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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

(1) REVISION OF EXISTING ANNUAL CAPS FOR 2017 AND 2018 AND (2) NEW 2017 AGREEMENTS IN RELATION TO CERTAIN CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

Reference is made to the 2015 Announcements and Circular in relation to, among others, the Existing Future Business Arrangements CCT and the related annual caps. Reference is also made to the 2016 Announcement in relation to the continuing connected transactions contemplated under the 2016 Agreements and the related annual caps.

Since the completion of the acquisition of the Intelligent Rail Transit, Building and Urban Heating Network Businesses in October 2015, in order to seamlessly integrate these businesses into the Group, the Group actively optimized its structure and reorganized the resources of its business to fully tap into the business synergy of the acquired businesses and the business of the Group at the time. With the completion of the optimization and reorganization of the businesses of the Group in 2017, and with the development and growth of the Group, the Company has a better forecast as to the transactions to be carried out with Tongfang Group for the years ending 31 December 2017, 2018 and 2019. Furthermore, with the continued development and growth of the business of the Group, new and anticipated contracts, market conditions of properties, sales planning, actual operating circumstances of the Group, expansion of building energy-saving market, and the increase of research and development collaboration between the Group and Tongfang Group, the Board anticipates that there will be a corresponding increase in transactions under the Existing Future Business Arrangements CCT, a corresponding increase in sales from the Group to Tongfang Group and a corresponding increase in purchases by the Group from Tongfang Group. As such, the existing annual caps for transactions under the Existing Future Business Arrangements CCT, for the year ending 31 December 2017, and the existing annual caps for the transactions under the 2016 Agreements for the years ending 31 December 2017 and 2018 will not be able to satisfy the operational needs of the Group and Tongfang Group for the relevant periods.

* For identification purposes only

THE 2017 BUSINESS ARRANGEMENTS AGREEMENT

The 2017 Business Arrangements Agreement was entered into on 1 November 2017 between Technovator Beijing, Tongfang Energy Saving and THTF, pursuant to which the parties agreed on the arrangements relating to the Intelligent Rail Transit, Building and Urban Heating Network Businesses for a term of three years from 1 January 2017 to 31 December 2019. The annual caps for the transactions contemplated under the 2017 Business Arrangements Agreement is RMB1,200.0 million, RMB1,500.0 million and RMB1,600.0 million for the payments to be transferred by THTF to the Group, and RMB1,000.0 million, RMB1,250.0 million and RMB1,300.0 million for payments to be transferred by the Group to THTF for the year ending 31 December 2017, 2018 and 2019, respectively.

THE 2017 SALES AGREEMENT

The 2017 Sales Agreement was entered into on 1 November 2017 between Technovator Beijing and THTF to terminate the 2016 Sales Agreement and to commence a new term for the transactions contemplated under the 2017 Sales Agreement of three years from 1 January 2017 to 31 December 2019. Pursuant to the 2017 Sales Agreement, Technovator Beijing agreed to sell or procure such other parties agreed by THTF, including members of the Group, to sell building and municipal infrastructure construction related products, equipment and services to Tongfang Group during the term. The annual caps for the transactions contemplated under the 2017 Sales Agreement is RMB120.0 million, RMB280.0 million and RMB300.0 million for the years ending 31 December 2017, 2018 and 2019, respectively.

THE 2017 PURCHASE AGREEMENT

The 2017 Purchase Agreement was entered into on 1 November 2017 between Technovator Beijing and THTF to terminate the 2016 Purchase Agreement and to commence a new term for the transactions contemplated under the 2017 Purchase Agreement of three years from 1 January 2017 to 31 December 2019. Pursuant to the 2017 Purchase Agreement, THTF agreed to sell or procure such other parties agreed by the Group, to sell wiring, lighting and other products, equipment and systems and services related to the Group's business of energy management, energy saving and environmental protection to the Group during the term. The annual caps for the transactions contemplated under the 2017 Purchase Agreement is RMB150.0 million, RMB280.0 million and RMB300.0 million for the years ending 31 December 2017, 2018 and 2019, respectively.

THE 2017 MASTER AGREEMENT

The 2017 Master Agreement was entered into on 1 November 2017 between Technovator Beijing and THTF to terminate the 2016 Master Agreement and to commence a new term for the transactions contemplated under the 2017 Master Agreement of three years from 1 January 2017 to 31 December 2019. Pursuant to the 2017 Master Agreement, the Group may provide to or receive from Tongfang Group miscellaneous products and services as may be required to satisfy the operational needs of the Group or Tongfang Group from time to time in the ordinary course of business of the Group during the term. The annual caps for each of the provision of miscellaneous products and services by the Group to Tongfang Group and the receipt of miscellaneous products and services by the Group from Tongfang Group is RMB30.0 million, RMB40.0 million and RMB50.0 million, respectively, for the years ending 31 December 2017, 2018 and 2019, respectively.

LISTING RULES IMPLICATIONS

As at the date of this announcement, THTF directly and indirectly through Resuccess owns a total of 278,432,142 Shares, representing approximately 35.41% of the issued Shares of the Company. THTF is a controlling Shareholder and is therefore a connected person of the Company under the Listing Rules. Accordingly, the 2017 Agreements and the transactions contemplated under the 2017 Agreements between the Group and Tongfang Group constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Each of the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the annual caps for the transactions under the 2017 Master Agreement is expected to be higher than 0.1% but less than 5%, and the annual transaction amounts under the 2017 Master Agreement are expected to be greater than HK\$3,000,000. Therefore, the 2017 Master Agreement and the transactions contemplated under the 2017 Master Agreement are subject to the reporting and announcement requirements and the annual review requirements, but are exempt from circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As for the transactions contemplated under the 2017 Business Arrangements Agreement, although no consideration will be paid by the Group to THTF in relation to such business arrangements, given that there will be payments between the Group and THTF pursuant to the 2017 Business Arrangements Agreement, the Board considers it appropriate to subject such payments to the requirements for continuing connected transactions under Chapter 14A of the Listing Rules, and adopt the stated annual caps as the maximum transaction amounts for these transactions.

Each of the relevant percentage ratios (as defined in Rule 14.07 of an Listing Rules) for the transactions contemplated under each of the 2017 Non-exempt CCT Agreements is greater than 5%, each of the 2017 Non-exempt CCT Agreements, and the transactions contemplated under these agreements are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Resolutions will be put forth to the Independent Shareholders at the EGM for the Independent Shareholders to consider and approve each of the 2017 Non-exempt CCT Agreements and the respective Annual Caps for the years ending 31 December 2017, 2018 and 2019.

