



Technovator International Limited 同方泰德国际科技有限公司 (1206.hk)

Leading integrated energy saving services provider

Innovation, Transformation, Smart Energy Saving

March 2016

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- 1 **Financial Highlights**
- 2 Business Review
- 3 Company Overview
- 4 Outlook

Financial highlights

<i>For the year ended 31 Dec</i>	2015 (RMB mn)	2014 (restated)¹ (RMB mn)	Chg
<i>Continuing operations</i>			
Revenue	1,692.6	1,394.3	+21.4%
Profit for the year	185.3	156.1	+18.7%
Profit attributable to equity shareholders	184.1	156.8	+17.4%
<i>Discontinued operation²</i>			
Profit for the year	599.3	41.0	+13.6 times
Profit attributable to equity shareholders	594.8	27.7	+20.5 times
<i>Continuing + Discontinued operations</i>			
Profit attributable to equity shareholders	778.9	184.5	+3.2 times
Basic EPS (RMB)	1.068	0.296	+2.6 times
Basic EPS (HKD equivalent)	1.277	0.354	+2.6 times

A special dividend of RMB 0.1 was proposed.

¹ As the intelligence business acquired from the parent company by the Group during the year is attributed to the acquisition under common control, it was restated in the financial statements in accordance with the accounting standards. Therefore, all financial figures of the Group in 2014 were restated.

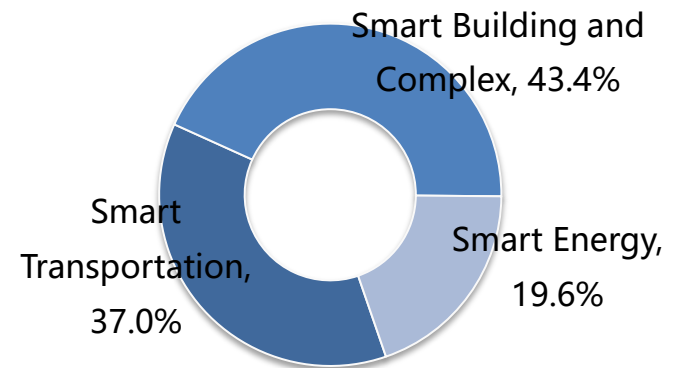
² During the year, the Group completed the disposal of Distech Controls, its overseas subsidiary in Canada. The revenue contributed from our subsidiary in Canada during the period and the gain on disposal (equivalent to approximately RMB585 mn) are attributed to the discontinued operation segment.

Revenue analysis – business segments

The Group has enhanced its business layout and proactively optimized and reorganized the business structure as well as differentiated the future business segments so as to elevate the overall operating efficiency and lay a solid foundation for long-term sustainable development.

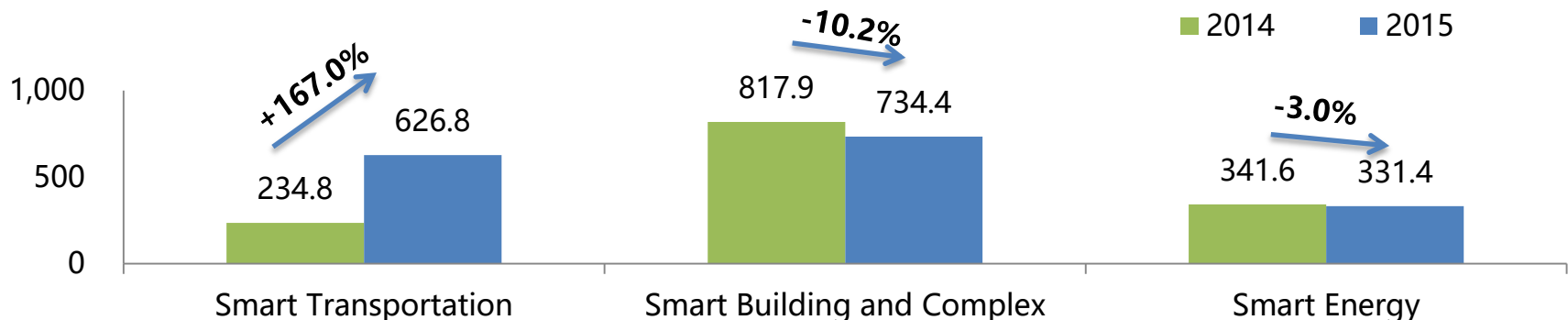
Looking forward, the Group will focus on three major business segments including **Smart Transportation, Smart Buildings and Complex and Smart Energy**, bring along the development of **integrated urban energy saving business by way of informatization and intelligence** and provide the customers with **smart energy management products, solutions and integrated services throughout their full life cycles**.

Revenue breakdown



Revenue growth

(RMB mn)

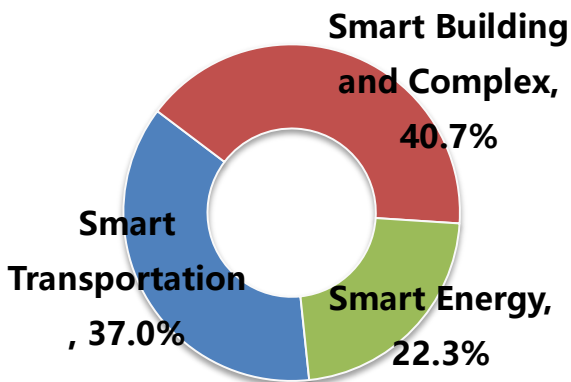


Segment profit analysis

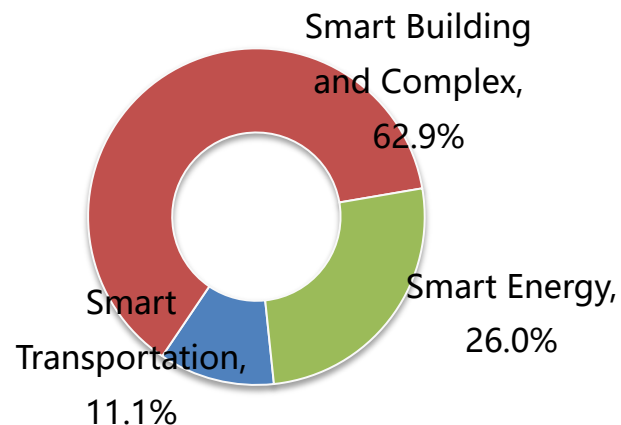
Margin improvement in Smart Transportation, but decrease in Smart Building

