang agreed to sell or procure such other parties agreed by Technovator Beijing, including members of the Tongfang Group, to sell cables and peripheral equipments (primarily LED lighting systems) to the Group.

Consideration and Payment: The price of such raw materials supplied by the Tongfang Group to the Group will be determined based on normal and commercial terms after arm's length negotiations, with reference to the prevailing market price of similar raw materials at the time of a particular transaction, and in any event no less favourable to the Group than those offered by Independent Third Party suppliers to the Group.

The market rate of the raw materials is to be ascertained based on the prevailing market price of the raw materials determined based on:

- (a) the price of similar raw materials used in similar scale and nature of projects offered by Independent Third Party suppliers and accepted by the Group (the "Comparable Purchase Transactions") during a period of 12 months prior to the relevant transaction with the Tongfang Group (the "12-Month Purchase Period") (if any), including but not limited to the most recent relevant transactions accepted by the Group and Independent Third Party suppliers; and
- (b) if there are no Comparable Purchase Transactions within the 12-Month Purchase Period, the price of similar products used in similar scale and nature of products offered by Independent Third Party suppliers and accepted by the Group any time prior to the 12-Month Purchase Period including but not limited to the most recent relevant transactions accepted by the Group and Independent Third Party suppliers, and taking into account the latest market and Independent Third Party supplier information available to the Group at the time of the relevant transaction with the Tongfang Group.

The payment terms for purchase of the raw materials will be set out in separate purchase contracts and shall be on normal commercial terms.

When determining the payment terms, the Group will make reference to prevailing market practices determined based on:

- (a) the terms for similar scale and nature of projects offered by Independent Third Party suppliers and accepted by the Group during the 12-Month Purchase Period prior to the relevant transaction with the Tongfang Group (if any), including but not limited to the most recent relevant transactions accepted by the Group and Independent Third Party suppliers; and
- (b) if there are no Comparable Purchase Transactions within the 12-Month Purchase Period, the terms of similar products used in similar scale and nature of products offered by Independent Third Party suppliers and accepted by the Group any time prior to the 12-Month Purchase Period, including but not limited to the most recent relevant transactions accepted by the Group and Independent Third Party suppliers, and taking into account the latest market and Independent Third Party supplier information available to the Group at the time of the relevant transaction with the Tongfang Group.

In any event, the payment terms should be no less favorable to the Group than those offered by Independent Third Party suppliers to the Group.

As an active market participant, the Group will through market analysis, market research, quotations obtained from other Independent Third Party suppliers and interactions with other market participants obtain sufficient market intelligence to enable them to ascertain the prevailing market rate and practices as well as the latest market and Independent Third Party supplier information at any point in time. The Company will also continue to take steps to keep themselves abreast of market developments through maintaining a team of experienced procurement personnel focusing on different regions and cities throughout the PRC.

Effectiveness:

The New Purchase Agreement will become effective upon the Company obtaining all approvals and resolutions as required under the Listing Rules.

Historical, Existing and Proposed Annual Caps

Historical Transaction Amounts:	<p>During the years ended 31 December 2011 and 2012, the Group purchased such raw materials under the Existing Purchase Agreement from the Tongfang Group in the amount of approximately RMB13 million and RMB8.9 million, respectively.</p> <p>During the five months from 1 January 2013 to 31 May 2013, the Group purchased such raw materials under the Existing Purchase Agreement from the Tongfang Group in the amount of approximately RMB6.4 million.</p>
Existing Annual Cap for 2013:	<p>The existing annual cap under the Existing Purchase Agreement for the year ending 31 December 2013 is RMB21 million.</p>
Proposed Annual Caps for 2013 to 2015:	<p>The Directors estimate that the proposed annual purchase under the New Purchase Agreement for the three years ending 31 December 2015 will not exceed RMB120 million, RMB150 million and RMB180 million, respectively.</p>

Reasons for the Proposed Annual Caps

In arriving at the Proposed Annual Cap for 2013, the Company has taken into account the following:

- (i) the aforementioned 30% forecasted growth in the building energy-saving market in China and the expected corresponding increase in the size of the energy-saving projects to be undertaken by the Group;
- (ii) tremendous increase in demand in the building energy-saving market in China as a result of favourable national policies such as 12th Five Year Plan and tax treatments in the PRC and “The Chinese Green Building Movement Plan” whereby subsidy is provided for having green buildings. These policies have increased the awareness of the efficiency of energy-savings in buildings and stimulated demand for energy-saving solutions in the PRC, resulting in increased business for the Group and corresponding increase in purchases from the Tongfang Group;
- (iii) estimated purchase from the Tongfang Group for the Group’s requirement for non-recurring energy-saving projects in the second half of 2013 based on the current project pipelines;
- (iv) actual purchases by the Group from the Tongfang Group during historical periods. Amount of purchases from the Tongfang Group in 2012 decreased as compared to 2011 because the Group acquired more raw materials in 2011 in anticipation of securing sufficient supply for potential large projects; and

- (v) the amount of purchase orders placed by the Group with the Tongfang Group subsequent to 31 December 2012 and up to 31 May 2013, which amounted to approximately RMB6.4 million, representing approximately 30.3% of the existing annual cap for 2013. 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 past experience.

The annual caps for 2014 and 2015 were determined based on, among other things, the historical transaction amounts, the projected increase of purchases to be made from the Tongfang Group by the Group in respect of 2013, 2014 and 2015, based on the 30% forecasted growth in the building energy-saving industry, the current production capacities of the Group's PRC manufacturing facility and the estimated purchase requirement based on the Group's current project pipelines.

The Directors, including the independent non-executive Directors, consider that the New Purchase Agreement was entered into on normal commercial terms, in the ordinary and usual course of business, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

C. NEW MASTER AGREEMENT

The New Master Agreement was entered into on 8 August 2013 between Technovator Beijing and Tongfang with a term of three years from 1 January 2013 to 31 December 2015. Pursuant to the New Master Agreement, the Group may provide to or receive from the Tongfang Group miscellaneous products and services as may be required to satisfy the operational needs of the Group/Tongfang Group from time to time in the ordinary course of business of the Group with a Proposed Annual Cap of RMB35 million for each of the two categories of continuing connected transactions under the New Master Agreement for the years ending 31 December 2013, 2014 and 2015.

Principal Terms

Date:	8 August 2013
Parties:	(1) Technovator Beijing (2) Tongfang
Term:	Three years from 1 January 2013 to 31 December 2015, unless terminated by either party upon giving the other party three months' written notice

The term of the New Master Agreement can be extended or renewed, provided that the relevant parties agree to such extension or renewal and the requirements under the relevant laws, regulations and the Listing Rules are complied with.

Subject matter:

The Group may provide to or receive from the Tongfang Group miscellaneous products and services as may be required to satisfy the operational needs of the Group/ Tongfang Group from time to time in the ordinary course of business of the Group in accordance with the terms and conditions of the New Master Agreement.

Pursuant to the New Master Agreement, the miscellaneous products and services provided by the Group to the Tongfang Group include (i) research and development services and products (including technology licensing) and (ii) management and consulting services in relation to the building energy management and solution, but exclude any transactions contemplated under the Existing Sales Agreement and the New Sales Agreement.

The miscellaneous products and services provided by the Tongfang Group to the Group include (i) rental services (including leasing of land, premises, machinery and equipment); (ii) research and development services and products (including technology licensing); and (iii) management and consulting services necessary to the Group's principal activities, but exclude any transactions contemplated under the Existing Trademark License Agreements, the Existing PRC Office Lease, the Existing Purchase Agreement and the New Purchase Agreement.