INTRODUCTION

Reference is made to the 2015 Announcements and Circular in relation to, among others, the Existing Future Business Arrangements CCT and the related annual caps. The Existing Future Business Arrangements CCT is to facilitate the successful transfer of the Intelligent Rail Transit Business, the Intelligent Building Business and the Intelligent Urban Heating Network Business from THTF for the acquisitions contemplated under the Business and Assets Purchase Agreements and the future development of these businesses. Pursuant to the Business and Assets Purchase Agreements:

- (i) THTF and the Group will cooperate to implement the transfer of the Acquired Projects from THTF to the Group by way of assignment, sub-contracting and/or delegation. Since the completion date of the acquisitions, being 31 October 2015, the Group will be responsible for performing the work required by the Acquired Projects and entitled to the income from the Acquired Projects. To the extent that the legal rights of THTF under the contracts in respect of any Acquired Projects have not been assigned to the Group, or for any other reasons THTF receives any payment from the customers of any Acquired Projects for any income generated after 31 October 2015, THTF is required to pay such amount to the Group no later than the balance sheet date of the month in which such amount is received without any additional compensation;
- (ii) THTF should use its reasonable endeavors to notify all of the debtors of loans which are part of the assets acquired by the Group under the Business and Assets Purchase Agreements of the assignment of such debt to the Group. In the event that the relevant debtors settle such debt by paying THTF, THTF is required to pay such amount to the Group no later than the balance sheet date of the month in which such amount is received without any additional compensation;
- (iii) THTF should use its reasonable endeavors to facilitate the assumption of debt which are part of the liabilities of the Intelligent Rail Transit, Building and Urban Heating Network Businesses by the Group. In the event that THTF is required to settle such debt with the relevant third party creditors, the Group is required to reimburse THTF for such amount no later than the balance sheet date of the month in which such amount is paid by THTF;
- (iv) THTF undertakes to assist the Group to take up the Acquired Projects without any additional compensation, including but not limited to providing any necessary information to the Group and handling the relevant project completion and settlement procedures as necessary; and
- (v) THTF will support the Group on the continual development and expansion of the Intelligent Rail Transit, Building and Urban Heating Network Businesses, including cooperating with the Group to develop new projects and business opportunities in respect of these businesses, being a party to the relevant agreements to facilitate the Group's conducting of these businesses if necessary, and providing the required information and assistance to complete the relevant projects, in manners similar to the support to be provided by THTF in respect of the Acquired Projects as set out in paragraphs (i) to (iv) above.

By virtue of the arrangements as set out above, to the extent that any sales or project contract of the Intelligent Rail Transit, Building and Urban Heating Network Businesses entered into by THTF are not capable to be assigned to the Group, THTF will continue to act as the party to such agreements, and will transfer any payments it receives from the relevant customers of these businesses to the Group without any additional charges. As for new sales or project contracts that it is necessary or desirable for THTF to be a contracting party, THTF may cooperate with the Group in the performance of such contracts for the relevant customers, and transfer any payments it receives from the relevant customers of the Intelligent Rail Transit, Building and Urban Heating Network Businesses to the Group without any additional charges.

Reference is also made to the 2016 Announcement in relation to the continuing connected transactions contemplated under the 2016 Agreements to accommodate the business needs of the Group as well as to enable the Group to conduct certain transactions of a miscellaneous nature with Tongfang Group. Summary of the 2016 Agreements entered into on 30 May 2016 is set out below:

- (1) Technovator Beijing and THTF entered into the 2016 Sales Agreement pursuant to which Technovator Beijing agreed to sell or procure such other parties agreed by THTF to sell building related application products, equipment and services, which included control security systems, and fire alarm systems for a term of three years from 1 January 2016 to 31 December 2018;
- (2) Technovator Beijing and THTF entered into the 2016 Purchase Agreement pursuant to which THTF agreed to sell or procure such other parties agreed by Technovator Beijing to sell wiring, lighting and other products, equipment and systems and services relating to the Group's business of energy management, energy saving and environmental protection to Technovator Beijing for a term of three years from 1 January 2016 to 31 December 2018; and
- (3) Technovator Beijing and THTF entered into the 2016 Master Agreement pursuant to which the Group may provide to or receive from 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 for a term of three years from 1 January 2016 to 31 December 2018.

Since the completion of the acquisition of the Intelligent Rail Transit, Building and Urban Heating Network Businesses in October 2015, in order to seamlessly integrate these businesses into the Group, the Group actively optimized its structure and reorganized the resources of its business to fully tap into the business synergy of the acquired businesses and the business of the Group at the time. With the completion of the optimization and reorganization of the businesses of the Group in 2017, and with the development and growth of the Group, the Company has a better forecast as to the transactions to be carried out with Tongfang Group for the years ending 31 December 2017, 2018 and 2019. Furthermore, with the continued development and growth of the business of the Group, new and anticipated contracts, market conditions of properties, sales planning, actual operating circumstances of the Group, expansion of building energy-saving market, and the increase of research and development collaboration between the Group and Tongfang Group, the Board anticipates that there will be a corresponding increase in transactions under the Existing Future Business Arrangements CCT, a corresponding increase in sales from the Group to Tongfang Group and a corresponding increase in purchases by the Group from Tongfang Group. As such, the existing annual caps for transactions under the Existing Future Business Arrangements CCT, for the year ending 31 December 2017, and the existing annual caps for the transactions under the 2016 Agreements for the years ending 31 December 2017 and 2018 will not be able to satisfy the operational needs of the Group and Tongfang Group for the relevant periods.

THE 2017 BUSINESS ARRANGEMENTS AGREEMENT

The 2017 Business Arrangements Agreement was entered into on 1 November 2017 between subsidiaries of the Company, namely, Technovator Beijing and Tongfang Energy Saving, and THTF in relations to the business arrangements for the Intelligent Rail Transit, Building and Urban Heating Network Businesses.