<i>For the year ended 31 Dec</i>	2015 (RMB mn)	2014 (restated) (RMB mn)	Chg
Segment profit margin(%)	20.8%	21.9%	-1.1%
Smart Transportation	20.8%	14.4%	+6.4%
Smart Building and Complex	19.5%	23.4%	-4.0%
Smart Energy	23.7%	23.2%	+0.5%

Segment profit breakdown – 2015



Segment profit breakdown – 2014



P&L analysis

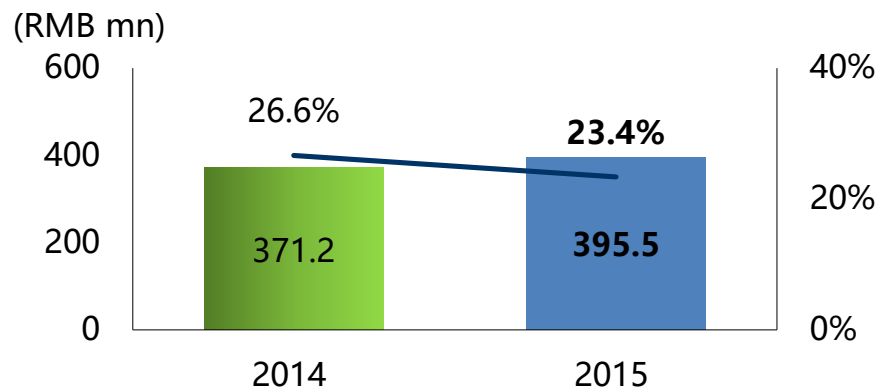
<i>For the year ended 31 Dec</i>	2015 (RMB mn)	2014 (restated) (RMB mn)	Chg	Analysis
<i>Continuing operations</i>				
Revenue	1,692.6	1,394.3	+21.4%	The revenue in 2014 was restated and increased to RMB1,394.3 mn. On this basis, YoY increase of 21.4% in revenue for 2015 was recorded.
COGS	(1,297.1)	(1,023.1)	+18.7%	The decrease in gross margin was primarily due to the decrease in bidding and tender of engineering projects in its traditional building intelligence business and intense competition in the industry. Also, following the business transformation, part of the income from increased EMC projects was rather recognized as other revenue.
Gross profit	395.5	371.2	+6.5%	
Other revenue	58.5	24.7	+137.0%	mainly due to the increase of RMB7.2 mn of subsidy from EMC projects for building energy saving in Chongqing, increase of RMB5.2 mn from the interest income of EMC projects and the increase of RMB15.1 mn of investment gain derived from the BT project in Karamay.
Other net gain	1.9	1.3	+46.2%	
Selling and distribution costs	(70.3)	(68.0)	+3.4%	due to effective cost control implemented and operating leverage effect.
Administrative and other operating expenses	(144.2)	(109.0)	+32.3%	primarily due to the cautious anticipation that as certain waste energy recovery EMC projects of the smart energy business segment will be maintained at a low level of business operation rate in the future under the current macro-economic and sluggish industry condition, the Group decided to proactively optimize asset structure during the year, resulting in a provision of impairment loss on assets of RMB28.0 mn. The one-off professional service fees amounted to RMB5.1 mn
Profit from operations	241.4	220.2	+9.6%	
EBITDA	321.7	278.9	+15.4%	
Finance costs	(34.8)	(22.3)	+55.7%	mainly due the increase in the average balance of loans of the Group.
Profit before taxation	206.6	197.9	+4.4%	
Income tax	(21.4)	(41.8)	-48.9%	During the 2-year tax exemption and a 3-year 50% deduction for software companies tax exemption period, tax reduction of RMB12.5 mn was recorded while tax refund of RMB6.2 mn was obtained.
Profit for the year	185.3	156.1	+18.7%	
Attributable to minority	1.2	(0.7)	-262.7%	
Attributable to equity shareholders	184.1	156.8	+17.4%	

P&L analysis (Cont' d)