Consideration and Payment:

The prices at which the Group or the Tongfang Group provides such services will be based on the following pricing mechanism in the following order of priority:

- (1) government-prescribed price (including any price prescribed by any relevant local government, if applicable);
- (2) where there is no government-prescribed price but there is a government-guidance price, then the government-guidance price;
- (3) where there is neither a government-prescribed price nor a government-guidance price, the prevailing market price with reference to the nature of the same or similar type of products and services (including location, size of properties, ancillary facilities and equipment) provided by the independent third parties in the ordinary course of business of the Group; or

- (4) where none of the above is applicable or where it is not practical to apply the above pricing policies, then the price agreed between the relevant parties shall be based on arm's length negotiation and shall be the reasonable costs incurred in providing the products plus reasonable profits.

The actual price will be separately determined on arm's length basis and agreed between the Group and the Tongfang Group prior to their entering into of each transaction based on the above pricing mechanism. Therefore, such price will be comparable to or no less favorable to the Group than the market price of the same or similar type of products and services available from Independent Third Parties.

The parties may charge additional amounts, on a cost reimbursement basis, for disbursements and other out-of-pocket expenses incurred by each other for the provision of the products and services under the New Master Agreement.

The relevant pricing mechanism was determined by the parties after arm's length negotiations with reference to the pricing principles of similar transactions previously carried out by the Group.

All transaction amounts shall be paid before the 15th of the next month after set-off. Interests shall be accrued on any amounts overdue for more than one month at the prevailing bank lending rate.

The table below sets out the historical transaction amounts for the continuing connected transactions which are now included under the New Master Agreement:

Transaction	Year ended 31 December		Five months ended
	2011	2012	31 May 2013
	<i>(RMB millions)</i>	<i>(RMB millions)</i>	<i>(RMB millions)</i>
provision of miscellaneous products and services by the Group to the Tongfang Group (other than under the Existing Sales Agreement)	Nil	Nil	Nil
receipt of miscellaneous products and services by the Group from the Tongfang Group (other than under any relevant Existing Agreements)	0.7	0.7	0.6

The table below sets out the Proposed Annual Caps for 2013 to 2015 for the continuing connected transactions under the New Master Agreement:

Transaction	Proposed Annual Caps		
	2013	2014	2015
	<i>(RMB millions)</i>	<i>(RMB millions)</i>	<i>(RMB millions)</i>
provision of miscellaneous products and services by the Group to the Tongfang Group	35	35	35
receipt of miscellaneous products and services by the Group from the Tongfang Group	35	35	35

Reasons for the Proposed Annual Caps

In arriving at the Proposed Annual Caps for the New Master Agreement, the Company has taken into account the historical transaction amounts, prevailing market rates and conditions in the PRC, anticipated growth of the business of the Group and the Tongfang Group, the sales planning, actual operating circumstances of the Group and expansion of building energy-saving market, which may lead to increasing needs of the Tongfang Group and the Group on, for example, labour, inventory, machinery, equipment, land and technology advancement.

The Directors, including the independent non-executive Directors, consider that the New Master Agreement was entered into on normal commercial terms, in the ordinary and usual course of business, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Implementation Agreements

The New Master Agreement is intended to set out the basic terms of the transactions to be covered under the New Master Agreement. The parties shall negotiate the specific terms of the transactions in accordance with the market conditions. It is envisaged that from time to time and as required, individual implementation agreements may be entered into between the Company, Tongfang and their respective associates or relevant parties, as appropriate, to set out further terms of the transactions contemplated under the New Master Agreement.

Each implementation agreement will set out the specific scope of products and services requested by the relevant party and other specifications which may be relevant to those products and services. The implementation agreements may only contain provisions which are in all material respect consistent with the terms and conditions as contained in the New Master Agreement.

As the implementation agreements are simply further elaborations on the provision of products and services as contemplated by the New Master Agreement, they do not constitute new categories of connected transactions or continuing connected transactions under the Listing Rules.

REASONS AND BENEFITS FOR THE NEW AGREEMENTS

The Tongfang Group has been an important customer and supplier of the Group. Tongfang is listed on the Shanghai Stock Exchange and is a leading contractor in the “intelligent building” construction market of the PRC. The sales of products to the Tongfang Group has a positive contribution to the operating revenue of the Group. The Tongfang Group has proven to be a reliable supplier to the Group at competitive prices which is important to the operations and business of the Group. The Group has benefited from working with the Tongfang Group. Given the mutual beneficial relationship between the Group and the Tongfang Group, and the fact that the Tongfang Group’s businesses are important to the Group, the Company considers that the New Sales Agreement, the New Purchase Agreement and the New Master Agreement are fair and reasonable and in the best interests of the Company and its Shareholders as a whole.