A summary of the principal terms of the 2017 Business Arrangements Agreement is set out below:

- Date : 1 November 2017 (after trading hours)
- Parties : (1) Technovator Beijing, a wholly-owned subsidiary of the Company
- (2) Tongfang Energy Saving, a wholly-owned subsidiary of the Company
- (3) THTF, a controlling Shareholder
- Subject matter : (i) For the Nominee Projects which THTF continues to use its name for entering into such contracts and/or projects of the Intelligent Rail Transit, Building and Urban Heating Network Businesses that the legal rights and obligations of which cannot be directly transferred to the Group, THTF will assign, sub-contract, delegate or in any other way the parties may mutually agree so that the Group will assume these contracts. The Group will be responsible for performing the work required by the Nominee Projects and entitled to the income from the Nominee Projects. To the extent that the legal rights of THTF under the contracts in respect of any Nominee Projects have not been assigned to the Group, or for any other reasons THTF receives any payment from the customers of any Nominee Projects for any income generated, THTF is required to pay such amount to the Group no later than the balance sheet date of the month in which such amount is received without any additional compensation. THTF undertakes to assist the Group to take up the Nominee Projects without any additional compensation, including but not limited to providing any necessary information to the Group and handling the relevant project completion and settlement procedures as necessary;
- (ii) If debtors of the Nominee Projects settle debts by paying THTF, THTF is required to pay such amount to the Group no later than the balance sheet date of the month in which such amount is received without any additional compensation;

- (iii) THTF to act as the party to supply contracts to procure materials or services from third party suppliers for the Nominee Projects, THTF will procure the necessary materials and services from the relevant third party suppliers for the Group upon instruction by the Group, and the Group is required to reimburse THTF for the amount paid by THTF;
- (iv) THTF agrees that the debts which are part of the liabilities of the Nominee Projects that have not been assumed by the Group as the consent from the creditors has not been obtained, THTF will continue to satisfy such debts. In the event that THTF is required to settle such debt with the relevant third party creditors, the Group is required to reimburse THTF for such amount no later than the balance sheet date of the month in which such amount is paid by THTF; and
- (v) THTF will continue to support the Group on the continual development and expansion of the Intelligent Rail Transit, Building and Urban Heating Network Businesses. THTF agrees to provide support and cooperation for the Group for the Intelligent Rail Transit, Building and Urban Heating Network Businesses upon reasonable request from the Group including cooperating with the Group to develop new projects and business opportunities in respect of these businesses, being a party to the relevant agreements to facilitate the Group's conducting of the these businesses if necessary, and providing the required information and assistance to complete the relevant projects, in manners similar to the support to be provided by THTF as set out in paragraphs (i) to (iv) above. Such new sales, procurement or project contracts if to be signed by THTF, all of the terms shall be negotiated by the Group.

By virtue of the arrangements as set out above, to the extent that any Nominee Projects are not capable to be assigned to the Group, THTF will continue to act as the party to such agreements, and will transfer any payments it receives from the relevant customers of the these businesses to the Group without any additional charges. As for new project or contracts that it is necessary or desirable for THTF to be a contracting party, THTF may cooperate with the Group in the performance of such contracts for the relevant customers, and transfer any payments it receives from the relevant customers of the Intelligent Rail Transit, Building and Urban Heating Network Businesses to the Group without any additional charges.

Pricing and payment : THTF will transfer any payments it receives from the relevant projects to the Group without any additional charges, and the full amount received by THTF from third party customers will be transferred to the Group, no later than the balance sheet date of the month in which such amount is received.

THTF will also not be entitled to any additional fees or compensation for settling debts with third party creditors under the 2017 Business Arrangements Agreement, the Group is required to reimburse THTF for the full amount of such payments no later than the balance sheet date of the month in which such amount is paid by THTF.

The prices for new sales contracts to which THTF will act as the party will be negotiated with third party customers based on the price range as indicated by the prices charged by THTF (including those Nominee Projects signed in name of THTF) in at least two projects within the past 12 months with scope of services undertaken and/or for products sold by the relevant Intelligent Rail Transit, Building and Urban Heating Network Businesses which most closely resembles the requirements of the new sales contract concerned.

The prices for the purchase of material and/or services to be procured under supply contracts will be negotiated with third party suppliers based on the price range as indicated by the prices paid by THTF (including those Nominee Projects signed in name of THTF) in at least two purchases within the past 12 months for similar material and/or services.

Terms : a term of three years from 1 January 2017 to 31 December 2019

Annual caps : Payments to be transferred by THTF to the Group

For the year ending 31 December 2017 – RMB1,200.0 million
For the year ending 31 December 2018 – RMB1,500.0 million
For the year ending 31 December 2019 – RMB1,600.0 million

Payments to be transferred by the Group to THTF

For the year ending 31 December 2017 – RMB1,000.0 million
For the year ending 31 December 2018 – RMB1,250.0 million
For the year ending 31 December 2019 – RMB1,300.0 million

The annual caps only cover (i) any amount paid by THTF to the Group arising from THTF's obligations under the 2017 Business Arrangements Agreement to pay such amount as set forth in Subject Matter (i), (ii) and (v) of the summary of principle terms of the 2017 Business Arrangement Agreement; and (ii) any amount paid by the Group to THTF arising from the Group's obligations under the 2017 Business Arrangements Agreement to reimburse THTF for such amount as set forth in Subject Matter (iii), (iv) and (v) under "Subject Matter" above.

Historical Transaction Amounts

For the year ended 31 December 2015 and 2016 and for the eight months ended 31 August 2017, payments transferred by THTF to the Group under the Existing Future Business Arrangement CCT amounted to RMB298.8 million, RMB771.5 million and RMB489.5 million, respectively.

For the year ended 31 December 2015 and 2016 and for the eight months ended 31 August 2017, payments transferred by the Group to THTF under the Existing Future Business Arrangement CCT amounted to RMB112.5 million, RMB532.0 million and RMB522.0 million, respectively.

Existing Annual Caps

The existing annual caps for the Existing Future Business Arrangements CCT for the year ending 31 December 2017 amounted to RMB874.0 million for the payments to be transferred by THTF to the Group and RMB700.0 million for the payments to be transferred by the Group to THTF.