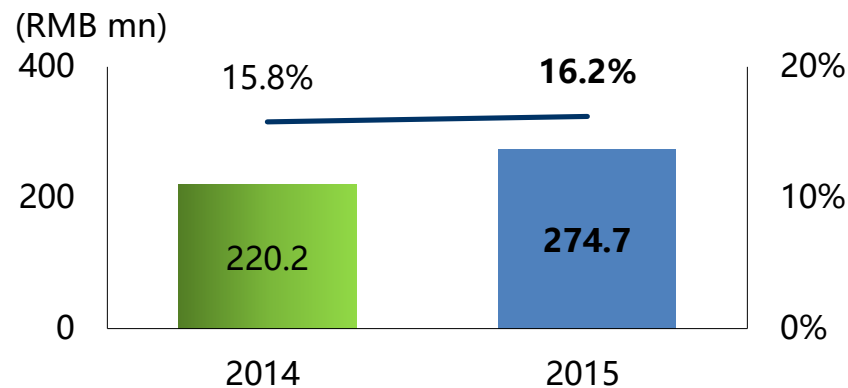
<i>For the year ended 31 Dec</i>	2015 (RMB mn)	2014 (restated) (RMB mn)	Chg
One-off items :			
Asset impairment loss	28.1	-	NA
Professional service fees for business acquisition	5.1	-	NA
After adjustment for one-off items :			
Operating profit	274.7	220.2	+24.7%
EBITDA	354.9	278.9	+27.3%
Profit for the year	218.5	156.1	+40.0%
Profit attributable to equity shareholders	217.3	156.8	+38.6%
Gross margin(%)	23.4%	26.6%	-3.3%
Operating margin (%)	14.3%	15.8%	-1.5%
EBITDA margin (%)	19.0%	20.0%	-1.0%
Profit for the year margin (%)	10.9%	11.2%	-0.2%
Net profit margin (%)	10.9%	11.2%	-0.4%
After adjustment for one-off items :			
Operating margin (%)	16.2%	15.8%	+0.4%
EBITDA margin (%)	21.0%	20.0%	+1.0%
Profit for the year margin (%)	12.9%	11.2%	+1.7%
Net profit margin (%)	12.8%	11.2%	+1.6%