SUMMARY OF CONTINUING CONNECTED TRANSACTIONS WITH THE TONGFANG GROUP

As at the date of this announcement, the Group has the following continuing connected transactions with the Tongfang Group:

Type of Transaction	Term	Applicable Listing Rule	Applicable requirements
1. License of trademarks by Tongfang to Technovator Beijing under the Existing Trademark License Agreements	28 May 2010 to 27 May 2015	Rule 14A.33(3)(a)	None (De minimis transaction)
2. Lease of PRC office from Tongfang to Technovator Beijing under the Existing PRC Office Lease	1 September 2009 to 31 August 2014	Rule 14A.34	Reporting and announcement requirements (waived under the Waiver)
3. Sales of products to Tongfang from Technovator Beijing and such other parties procured by Technovator Beijing and agreed by Tongfang under the New Sales Agreement	1 January 2013 to 31 December 2015	Rule 14A.35	Reporting, announcement and independent shareholders’ approval requirements

Type of Transaction	Term	Applicable Listing Rule	Applicable requirements
4. Purchase of raw materials from Tongfang and such other parties procured by Tongfang and agreed by Technovator Beijing to Technovator Beijing under the New Purchase Agreement	1 January 2013 to 31 December 2015	Rule 14A.35	Reporting, announcement and independent shareholders' approval requirements
5. Provision of miscellaneous products and services by the Group to/from the Tongfang Group under the New Master Agreement	1 January 2013 to 31 December 2015	Rule 14A.34	Reporting and announcement requirements
6. receipt of miscellaneous products and services by the Group from the Tongfang Group under the New Master Agreement	1 January 2013 to 31 December 2015	Rule 14A.34	Reporting and announcement requirements

LISTING RULES IMPLICATIONS

As at the date of this announcement, Tongfang directly and indirectly through Resuccess held approximately 32.98% of the issued Shares of the Company. 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. Accordingly, the transactions between the Group and the Tongfang Group under the New Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

According to Rule 14A.36 of the Listing Rules, if an annual cap is exceeded in respect of a given transaction or when the relevant agreement is renewed or there is a material change to the terms of the agreement, the Company is required to re-comply with Rules 14A.35(3) and (4) of the Listing Rules. In the circumstances, the Company will re-comply with the reporting, announcement and independent shareholders approval requirements in relation to the continuing connected transactions under the New Sales Agreement and the New Purchase Agreement.

As certain applicable percentage ratios for the Proposed Annual Caps in respect of the New Sales Agreement and the New Purchase Agreement for the years ending 31 December 2013, 2014 and 2015 exceed 5% on an annual basis, the transactions between the Group and the Tongfang Group under the New Sales Agreement and the New Purchase Agreement are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios for the Proposed Annual Caps for each of the two categories of continuing connected transactions under the New Master Agreement for the years ending 31 December 2013, 2014 and 2015 is less than 5% on an annual basis, the transactions between the Group and the Tongfang Group under the New Master Agreement are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will monitor the transaction amount under the New Sales Agreement and the New Purchase Agreement from time to time. If the actual amount of transactions contemplated under the New Agreements exceeds the corresponding Proposed Annual Caps disclosed, the Company will be required to comply with the applicable requirements under Chapter 14A of the Listing Rules.

As the transactions under the New Agreements are transactions of a revenue nature in the ordinary and usual course of business of the Company, these transactions do not constitute transactions under Chapter 14 of the Listing Rules.

EGM

The Company will hold the EGM to approve the transactions under the New Sales Agreement and the New Purchase Agreement (including the Proposed Annual Caps). A circular containing, among other things, further details of the New Sales Agreement and the New Purchase Agreement (including the Proposed Annual Caps) and the transactions contemplated thereunder, and a notice convening the EGM, will be despatched to the Shareholders on or before 12 August 2013.