Basis of the Annual Caps

In arriving at the annual caps for the years ending 31 December 2017, 2018 and 2019, the Company has taken into account the following:

- (i) *Sales data:* Sales data of the Intelligent Rail Transit, Building and Urban Heating Network Businesses, including the contract price of the existing projects, contracts in negotiation and bidding of projects participated by the Intelligent Rail Transit, Building and Urban Heating Network Businesses, and estimated growth for each of the businesses (as further detailed in paragraph (v) below). In particular, a large-scale project under the Intelligent Building Business that is expected to be completed by the end of 2019 with a total contract price of RMB750 million, and THTF is the contracting party since the Group has yet to obtain the relevant approval from the customer to directly supply to such customer. Furthermore, with the growth of the Intelligent Rail Transit, Building and Urban Heating Network Businesses, the Group expects that there will be an increase in revenue generated from these businesses, and as a result, it expects that the amount to be transferred from THTF to the Group will increase as a result;

- (ii) *Historical pattern of payments of contract prices by the Intelligent Rail Transit, Building and Urban Heating Network Businesses' customers:* The amount of fees to be received by the Group from third party customers through THTF during each year is determined with reference to the historical pattern of payments of contract prices, including seasonality and proportions of payments in each year, and a proportion of the aggregate amount under the subsisting Nominee Projects and anticipated new projects is allocated to each year at a certain percentage, representing the estimated amount of payments received by the Group each year. Based on the historical payment pattern, majority of the payments from the customers are made in the last quarter, in particular in December, of each year;
- (iii) *Historical cost of sales of the Intelligent Rail Transit, Building and Urban Heating Network Businesses:* The historical cost of sales of the Intelligent Rail Transit, Building and Urban Heating Network Businesses as a percentage of revenue received each year is used to approximate the amount of payments that the Group will pay to THTF to settle debts with third party creditors by reference to the amount of contract price it will receive for the given year. Based on historical invoicing pattern and the industry trend based on the operation experience of the Directors, majority of the cost of sales are billed in the last quarter of each year for settlement, and the Group generally settles such payables with THTF in December of each year;
- (iv) *Trends of the gross profit margin of each of the Intelligent Rail Transit, Building and Urban Heating Network Businesses:* The cost of sales of the Intelligent Rail Transit, Building and Urban Heating Network Businesses as a percentage of revenue received each year (as mentioned in paragraph (iii) above) is determined based on the historical gross profit margins of the Intelligent Rail Transit, Building and Urban Heating Network Businesses and taking into account the prevailing trend of such gross profit margins; and
- (v) *Expected growth of the Intelligent Rail Transit, Building and Urban Heating Network Businesses:* The assumed growth rate of the total contract price for each year is based on the historical and forecasted growth rates of the Intelligent Rail Transit, Building and Urban Heating Network Businesses, taking into account industry trends and macro-economic factors, coupled with the Group's targeted growth rate. In particular, the annual caps for the years ending 31 December 2017, 2018 and 2019 have taken into account of the growth from the expected revenue and cost of sales from the large-scale project mentioned above, and the other contracts and projects of the Intelligent Rail Transit, Building and Urban Heating Network Businesses as a whole and as for the years ending 31 December 2018 and 2019, it is assumed the growth rate for the revenue and cost of sales to be approximately 20.0% by reference to the historical growth rate of the revenue and the targeted growth rate of the Group.

Reasons for and benefits of the 2017 Business Arrangements Agreement

Under the 2017 Business Arrangements Agreement, the Group has the right but not the obligation to require THTF to facilitate the Intelligent Rail Transit, Building and Urban Heating Network Businesses in the manners set out above. The transactions contemplated under the 2017 Business Arrangement Agreement will enable the Group to continue to develop and grow the Intelligent Rail Transit, Building and Urban Heating Network Businesses while the Group is establishing its position in the market under its own name. Although since the completion of the acquisition of the Intelligent Rail Transit, Building and Urban Heating Network Businesses in October 2015, a number of projects and contracts have been transferred to the Group or the Group is directly engaged for the new projects and contracts, a number of customers especially those with large-scale projects still wish to deal with THTF in the meantime due to their past relationships. As THTF has been operating for a significant period of time and has built its brand recognition among customers, with its assistance by way of the arrangements under the 2017 Business Arrangements Agreement, the Group can avoid loss of potential business opportunities, including to capture the current growth of the Intelligent Rail Transit, Building and Urban Heating Network Businesses and those large-scale projects where the customers still wish to deal with THTF in the meantime, while building-up the Group's presence and name.

As at the date of this announcement, the Group is still building its presence in the market for the Intelligent Rail Transit, Building and Urban Heating Network Businesses. Also, for some customers who would need time to obtain their own internal approval to engage the Group for the services under the Intelligent Rail Transit, Building and Urban Heating Network Businesses, the customers may wish to continue to deal with THTF in the meantime due to their history of dealings with THTF. The arrangements under the 2017 Business Arrangements Agreement also cover new projects which may be undertaken. The Directors believe the arrangements under the 2017 Business Arrangements Agreement continue to be an integral part of the operations of the Intelligent Rail Transit, Building and Urban Heating Network Businesses.

The Directors (other than the independent non-executive Directors, who will form their view after considering the advice of the Independent Financial Adviser) are of the view that the 2017 Business Arrangements Agreement is entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

THE 2017 SALES AGREEMENT

The 2017 Sales Agreement was entered into on 1 November 2017 between Technovator Beijing and THTF to terminate the 2016 Sales Agreement and to commence a new term for the transactions contemplated under the 2017 Sales Agreement of three years from 1 January 2017 to 31 December 2019.

A summary of the principal terms of the 2017 Sales Agreement is set out below:

- Date : 1 November 2017 (after trading hours)
- Parties : (1) Technovator Beijing, a wholly-owned subsidiary of the Company
(2) THTF, a controlling Shareholder
- Subject matter : Technovator Beijing agreed to sell or procure such other parties agreed by THTF, including members of the Group, to sell building and municipal infrastructure construction related products, equipment and services, which include control security systems, and fire alarm systems to the Tongfang Group for a term of three years from 1 January 2017 to 31 December 2019.
- Consideration and payment : The price at which the Group sells such products to Tongfang Group will be determined based on normal commercial terms after arm's length negotiation.

For the sale of ready-made products or the provision of standardised services, the price for such products or services shall be determined based on the pricing terms as offered by the Group no less favorable than those given to Independent Third Parties. The Group shall regularly review such pricing policy.

For the sale of self-produced products or services, the Group shall make reference to transactions of similar type, scale and nature with Independent Third Parties to ensure that the price and conditions as offered by the Group are not less favourable than those offered to Independent Third Parties.

When negotiating the price, the Group will make reference to the following factors:

- (i) the prevailing market rate determined based on:
- (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 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 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 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.

Terms	:	a term of three years from 1 January 2017 to 31 December 2019
Annual caps	:	For the year ending 31 December 2017 – RMB120.0 million For the year ending 31 December 2018 – RMB280.0 million For the year ending 31 December 2019 – RMB300.0 million

Historical Transaction Amounts

For the year ended 31 December 2016 and for the eight months ended 31 August 2017, the Group sold products under the 2016 Sales Agreement to Tongfang Group in the amount of approximately RMB47.1 million and RMB38.5 million, respectively.