Profitability analysis

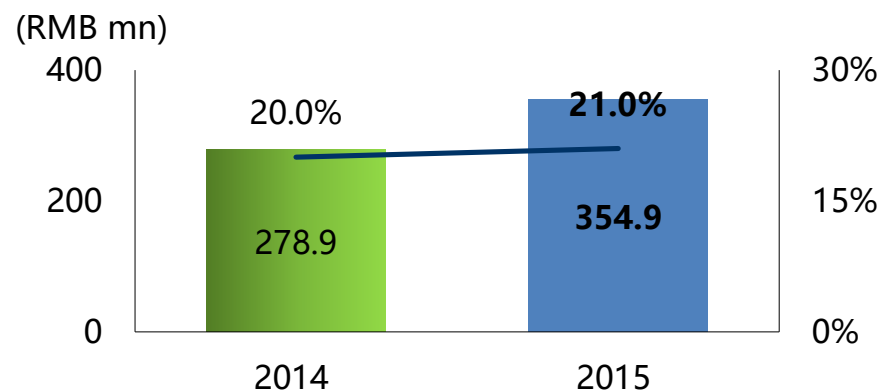
Gross margin



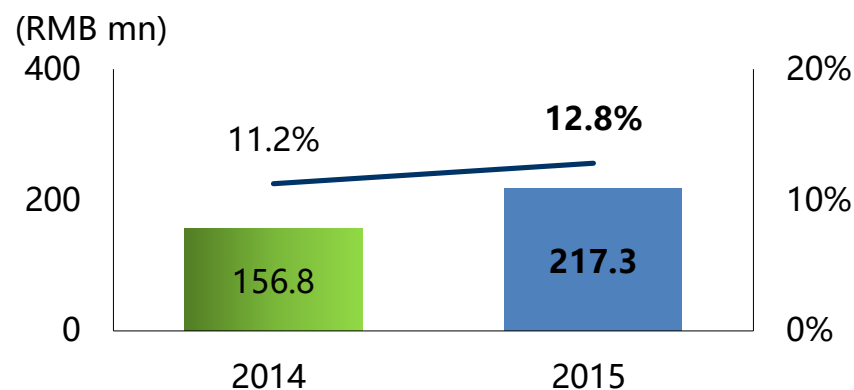
Adjusted* operating margin



Adjusted* EBITDA margin



Adjusted* net margin

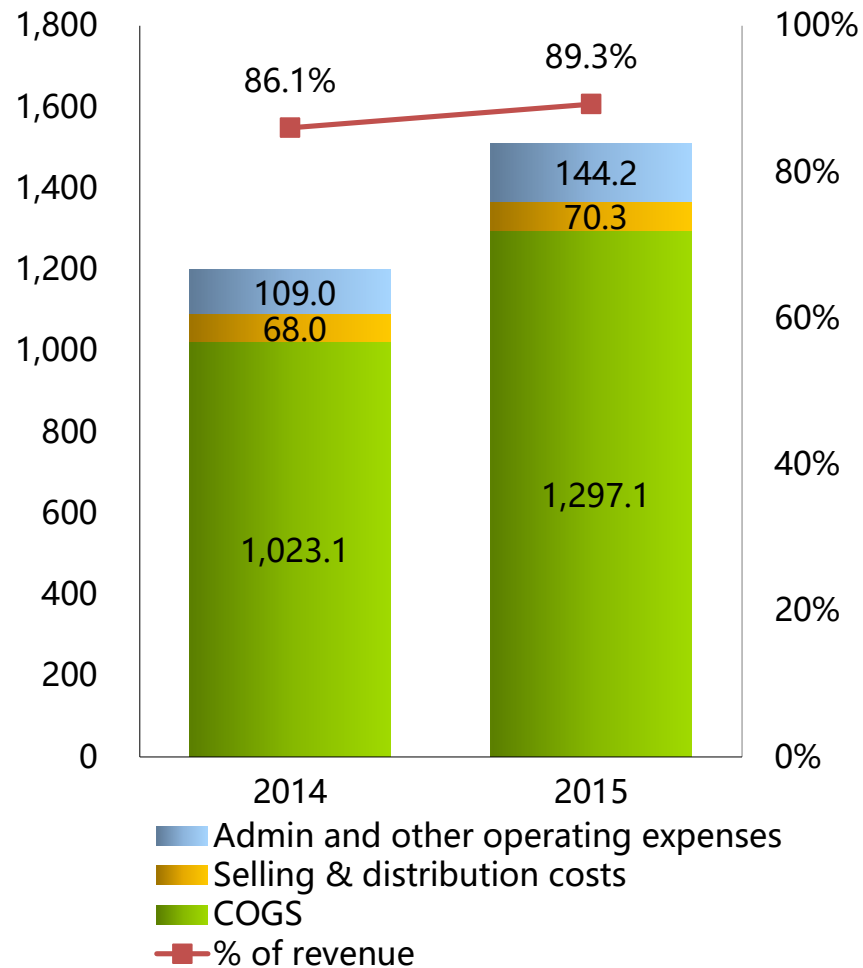


*Adjustment items include the provision of impairment loss on assets of RMB28.0 mn as well as the one-off professional service fees of RMB5.1 mn.

Cost structure & R&D expenditure

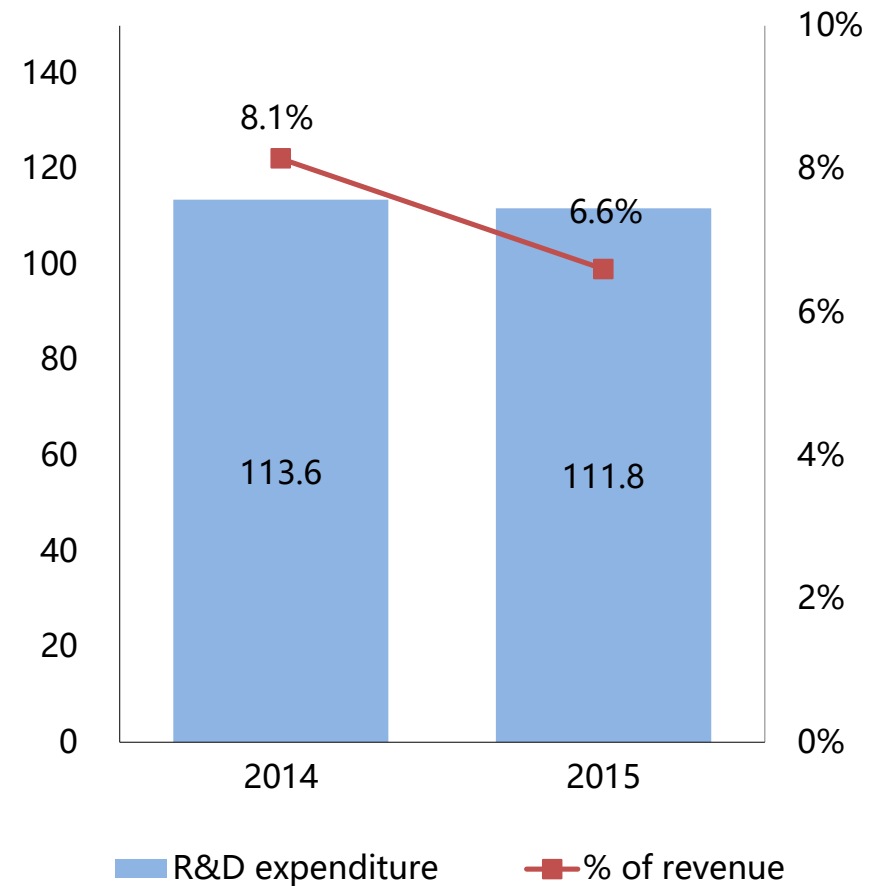
Cost Structure

(RMB mn)



R&D expenditure

(RMB mn)



Other financial figures

	2015 Dec	2014 Dec(restated)
Net assets (RMB mn)	2,006.8	1,180.6
Total assets (RMB mn)	3,965.4	2,916.2
Cash & Cash Equivalents (RMB mn)	1,261.9	454.7
Loan & Borrowings – short term (RMB mn)	276.7	390.0
Loan & Borrowings – long term(RMB mn)	168.7	235.3
Net Cash/(Net Debt) (RMB mn)	816.5	(170.7)
Current Ratio (times) (Current Assets divided by Current Liabilities)	1.8	1.5
Loan & Borrowings Ratio (%) (Loans and Borrowings divided by Total Assets)	11.2%	21.4%
Inventory Turnover (Days)	50	49
Trade Receivables Turnover (Days)	175	168
Trade Payables Turnover (Days)	175	182

<i>For the year ended 31 Dec</i>	2015 (RMB mn)	2014 (restated) (RMB mn)
Net cash generated from operating activities	70.9	56.2
Net cash generated from/(used in) investing activities	314.5	(252.3)
Net cash generated from financing activities	413.3	226.4
Net increase in cash and cash equivalents	798.6	30.2
Cash and equivalents at the end of the year	1,257.5	441.6

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Clear strategic layout after capital operations

Disposal of overseas business

- In August 2015, the Group completed the disposal of its equity interests owned in Distech Controls, a subsidiary in Canada, with approximately CAD\$122 mn of disposal gain, or approx. RMB585 mn.
- contribute a substantial return on investment for the Group, also reach a win-win situation with co-development which is long-lasting and mutual beneficial through the continuous business transactions and cooperation between both sides.

Acquisition of intelligent businesses

- In October 2015, the Group completed the acquisition of the related businesses and assets in the fields of intelligent rail transit, intelligent building and intelligent urban heating network of the parent company, Tongfang Co., Ltd in order to enhance the core advantages in the integrated services and clientele for the Group and give a new impetus to the development of the smart energy saving business.