In view of the interests of Tongfang, Tongfang and its associates (i.e. including Resuccess) will abstain from voting at the EGM on resolutions to approve the New Sales Agreement and the New Purchase Agreement (including the Proposed Annual Caps) and the transactions contemplated thereunder.

INFORMATION ABOUT THE GROUP AND TECHNOVATOR BEIJING

The Group is principally engaged in the business of provision of building energy management and solution services.

Technovator Beijing is a wholly-owned subsidiary of the Company, and is principally engaged in the design, manufacturing and marketing of building automation solutions.

INFORMATION ABOUT TONGFANG

Tongfang is 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). It is principally 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.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Affiliate”	means any individual, partnership, corporation, trust or other entity that directly or indirectly controls, or is controlled by, or is under common control with, such individual, partnership, corporation, trust or other entity, where control means the direct or indirect ownership of 10% or more of the outstanding shares or other ownership interests having ordinary voting power to elect directors or the equivalent
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Technovator International Limited, a limited liability company incorporated in Singapore on 25 May 2005 and the issued securities of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of Company to be convened to approve, among other things, the New Sales Agreement, the New Purchase Agreement (including the Proposed Annual Caps) and the transactions contemplated thereunder
“Existing Agreements”	collectively, the Existing PRC Office Lease, the Existing Purchase Agreement, the Existing Sales Agreement and the Existing Trademark License Agreements
“Existing PRC Office Lease”	the lease dated 15 August 2009 entered into between Technovator Beijing and Tongfang, as amended on 14 September 2011
“Existing Purchase Agreement”	the purchase agreement dated 9 February 2011 entered into between Technovator Beijing and Tongfang, as amended on 19 August 2011
“Existing Sales Agreement”	The sales agreement dated 9 February 2011 entered into between Technovator Beijing and Tongfang, as amended on 19 August 2011

“Existing Trademark License Agreements”	four trademark license agreements all dated 28 May 2010 entered into between Technovator Beijing and Tongfang, as amended on 4 August 2011
“Group”	the Company and its subsidiaries (as defined in the Listing Rules) from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	has the meaning ascribed to it under Rule 14A.10(5) of the Listing Rules
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“New Agreements”	collectively, the New Master Agreement, the New Purchase Agreement and the New Sales Agreement
“New Master Agreement”	the master agreement dated 8 August 2013 entered into between Technovator Beijing and Tongfang
“New Purchase Agreement”	the purchase agreement dated 8 August 2013 entered into between Technovator Beijing and Tongfang
“New Sales Agreement”	The sales agreement dated 8 August 2013 entered into between Technovator Beijing and Tongfang
“PRC”	People’s Republic of China which, for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Proposed Annual Caps”	proposed annual caps for the continuing connected transactions contemplated under the New Agreements
“Prospectus”	the prospectus of the Company dated 17 October 2011
“Resuccess”	Resuccess Investments Limited, an investment holding company incorporated in the British Virgin Islands on 30 March 2004 and a wholly-owned subsidiary of Tongfang

“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“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
“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)
“Tongfang Group”	Tongfang, its subsidiaries and their respective associates and Affiliates, from time to time, (excluding the Group)
“Waiver”	the waiver granted at the time of the listing of the Shares in 2011 by the Stock Exchange to the Company from strict compliance with the announcement and/or independent shareholders’ approval requirements under Chapter 14A of the Listing Rules for the non-exempt continuing connected transactions of the Company
“%”	per cent.

* *for identification purpose only*

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

Hong Kong, 8 August 2013

As at the date of this announcement, the executive directors of the Company are Mr. Zhao Xiaobo and Mr. Seah Han Leong; the non-executive directors of the Company are Mr. Lu Zhicheng, Dr. Li Jisheng, Mr. Liu Tianmin and Mr. Ng Koon Siong; and the independent non-executive directors of the Company are Mr. Fan Ren Da Anthony, Mr. Chia Yew Boon and Ms. Chen Hua.