Existing Annual Caps

The existing annual caps under the 2016 Sales Agreement for the years ending 31 December 2017 and 2018 amounted to RMB55.0 million and RMB55.0 million, respectively.

Basis of the Annual Caps

In arriving at the annual caps for the years ending 31 December 2017, 2018 and 2019, the Company has taken into account, among other things, the following:

- (i) *Historical transaction amount:* The historical sales amount for the year ended 31 December 2016 and for the eight months ended 31 August 2017 that the Group sold to Tongfang Group under the 2016 Sales Agreement, and the historical patterns, including seasonality and proportions of payment each year. In particular, for energy saving projects, the Group generally will invoice for progress payment of the projects with reference to the work done towards the last quarter each year in line with industry practice;
- (ii) *Forecasted sales amount:* The forecasted sales amount based on discussions with Tongfang Group taking into account of new contracts and projects in the pipeline, including the expected business growth of Tongfang Group for the years ending 31 December 2017 and 2018, and the new conversation of coal to electricity projects of Tongfang Group and the energy saving related work is expected to be provided by the Group commencing in 2018, whereby Tongfang Group plans to procure related products and services from the Group. In particular, for the year ending 31 December 2017, the annual cap has taken into account of the current negotiation of certain sales contracts that is expected to be entered into towards the end of December 2017 for delivery commencing in December 2017 primarily for the anticipated business growth of Tongfang Group mentioned above. Furthermore, the growth for the sales to Tongfang Group for these related products and services is assumed to increase at a rate of approximately 20.0% each of the years ending 31 December 2018 and 2019, based on the factors above and the targeted growth rate of the Group; and
- (iii) *Trends of gross profit margin of products and services:* The expected gross profit margin of products and services of the Group based on historical patterns and the targeted gross profit margin of the Group.

Reasons for and benefits of the 2017 Sales Agreement

The Directors believe that maintaining the sales of goods to Tongfang Group has a positive contribution to the operating revenue of the Group, and that Tongfang Group has proven to have a good track record in settling the trade payables to the Group in a timely manner. The Group has benefited from working with Tongfang Group in the past and Tongfang Group's businesses are important to the Group. Given the mutual beneficial relationship between Tongfang Group and the Group, the Directors (other than the independent non-executive Directors, who will form their view after considering the advice of the Independent Financial Adviser) are of the view that the 2017 Sales Agreement is entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

THE 2017 PURCHASE AGREEMENT

The 2017 Purchase Agreement was entered into on 1 November 2017 between Technovator Beijing and THTF to terminate the 2016 Purchase Agreement and to commence a new term for the transactions contemplated under the 2017 Purchase Agreement of three years from 1 January 2017 to 31 December 2019.

A summary of the principal terms of the 2017 Purchase Agreement is set out below:

Date	:	1 November 2017 (after trading hours)
Parties	:	(1) Technovator Beijing, a wholly-owned subsidiary of the Company (2) THTF, a controlling Shareholder
Subject matter	:	THTF agreed to sell or procure such other parties agreed by Technovator Beijing, including members of the Tongfang Group, to sell wiring, lighting and other products, equipment and systems and services relating to the Group's business of energy management, energy saving and environmental protection to the Group for a term of three years from 1 January 2017 to 31 December 2019.
Consideration and payment	:	The price of such goods and services supplied by 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 goods and services 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 Group shall make reference to not less than two transactions of similar type, scale and nature with Independent Third Parties to ensure that the price and conditions as offered by Tongfang Group to the Group are fair and reasonable and similar to those offered by Independent Third Parties.

The market rate of the goods and services is to be ascertained based on the prevailing market price of the goods and services 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 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 goods and services 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 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.

Terms	:	a term of three years from 1 January 2017 to 31 December 2019
Annual Caps	:	For the year ending 31 December 2017 – RMB150.0 million For the year ending 31 December 2018 – RMB280.0 million For the year ending 31 December 2019 – RMB300.0 million

Historical Transaction Amounts

For the year ended 31 December 2016 and for the eight months ended 31 August 2017, the Group procured products under the 2016 Purchase Agreement from Tongfang Group in the amount of approximately RMB11.9 million and RMB11.0 million, respectively.

Existing Annual Caps

The existing annual caps for under the 2016 Purchase Agreement for the years ending 31 December 2017 and 2018 amounted to RMB12.0 million and RMB12.0 million, respectively.

Basis of the Annual Caps

In arriving at the annual caps for the years ending 31 December 2017, 2018 and 2019, the Company has taken into account, among other things, the following:

- (i) *Historical transaction amount:* The historical procurement amount for the year ended 31 December 2016 and for the eight months ended 31 August 2017 that the Group procured from Tongfang Group under the 2016 Purchase Agreement, and the historical patterns, including seasonality and proportions of payment each year. In particular, residual heat products related procurement is generally carried out in the last quarter of each year, and generally towards the end of December as heating related work has the highest demand during the winter months;
- (ii) *Forecasted procurement amount:* The forecasted procurement amount based on expected demand for products and services with references to historical amounts and expected business growth. In particular, the Group has temporarily suspended industrial residual heat projects in 2015 to optimize its structure and reorganize the resources of its business after the completion of the acquisition of the Intelligent Rail Transit, Building and Urban Heating Network Businesses. The optimization and reorganization has been completed in 2017 and the industrial residual heat projects have recently recommenced. As such, the Group is expected to procure products such as heating pumps from Tongfang Kawasaki. Furthermore, it is expected that the services to be provided by Tongfang Group will increase due to the business growth of the Group relating to energy management, energy saving and environmental protection business. Furthermore, the Group is expected to increase the procurement of products from Tongfang Group for the year ending 31 December 2017 as a result of the business growth stated above. The procurement of these products and services are assumed to increase at a rate of approximately 20.0% for each of the years ending 31 December 2018 and 2019 based on the expected growth of the business and the targeted growth rate of the Group; and
- (iii) *trends of increases of procurement costs:* the expected increase in procurement costs for products and services based on historical patterns.

Reasons for and benefits of the 2017 Purchase Agreement

The Directors believe that 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 Tongfang Group in the past. Given the mutual beneficial relationship between Tongfang Group and the Group, the Directors (other than the independent non-executive Directors, who will form their view after considering the advice of the Independent Financial Adviser) are of the view that the 2017 Purchase Agreement is entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

THE 2017 MASTER AGREEMENT

The 2017 Master Agreement was entered into on 1 November 2017 between Technovator Beijing and THTF to terminate the 2016 Master Agreement and with a new term of three years from 1 January 2017 to 31 December 2019.