Optimized business structure and clear strategy layout

- The Group has enhanced its business layout and proactively optimized and reorganized the business structure as well as differentiated the future business segments so as to elevate the overall operating efficiency and lay a solid foundation for long-term sustainable development.
- Looking forward, the Group will focus on three major business segments including **Smart Transportation, Smart Buildings and Complex and Smart Energy**, bring along the development of **integrated urban energy saving business by way of informatization and intelligence** and provide the customers with **smart energy management products, solutions and integrated services** throughout their full life cycles.

Fruitful results from all business segments



Smart Transportation

- The smart rail transit business recorded remarkable growth: successfully contracted various rail transit projects including Guangzhou rail transit line 9 and line 21, Changsha line 1 and Shijiazhuang rail transit line 1. And successfully contracted the rail transit network command centre in Shenzhen.
- Successful application of proprietary ezISCS platform, broke up a monopoly of foreign companies in respect of the core technology of ISCS platform, will enhance the profitability and competitiveness.
- Steady operation of energy saving EMC demonstration project – Beijing rail transit No. 8 Forest Park South Station with over 60% energy saving rate, The Group plan to swiftly replicate the successful model from a single station to a number of rail transit routes and networks in cities.



Smart Building and Complex

- Proactively optimized and adjusted its business portfolio, gradually transforming from traditional building intelligence business to one which focuses core products and energy saving services and creates competitive advantages in differentiation based on the core technologies.
- The building energy saving city level promotion has continued to progress smoothly in Chongqing, Wuhan and Ningbo, and will seize the opportunity driven by the 13th Five Year Plan with an aim at obtaining breakthroughs in Chongqing and some cities in Shandong and Guangxi; proactively made attempts at “internet + energy” as well as the management, control and application of big data in energy consumption. The successful signing of the “Central Platform for Energy Consumption Data Analysis of Public Buildings” project. The Huiyun Intelligent Management Platform developed for Wanda has completed data access for 8 Wanda Plazas in the first batch.
- The traditional building intelligence business will focus on data center, high-end hotels, hospitals and intelligent zones in order to lay a solid foundation for further revitalization of customers’ resources and identification of demands for customers’ subsequent energy saving in the future.



Smart Energy

- Continued to facilitate the development of intelligent heating network and energy saving projects with newly signed intelligent heating network projects in cities such as Chifeng, Taiyuan, Baoding, Wuhai and Xinxiang, while the heating network energy saving EMC projects in Taiyuan, Wuhai and Shenyang are operating steadily with a sustainable revenue contribution.
- Actively facilitated the structural optimization and resource reorganization in relation to the smart urban heating business; strives to explore the full business synergies from energy generation, distribution as well as consumption in urban centralized heating supply aspects in order to offer “source, network and users” – integrated energy management services and build a solid foundation for enhancing the overall profitability of smart urban heating business and exploring sustainable operation model.

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Inherited from Tsinghua & Tongfang

Technovator (HKSE:1206)

Listed on HKSE in 2011

- The first commercial entity listed overseas under the umbrella of Tsinghua University; inherits the technology and experience in energy saving field from Tsinghua University & Tongfang
- Facilitate the development of **integrated urban energy saving business by way of informatization and intelligence** and provide the customers with **energy management products, solutions and integrated services** throughout their full life cycles



Tsinghua University

Heating and Ventilation Department
set up in 1952



- Nurtured a large number of industry experts;
- Prestigious university with technology leadership in China

Tongfang (SSE:600100)

Listed on SSE in 1997



- Listed high-tech company, Top 500 Brands in the world
- 33.7% controlling shareholder of Technovator*

* As of 31 Dec 2015

Leading provider of integrated energy-saving services

Business coverage

Smart Transportation



Intelligent business

Energy saving



Smart Building & Complex



Intelligent business

Energy saving



Smart Energy



Integration of "network" & "source"

intelligent heating network

Waste heat recovery

Heating network energy saving

Business Model

Total solution & products

Techcon

DISTECH CONTROLS™

同方泰德

清华同方
TSINGHUA TONGFANG



EMC model



EPC/System integration
Core products technologies



Operation





Intelligent Transportation Business

- Provide intelligence integrated solutions for the main electro-mechanical systems such as Integrated Supervision and Control System (ISCS), Platform Screen Doors (PSD) and Building Automation System (BAS)
- BAS business **rank first**, and ISCS business in the **top three** domestically
- Covering **1071 km** mileage, and **38 subway lines** with **40% market share**
- Overseas – have worked on rail transit project in Iran for 20 years, covering 7 lines

ISCS

BAS

TCC

TDCS

PSD



Beijing Rail Traffic Control Centre

Guangzhou Rail Coordination & Command Center

Shenzhen Subway Network Operation Control Center



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Rail Transit Energy Saving

- actively explores and strives to be the **pioneer in rail transit energy saving business in China** backed by its proprietary core technologies. Its proprietary products and solutions include **EnCs** – a machine-learning based software for rail transit and **Techcon EEC** – the professional energy-saving monitoring system for rail transit and their application were successfully realized.
- the Group will swiftly **replicate the successful energy-saving model** of a single station to a number of rail transit routes and several rail transit networks in cities with an **approach of connecting lines and networks**. (proactively pursuing Beijing Rail Line No 8 & 9 etc.)
- strives to be a leader and active promoter in the rail transit energy saving market in the future in order to **create new business driving sources** for smart transportation business segment

Case : transportation - intelligent project

Chongqing rail transit line No.6 - ISCS project II

Project overview

- Total contract amount of **RMB 160 million**
- Project consists of Integrated Supervision and Control System (ISCS), Building Automation System (BAS), automatic fire alarm system (FAS), Power Supervisory Control and Data Acquisition System (PSCADA), Access Control System (ACS) etc.
- The length of Chongqing Rail Transit Line No.6 amounting to 72.26 km, and will serve as the core traffic artery
- The Line across the Yangtze River and Jialing River, runs through Chongqing five administrative regions, connecting the three CBD, as well as the future administrative center of the city