A summary of the principal terms of the 2017 Master Agreement is set out below:

Date : 1 November 2017 (after trading hours)

Parties : (1) Technovator Beijing, a wholly-owned subsidiary of the Company

(2) THTF, a controlling Shareholder

Subject matter : The Group may provide to or receive from 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 2017 Master Agreement for a term of three years from 1 January 2017 to 31 December 2019.

Pursuant to the 2017 Master Agreement, the miscellaneous products and services provided by the Group to Tongfang Group mainly include (i) rental services (including leasing of land and premises); (ii) research and development services and products (including technology licensing); (iii) the use of trademark license; and (iv) sharing of general administration and management support services but exclude any transactions contemplated under the 2017 Sales Agreement.

The miscellaneous products and services provided by Tongfang Group to the Group mainly include (i) rental services (including leasing of land, premises, machinery and equipment); (ii) research and development services and products (including technology licensing); (iii) the use of trademark license; and (iv) sharing of general administration and management support services, other than the Existing Trademark License agreements and any transactions contemplated under the 2017 Purchase Agreement.

Consideration and payment : For the sale of ready-made products or the provision of standardised services, the price for such products or services shall be based on the pricing terms as offered by the Group no less favorable than those given to Independent Third Parties. The Group shall regularly review such pricing policy.

For the sale of self-produced products or services, reference shall be made to transactions of similar type, scale and nature with Independent Third Parties to ensure that the price and conditions as offered by the Tongfang Group to the Group are not less favourable than those offered to Independent Third Parties.

For the acquisition of products or services, the Group shall make reference to not less than two transactions of similar type, scale and nature with Independent Third Parties to ensure that the price and condition as offered by the Tongfang Group are fair and reasonable and similar to those offered by Independent Third Parties.

For the sharing of general administration and management support services, the fees payable or receivable by the Group are determined based on the direct cost of the human resources providing such services, the actual overhead costs incurred by the relevant offices and the number of entities sharing the services provided by the relevant office.

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

- (i) government-prescribed price (including any price prescribed by any relevant local government, if applicable);
- (ii) where there is no government-prescribed price but there is a government-guidance price, then the government-guidance price;
- (iii) 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
- (iv) 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 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 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 day 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.

Terms	:	a term of three years from 1 January 2017 to 31 December 2019
Annual caps	:	Provision of miscellaneous products and services by the Group to Tongfang Group For the year ending 31 December 2017 – RMB30.0 million For the year ending 31 December 2018 – RMB40.0 million For the year ending 31 December 2019 – RMB50.0 million Receipt of miscellaneous products and services by the Group from Tongfang Group For the year ending 31 December 2017 – RMB30.0 million For the year ending 31 December 2018 – RMB40.0 million For the year ending 31 December 2019 – RMB50.0 million

Historical Transaction Amounts

For the year ended 31 December 2016 and for the eight months ended 31 August 2017, there was no provision of miscellaneous products and services by the Group to Tongfang Group.

For the year ended 31 December 2016 and for the eight months ended 31 August 2017, receipt of miscellaneous products and services by the Group from Tongfang Group amounted to RMB6.7 million and RMB9.0 million, respectively.

Existing Annual Caps

The existing annual caps under the 2016 Master Agreement for the years ending 31 December 2017 and 2018 is RMB6.0 million and RMB6.0 million, respectively, for the provision of miscellaneous products and services by the Group to Tongfang Group, and RMB10.0 million and RMB10.0 million, respectively, for the receipt of miscellaneous products and services by the Group from Tongfang Group.

Basis of the Annual Caps

In arriving at the annual caps for the years ending 31 December 2017, 2018 and 2019, the Company has taken into account the following:

- (i) *Historical transaction amount:* The actual amount of miscellaneous products and services by the Group from Tongfang Group during the historical periods and up to 31 August 2017, and the expected increase of the procurement and sales of such products and services for the year;
- (ii) *Increase in rental costs:* The expected increase in rental costs for the rental services (including leasing of land, premises, machinery and equipment) from Tongfang Group to the Group based on the latest market trend of rental prices and to further increase at 10.0% per annum during subsistence of the rental agreements by reference to the current terms;
- (iii) *Increase in research and development services:* The potential new research and development services and products expected to be concluded towards the end of the year to be provided by Tongfang Group to the Group, and the increase in research and development services and products to be provided by the Group to Tongfang Group. In particular, for the year ending 31 December 2017, based on the research and development contracts in negotiation, the new research and development services in addition to existing contracts to be procured from and to be provided to Tongfang Group is expected to substantially increase. The amount of research and development services to be procured from and to provide to Tongfang Group is assumed to increase at a rate of over 20.0% based on historical growth, existing contracts and on the new potential research and development projects in discussions between Tongfang Group and the Group.
- (iv) *Other factors:* 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 the future sharing of support services of some of the Group's offices between the Group and Tongfang Group to accommodate their respective future development and optimise their respective costs.

Reasons for and benefits of the 2017 Master Agreement

Maintaining the sales of goods to the Tongfang Group has a positive contribution to the operating revenue of the Group and the Tongfang Group has proven to be one of the reliable suppliers to the Group at competitive prices which has a positive contribution to the business and operations of the Group. The transactions contemplated under the 2017 Master Agreement will facilitate the sales of products and services from the Group to Tongfang Group, and the procurement of products and services from Tongfang Group by the Group of miscellaneous nature. Given the mutual beneficial relationship between the Group and the Tongfang Group, the Board (including the independent non-executive Directors) considers that the 2017 Master Agreement is entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As no Director has any material interest in the transactions contemplated under the 2017 Master Agreement, none of the Directors has abstained from voting on the relevant board resolution approving the 2017 Master Agreement.

Implementation Agreement

The 2017 Master Agreement is intended to set out the basic terms of the transactions to be covered under the 2017 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, THTF and their respective associates or relevant parties, as appropriate, to set out further terms of the transactions contemplated under the 2017 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 2017 Master Agreement.

As the implementation agreements are simply further elaborations on the provision of products and services as contemplated by the 2017 Master Agreement, they do not constitute new categories of connected transactions or continuing connected transactions under the Listing Rules.

Internal Controls

The independent non-executive Directors and the auditors of the Company will review the transactions under the 2017 Master Agreement annually to ensure that the 2017 Master Agreement is entered into in the ordinary course of business of the Company, its terms are fair and reasonable and on normal commercial terms.

LISTING RULES IMPLICATIONS

THTF is a controlling Shareholder and is therefore a connected persons of the Company under the Listing Rules. Accordingly, the 2017 Agreements and the transactions under the 2017 Agreements between the Group and Tongfang Group constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Each of the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the annual caps for the transactions under each of the 2017 Master Agreement is expected to be higher than 0.1% but less than 5%, and the annual transaction amounts under the 2017 Master Agreement are expected to be greater than HK\$3,000,000. Therefore, the 2017 Master Agreement and the transactions contemplated under the 2017 Master Agreement are subject to the reporting and announcement requirements and the annual review requirements, but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As for the transactions contemplated under the 2017 Business Arrangements Agreement, although no consideration will be paid by the Group to THTF in relation to such business arrangements, given that there will be payments between the Group and THTF pursuant to the 2017 Business Arrangements Agreement, the Board considers it appropriate to subject such payments to the requirements for continuing connected transactions under Chapter 14A of the Listing Rules, and adopt the stated annual caps as the maximum transaction amounts for these transactions.

Each of the relevant percentage ratios (as defined in Rule 14.07 of an Listing Rules) for the transactions contemplated under each of the 2017 Non-exempt CCT Agreements is greater than 5%, each of the 2017 Non-exempt CCT Agreements, and the transactions contemplated under these agreements are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

A resolution will be put forth to the Independent Shareholders at the EGM for the Independent Shareholders to consider and approve each of the 2017 Non-exempt CCT Agreements and the respective Annual Caps for the years ending 31 December 2017, 2018 and 2019.

As the transactions under the 2017 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.

INFORMATION ABOUT THE GROUP, TECHNOVATOR BEIJING AND TECHNOVATOR ENERGY SAVING

The Group is a leading urban integrated energy saving services provider, which concentrated on the three major business segments, namely smart transportation, smart building and complex and smart energy, to drive the development of the urban integrated energy saving business capitalized on information and intelligence. It provides customers with smart energy management products, solutions and services throughout their full life cycle. The Company was incorporated in Singapore in 2005, whose shares are listed on the main board of the Stock Exchange since 27 October 2011.

Technovator Beijing is a wholly-owned subsidiary of the Company, which was incorporated in the PRC. Technovator Beijing is principally engaged in providing integrated comprehensive energy saving products, solutions and services in the areas including rail transit, building and urban heat supply.

Tongfang Energy Saving is a wholly-owned subsidiary of the Company and is established in the PRC with limited liability. Tongfang Energy Saving is principally engaged in providing energy saving solutions for heating and cooling in areas such as industrial production and building environment with absorption heat pump technology. The main business models of Tongfang Energy Saving are Energy Management Contract (EMC), Engineering, Procurement and Construction (EPC) and sales of products.

RELATIONS WITH AND INFORMATION ABOUT THTF

THTF, a controlling Shareholder of the Company, is a joint stock limited company established in the PRC, whose shares are listed and traded on the Shanghai Stock Exchange (上海證券交易所) (stock code: 600100) since June 1997. THTF and its subsidiaries are engaged in businesses in a number of sectors in the technology industry. The principal businesses of THTF cover the following six sectors: internet services and terminals, public security, intelligent city; energy saving and environment protection, science park, and headquarters and investment. Its internet services and terminal sector includes business groups such as smart chips, hardware terminals and internet content services; its public security sector includes business groups such as security systems, national security and military industry; its intelligent city sector includes business groups such as internet of things; its energy saving and environment protection sector includes business groups such as building energy saving, industrial energy saving, semi-conductor lighting and water supply.

As at the date of this announcement, THTF directly and indirectly through Resuccess owns a total of 278,432,142 Shares, representing approximately 35.41% of the issued Shares of the Company. THTF is a controlling Shareholder and is therefore a connected person of the Company under the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to the Listing Rules, the independent board committee (comprising all the independent non-executive Directors) will be formed by the Company to consider the 2017 Non-exempt CCT Agreements, the transactions contemplated thereunder and their respective Annual Caps, and to advise the independent Shareholders as to whether the 2017 Non-exempt CCT Agreements, the transactions contemplated thereunder and their respective annual cap amounts are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the independent board committee of the Company and the independent Shareholders on the terms of the 2017 Non-exempt CCT Agreements.

EGM

An EGM will be convened at which, among other things, ordinary resolutions will be proposed to seek independent Shareholders' approval for the Non-exempt CCT Agreements, the transactions contemplated thereunder and their respective Annual Caps in accordance with the requirements of the Listing Rules.

Pursuant to Rule 14A.36 of the Listing Rules, at the EGM, THTF, the controlling Shareholder of the Company, and its associates are required to abstain from voting on the resolutions approving the 2017 Non-exempt CCT Agreements, the transactions contemplated under the agreements and the related annual caps. Voting at the EGM will be conducted by poll.

A circular containing, among other things, (i) the information relating to the 2017 Non-exempt CCT Agreements; (ii) the advice from the Independent Board Committee to the independent Shareholders in respect of the 2017 Non-exempt CCT Agreements; (iii) the letter of advice from Lego Corporate Finance Limited to the independent board committee of the Company in respect of the 2017 Non-exempt CCT Agreements; and (iv) the notice convening the EGM for the Shareholders to approve the transactions contemplated under the 2017 Non-exempt CCT Agreements, and their respective proposed annual cap amounts, is expected to be despatched to the Shareholders on or before 21 November 2017 in accordance with the Listing Rules.