Case : transportation - energy saving EMC

Energy Saving Retrofit for Forest Park South Gate Station of Beijing Subway Line No.8



Project overview

- Completed in 2014, with the energy saving retrofit and control optimization for subway station's ventilation and air conditioning systems, applying **EnCs subway energy saving technology**, to dramatically reducing energy consumption without affecting comfortable level within station

Energy saving effect

- EMC model with contract size of RMB 2.63 million
- With 90:10 benefit sharing within 8 years, with 1.5-year payback period
- Realized energy saving ratio of 60%+, annual electricity saving of 800,000 kWh



Smart building & complex



Intelligent Building

- Intelligent system: 22 systems, including integrated monitoring and control engineering, building automation, fire alarm, security monitoring, access control system, communication engineering, computer room engineering etc.
- **Over thousand** projects, **more than 20 years** industry experience
- **Flagship** company in the industry, with the brand name and total project amount **ranking first**

➤ Public Buildings

- Chairman Mao Memorial Hall
- The Great Hall of the People
- Zhongnanhai Huairan Hall
- Kunming International Horticultural Exposition
- National Palace - cultural relics libraries
- National Art Museum - art gallery
- Shanghai Museum
- Beijing Exhibition Center

➤ Gov' t Buildings

- Ministry of Public Security
- Ministry of Justice
- Supreme People's Procuratorate
- National Railway Administration
- Xinhua News Agency
- National Meteorological Center
- Provincial and municipal office buildings, etc.

➤ Com / Office Buildings

- CCTV new site
- People's Bank of China
- China Everbright Bank
- Import and Export Bank of China
- Bank of China - Shanghai Branch
- Bank of Communication - Shanghai Branch
- Shanghai Pudong Development Bank
- Baidu Technology Park

➤ Hotel Buildings

- Beijing Hotel I&II
- Mandarin Oriental Hotel - CCTV new site
- JW Marriott Hotel - Shanghai Changfeng
- Shanghai Ritz-Carlton Hotel
- Hyatt International Hotel - Shimao North Bund
- Sheraton Hotel - Sichuan Jiuzhaigou
- Renaissance Hotel - Sanya Haitang Bay

➤ Data Centers

- CCB Beijing Base I
- ABC Data Processing Center
- BOCOM Data Center (Shanghai)
- China Post Information Center Data Center
- Baidu International Building (Shenzhen) IDC room
- Daqing oilfield production command center room
- PetroChina Huabei Oilfield Information Network Center

➤ Hospital Buildings

➤ Gymnasium Buildings

➤ School Buildings



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Building Energy Saving

- Itemised energy consumption measurement, energy consumption management, energy consumption data analysis, building energy efficiency diagnosis, energy saving operation optimization and transformation, energy management contract, monitoring system operation and maintenance. Accelerate the integrated building & complex business back by the combination of technology and building intelligent engineering experience.
- Provide energy monitoring and retrofit service for Chongqing, Wuhan, Changsha, Suzhou, Guangzhou, Ji'nan and other 41 cities, completed a network layout from the central level, provincial, city to the building terminal level of energy-saving monitoring platform.
- Energy conservation services covering industrial parks, hospitals, shopping malls, sports centres, government building, education building, chain stores etc.

Case : building - intelligent project

CCTV new site - intelligent building total solution project



Project overview

- Total contract amount of approximately **RMB 340 million**
- Includes the **design and implementation of a total of 14 intelligent sub-systems**
 - ✓ Property and facilities management system
 - ✓ Integrated management system
 - ✓ Building automation system
 - ✓ Security system
 - ✓ Public broadcasting and emergency broadcast system
 - ✓ Smart card system
 - ✓ Network system
 - ✓ Communication system
 - ✓ Structured cabling system
 - ✓ Cable system
 - ✓ Public and business information display system
 - ✓ Room works
 - ✓ Indoor signal coverage system
 - ✓ Hotel rooms and facility management system
- Integrate and unify management of each sub-system, which can function independently and operate in conjunction with each other
- CCTV new site is the largest public cultural building, with about 450,000 square meters construction area



Case : city-level building energy saving

Pilot city-level energy saving

city-level - Chongqing

- energy-saving retrofit for approx. 2 million sq.
- Contract for over 39 projects
- Energy consumption monitoring platform operation and maintenance, covering 347 buildings



city-level - Wuhan

- ADF finances the city-level E-cloud center located in Wuhan
- Itemised energy consumption measurement in 76 buildings

Central-level E-Cloud

- Developed the "Central-level platform for public building energy consumption data analysis " for the Ministry of housing research and development



Project overview:

- Chongqing demonstration project;
- Located in the heart of the Jiefangbei CBD, covering 160K total sqm, with multiple indoor and outdoor performance spaces, 2 outdoor plaza and 5 commercial entrance, 62 escalators, 30 elevators, 1320 parking spaces;

Energy-saving measures:

- EMC model with nominal investment cost of RMB10 million, 80:20 benefit sharing within 5-year period, with subsidy of RMB 4.48million(RMB 35 per sq meter)
- Achieved overall energy saving on AC systems, public areas lighting, and elevator systems, using Techcon EEC, LED products; comprehensive energy-saving ratio at 20%+
- Realized annual electricity saving of 4 million kWh and RMB 3.88 million, with payback period of 2.5 years.



Chongqing ASE plaza project

Intelligent Urban Heating



- Provide integrated solutions for heating source supervision and control system, heating network supervision and control system, distributed variable frequency heating, cooling and heating network balancing etc.
- Covering **12** provinces, municipalities and autonomous regions, **hundreds** of cities, with **800 million** sm of heating supply area



Shihezi



Wuhai



Taiyuan



Datong



Waste heat recovery



- planned and enriched the industry landscape and expertise with a series of leading technologies such as regional energy planning, integrated utilization of industrial waste heat recovery technology, heat pump technology, independent temperature and humidity control technology and variable air rate technology applied in the energy cascade utilization as well as optimization and transformation of energy system throughout the energy production processes ("source")



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Heating Network Energy Saving EMC & Integration of "source, network and user"

- heating network energy saving EMC projects originally in Taiyuan, Wuhai and Shenyang are operating steadily with a sustainable revenue contribution
- actively facilitated the structural optimization and resource reorganization in relation to the smart energy business , strives to explore the full business synergies from energy generation, transportation and distribution as well as consumption in urban centralized heating supply aspects in order to offer "source, network and user" – integrated energy management services and build a solid foundation for enhancing the overall revenue of smart energy business by exploring sustainable operation model such as heating network hosting and franchise

Case : heating network - intelligent project

Taiyuan heating power company centralized heating supply

Project overview

- Taiyuan heating supply covers a total area of over 90 million square meters, covering four power plants and four heat source plants and 830 thermal stations
- Over 15 years business relationship with Taiyuan heating power company, since the beginning of cooperation in 1999
- **Heating source monitoring and control system:** effectively improve the combustion efficiency of the boiler, effectively matching supply and demand load, saving coal and power consumption of the system
- **Heating network monitoring and control system:** through the use of computer monitoring and dispatching systems, timely and accurately control and adjust operating parameters of the heating network, improve the heating capacity of the heating system and reduce pollutant emissions.
- **Multi-sources optimization control and scheduling system:** Multi-source and network operation, so that different sources can flexibly match and improve the efficiency of heating network, thereby effectively reduce the costs and improve system reliability and improve the heating quality.
- **EC300 control system:** With the independent development of various types of proprietary software to achieve seamless integration of systems to meet the overall optimization of control and information needs of thermal heat enterprise operations management system.



Case : heat recovery - energy saving EMC

Technovator entered into the industrial energy saving fields, and further enhanced its business layouts, through the acquisition of Tongfang Energy Saving Engineering Technology Co., Ltd. from the parent company.

Jinzhou Energy Saving Heat and. Electricity Co., Ltd - waste heat recovery project

Project overview:

- Jinzhou heating supply area of 3.7m sqm in 2013, and expected to reach 6m sqm in 2016, its heating supply period covers 147 days each year;
- Applied 2x40.5MW absorption heat pump units to preheat heating network backwater, and to recover waste heat from circulating cooling water produced by unit No.1&3, thereby achieving 660 to 800K sqm additional heating supply to the city.

Energy saving effect:

- **EMC model** with nominal contract value of RMB33.87 million, with estimated annual revenue of RMB10.68 million;
- With 85:15 benefit sharing within 6 heating supply seasons;
- Expected payback period of 3.7 years.



Case : heating network - energy saving EMC

Guodian Taiyuan Thermal Power Plant I – central heating energy saving

Project overview:

- Covered 1,200m sqm heating supply area, with 1 monitoring center & 180 thermal stations;
- Enhanced the O&M of heating supply network to ensure fast and efficient network adjustment;
- Reduced heating energy consumption & reduced operating costs.

Energy saving effect:

- **EMC model** with nominal contract value of RMB48.55 million; with benefit sharing period of 7 heating seasons; with 80:20 benefit sharing before covering cost, and 50:50 sharing afterwards.
- Realized energy saving of 6%+, annual saving of up to RMB 10 million for customers;
- Entitled to government subsidy of RMB 2.25 million



Milestones

2005~07

Building energy saving

Techcon building automation products

PRC + Singapore

2008~10

+ Distech Control products
+ ezIBS integrated building management system

North American + Europe

2011~13

+ Heating energy saving

+ E-cloud platform
+ Techcon EMS
+ Techcon EEC

+ EMC model

2014~

**+ Industrial ES
+ Transportation ES
+ Intelligent business**

+ Waste heat recovery technology
+ Dehumidifying blast technology on blast furnace

+ Operation

- Founded in Singapore, and established in Beijing
- Launched the forth-generation international open standards-compatible TECHCON Control System , registered TECHCON trademark
- Launched ezFAS web-connected remote fire alarm system
- Launched ezCSS city security solution
- Private equity firms, Zana and CTC Capital, invested in Technovator

- Acquired Distech Controls
- "11th 5-Year" National Science and Technology Building Energy Efficiency Innovation Award
- The first batch to enter "China Energy Management Service Provider List"
- Joined EMCA, became a member of Energy Saving Service Industry Committee
- Participated in the formulation of 《Technical code for engineering of building automation system》 , topic covered in China' s 11th Five Year Plan
- Recognized as a high and new technology enterprise
- Top 10 China Building Automation Brand, China, Intelligent Building Industry Renowned Brand

- Listed on the Main Board of the HKSE on Oct 27, 2011
- Distech Controls introduced strategic investment partners
- Entered into strategic agreement with Chongqing Municipal commission of urban-Rural Development, Bank of Chongqing in relation of the EMC model , successfully initiated the "Govt-Corp-Bank cooperation mode"
- Techcon E-cloud Service successfully applied to Chongqing, Wuhan, Hunan and Inner Mongolia
- Successful monetization of scientific research - Techcon EEC
- Participated in the formulation of GB 50339 《Code for acceptance of quality of intelligent building systems》 "
- Won the China Intelligent Building Brand Award