DEFINITIONS

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

“2015 Announcements and Circular”	the announcements of the Company dated 28 July 2015, 28 September 2015 and 16 October 2015, and the circular of the Company dated 16 October 2015 in relation to, among others, the Existing Future Business Arrangements CCT and the related annual caps
“2016 Agreements”	collectively, the 2016 Purchase Agreement, the 2016 Sales Agreement and the 2016 Master Agreement
“2016 Announcement”	the announcement of the Company dated 30 May 2016 in relation to the continuing connected transactions contemplated under the 2016 Agreements
“2016 Master Agreement”	the master agreement dated 30 May 2016 entered into between Technovator Beijing and THTF pursuant to which 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 for a term of three years from 1 January 2016 to 31 December 2018
“2016 Purchase Agreement”	the purchase agreement dated 30 May 2016 entered into between Technovator Beijing and THTF pursuant to which THTF agreed to sell or procure such other parties agreed by Technovator Beijing to sell wiring, lighting and other products, equipment and systems and services relating to the Group’s business of energy management, energy saving and environmental protection to Technovator Beijing for a term of three years from 1 January 2016 to 31 December 2018
“2016 Sales Agreement”	the sales agreement dated 30 May 2016 entered into between Technovator Beijing and THTF pursuant to which Technovator Beijing agreed to sell or procure such other parties agreed by THTF to sell building related application products, equipment and services, which included control security systems, and fire alarm systems, to THTF for a term of three years from 1 January 2016 to 31 December 2018

“2017 Agreements”	collectively, the 2017 Purchase Agreement, the 2017 Sales Agreement, the 2017 Master Agreement and the 2017 Business Arrangements Agreement
“2017 Business Arrangements Agreement”	the business arrangements agreement dated 1 November 2017 entered into between Technovator Beijing, Tongfang Energy Saving and THTF
“2017 Master Agreement”	the master agreement dated 1 November 2017 entered into between Technovator Beijing and THTF
“2017 Non-exempt CCT Agreements”	2017 Business Arrangements Agreement, 2017 Sales Agreement and 2017 Purchase Agreement
“2017 Purchase Agreement”	the purchase agreement dated 1 November 2017 entered into between Technovator Beijing and THTF
“2017 Sales Agreement”	the sales agreement dated 1 November 2017 entered into between Technovator Beijing and THTF
“Acquired Projects”	the contracts or projects entered into between THTF and third parties in relation to the Intelligent Rail Transit, Building and Urban Heating Network Businesses, including, up to 31 March 2015, contracts that have been signed but not yet fulfilled, and projects that are under the bidding or negotiation phase and contracts are yet to be signed, and, between the period of 31 March 2015 and the completion date, being 31 October 2015, new contracts that have been signed, and projects that are under the bidding or negotiation phase
“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
“Annual Caps”	proposed annual caps for the continuing connected transactions contemplated under the 2017 Non-exempt CCT Agreements
“associate(s)”	has the meaning ascribed thereto under the Listing Rules

“Board”	the board of Directors
“Business and Assets Purchase Agreements”	the acquisition agreement entered into by Technovator Beijing as buyer and THTF as seller on 28 July 2015 in respect of the acquisition of, among others, the Intelligent Rail Transit Business, the Intelligent Building Business and certain assets related to these businesses, and the acquisition agreement entered into by Tongfang Energy Saving as buyer and THTF as seller on 28 July 2015 in respect of the acquisition of, among others, the Intelligent Urban Heating Network Business and certain related assets
“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 Rule
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of, among other matters, considering and, if appropriate, approving the 2017 Non-exempt CCT Agreements, the transactions contemplated under the agreements and their respective Annual Cap amounts
“Existing Future Business Arrangements CCT”	the arrangements under the Business and Assets Purchase Agreements to facilitate the successful transfer of the Intelligent Rail Transit Business, the Intelligent Building Business and the Intelligent Urban Heating Network Business from THTF for the acquisitions contemplated under the Business and Assets Purchase Agreements and the future development of these businesses
“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, the details of which are set out in the section headed “Continuing Connected Transactions – Exempted Continuing Connected Transactions – 1. License of trademarks by Tongfang to Technovator Beijing” in the prospectus of the Company dated 17 October 2011
“Group”	the Company and its subsidiaries from time to time

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Financial Adviser”	Lego Corporate Finance Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in respect of the 2017 Non-exempt CCT Agreements
“Independent Shareholders”	has the meaning ascribed thereto under Chapter 13 of the Listing Rules
“Independent Third Party(ies)”	third party/ies and their ultimate beneficial owner(s) which is/are independent of the Company and their respective connected persons
“Intelligent Building Business”	business which provide building intelligence integrated solutions which center around the Building Automation (BA) that has been developed and debugged by THTF with the energy saving algorithm
“Intelligent Rail Transit Business”	business which 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)
“Intelligent Rail Transit, Building and Urban Heating Network Businesses”	the Intelligent Rail Transit Business, the Intelligent Building Business and the Intelligent Urban Heating Network Business acquired from THTF under the Business and Assets Purchase Agreement
“Intelligent Urban Heating Network Business”	business which provide integrated solutions for heating plant and network including Supervisory Control And Data Acquisition (SCADA)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time

“Nominee Projects”	the contracts or projects entered into between THTF and third parties in relation to the Intelligent Rail Transit, Building and Urban Heating Network Businesses acquired under the Business and Assets Purchase Agreements and new contracts or projects that have been entered into by THTF for the Intelligent Rail Transit, Building and Urban Heating Network Businesses on or after the completion date of the acquisitions on 31 October 2015 under the Business and Assets Purchase Agreements that THTF cannot directly transfer the relevant contracts’ legal rights and obligations to the Group
“PRC”	People’s Republic of China which, for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Resuccess”	Resuccess Investments Limited, an investment holding company incorporated in the British Virgin Islands on 30 March 2004 and a wholly-owned subsidiary of THTF
“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)
“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 International (Beijing) Co., Ltd*), a wholly foreign-owned enterprise established in the PRC on 7 August 2006 and a wholly-owned subsidiary of the Company
“THTF”	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 Energy Saving”	同方節能工程技術有限公司 (Tongfang Energy Saving Engineering Technology Co., Ltd.*), a wholly foreign-owned enterprise established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“Tongfang Group”	THTF, its subsidiaries and their respective associates and Affiliates, from time to time, (excluding the Group)
“Tongfang Kawasaki”	同方川崎節能設備有限公司 (Tongfang Kawasaki Energy Saving Equipment Co., Ltd.*), a limited liability company incorporated in the PRC and an associate of THTF, which is owned as to 50% by Tsinghua Tongfang Artificial Environment Co., Ltd., a non-wholly owned subsidiary of the THTF and 50% by Kawasaki Thermal Engineering Co., Ltd. (日本川重冷熱工業株式會社)
“%”	per cent.

By order of the Board of
Technovator International Limited
Huang Yu
Chairman

Hong Kong, 1 November 2017

As at the date of this announcement, the executive Directors are Mr. Zhao Xiaobo and Mr. Seah Han Leong; the non-executive Directors are Mr. Huang Yu, Mr. Liu Tianmin and Mr. Wang Yinghu; and the independent non-executive Directors are Mr. Fan Ren Da Anthony, Mr. Chia Yew Boon and Ms. Chen Hua.