- Completed the acquisition of the businesses in the fields of intelligent rail transit, intelligent building and intelligent urban heating network of THTF in OCT 2015
- Completed the disposal of Distech Controls in AUG 2015 (43x P/E)
- Launched top-up placing of 129 m shares at HK\$5.95 per share and raised approx. HK\$750 m in APR 2015
- Completed the acquisition of Tongfang Energy Saving Engineering Technology Co., Ltd., in AUG 2014, enhanced business layouts
- Energy saving transformation demonstration project – Beijing rail transit No. 8 Forest Park South Station based on EMC model with an integrated energy-saving rate of over 60%, which has been highly recognized by proprietors and the relevant state authorities
- Double honoured with " TOP 10 Building Automation Brand" & "TOP 10 Famous Brand" for 4 consecutive years

Devoted & experienced management team



Mr. Fan Xin
Chairman

- Masters 'degree in Thermal Engineering from Tsinghua University
- Worked as a general manager of Beijing Tsinghua Artificial Environmental Engineering Co.. This Company was restructured and with other companies formed Tongfang, which has been listed on Shanghai Stock Exchange since June 1997
- President of Tongfang in charge of the high-level management functions including strategic planning, financing, investment and coordination with the government authorities



Mr. Zhao Xiaobo
CEO

- Bachelor' s degree in Thermal Engineering from Tsinghua University in 1993
- Executive Master degree in Business Administration from Tsinghua University in 2005
- The vice-chairman of Intelligent Building Branch of China Construction Industry Association
- Participated in various projects that received awards including the building & low-carbon technology innovation award issued by Ministry of Science and Technology of the PRC



Mr. Seah Han Leong
COO

- Worked as a Sales manager of Honeywell covering the Great China
- Worked as a managing director of TAC Controls Asia Pte Ltd
- Received various awards including Winners Club Award by Honeywell Asia Pacific Inc. and President' s Club Award by Honeywell Inc



Mr. Paddy Leung
CFO

- Member of Hong Kong Society of Accountants
- Member of the Institute of Internal Auditors
- Over 10 years of experience in accounting, auditing and due diligence, including transaction services in PricewaterhouseCoopers, group internal audit in Swire Group and audit assurance services in KPMG

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- 2 Businesses Review
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- 4 **Outlook**

Prospects and future strategy

Innovation Transformation Smart energy-saving

Promotion of Integrated Energy Saving Business with Support of a New Era Arising from the Development of the 13th Five Year Plan

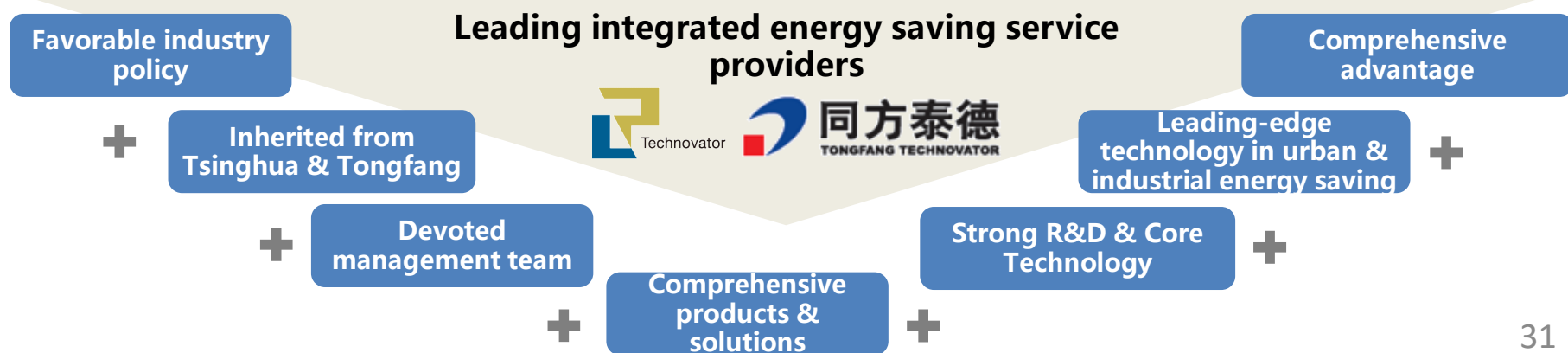
- expand the markets and enhance profit margin by efforts on developing energy saving EMC model, promoting pilot projects and enhancing market share of its proprietary products
- revitalize the existing market but also develop new major cities and more large-scale customers with quality
- explore scale-up development in mass projects with major breakthrough in landmark projects

Raising Investment in Technological Research and Development and Innovation, Facilitating Industrialization of Scientific Research Innovation

- constantly upgrade the core control strategy in terms of its flexibility and versatility by leveraging on technologies edge, expand the market share and reduce the cost of the project
- strengthen the development in and upgrade of application software for major areas such as central air-conditioning control, E-Cloud, energy internet and regional power station so as to consolidating and enhancing the market leading position in respect of proprietary technologies and products
- work closely with top scientific research units in China including Tsinghua University and put more efforts on application-based research and development so as to apply the most advanced scientific and research achievements to the industry at a fast pace.

Continuously seeking for Acquisition and Merger, Raising Shareholders' Value

- Seize the favourable historic opportunities brought by structural transformation and business adjustment of state-owned enterprises, will realize bilateral expansion in the industry chain and leaping development through effective M&A
- arms at achieving growth of overall revenue and raising profit margin so as to create greater value for shareholders



THANK YOU

Q&A



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