



## **Technovator International Limited**

(incorporated in Singapore with limited liability)

**Stock Code: 1206**

# **A LEADING SMART ENERGY SAVING SERVICES PROVIDER**



**Interim Report 2022**

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Zhao Xiaobo (趙曉波)  
Mr. Qin Xuzhong (秦緒忠) (*Chairman*)

#### Non-executive Directors

Mr. Liang Wuquan (梁武全)  
Mr. Zeng Xuejie (曾學傑)  
Mr. Zhang Jian (張健)

#### Independent Non-executive Directors

Ms. Chen Hua (陳華)  
Mr. Chia Yew Boon (謝有文)  
Mr. Fan Ren Da Anthony (范仁達)

### BOARD COMMITTEES

#### Audit Committee

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

#### Nomination Committee

Mr. Chia Yew Boon (*Chairman*)  
Mr. Fan Ren Da Anthony  
Mr. Qin Xuzhong

#### Remuneration Committee

Mr. Chia Yew Boon  
Mr. Fan Ren Da Anthony (*Chairman*)  
Mr. Qin Xuzhong

### Risk Management Committee

Mr. Zhao Xiaobo  
Ms. Chen Hua  
Mr. Chia Yew Boon  
Mr. Fan Ren Da Anthony (*Chairman*)  
Mr. Qin Xuzhong  
Mr. Liang Wuquan  
Mr. Zeng Xuejie  
Mr. Zhang Jian

### JOINT COMPANY SECRETARIES

Mr. Leung Lok Wai  
Ms. Cheok Hui Yee

### AUTHORISED REPRESENTATIVES

Mr. Zhao Xiaobo  
Mr. Qin Xuzhong

### REGISTERED OFFICE

66 Tannery Lane  
#04-10/A  
Sindo Industrial Building  
Singapore 347805

### HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

66 Tannery Lane  
#04-10/10A  
Sindo Industrial Building  
Singapore 347805

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 17  
Silvercord Tower 2  
30 Canton Road  
Tsim Sha Tsui, Hong Kong

## LEGAL ADVISER AS TO HONG KONG LAWS

Morgan, Lewis & Bockius

## AUDITORS

KPMG  
Public Interest Entity Auditor registered in accordance  
with the Financial Reporting Council Ordinance

## SINGAPORE PRINCIPAL SHARE REGISTRAR

Tricor Barbinder Share Registration Services  
80 Robinson Road #02-00  
Singapore 068898

## HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## COMPANY WEBSITE

[www.technovator.com.sg](http://www.technovator.com.sg)

## PRINCIPAL BANKERS

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

## INVESTOR RELATIONS CONTACT

### Beijing office

Ms. Hannah Zhang  
Tel: +86 10 8239 9391  
Email: [zhanghan@thtf.com.cn](mailto:zhanghan@thtf.com.cn)

### Hong Kong and Singapore office

Tel: +852 2736 8180  
+65 6841 1788  
Email: [info@technovator.com.sg](mailto:info@technovator.com.sg)

# MANAGEMENT DISCUSSION AND ANALYSIS

## GENERAL

In 1H2022, the Group continued to be challenged by the COVID-19 pandemic and the market environment. The decreased number of the Group's existing orders and the slowdown of overall progress of new projects led to the decrease in top-line revenue during the period. The Group recorded revenue of approximately RMB625.1 million for the first half of the year, representing a year-on-year decrease of 9.3%. Due to the intense industry competition which further squeezed the profit margin of the projects and the decreasing number of software and service projects in various segments which resulted in the decrease in overall profit, the Group recorded the profit of approximately RMB9.7 million for the first half of the year, representing a year-on-year decrease of 40.2%.

## BUSINESS REVIEW

### Smart Transportation Business

Owing to the adverse effects to the smart transportation business caused by COVID-19 pandemic in the recent two years, the Company saw a significant drop in the number of newly-contracted projects, resulting in a decrease in the number of projects executed during the period. Meanwhile, the increasing local enterprise in the metro sector, intensifying internal competition and severe restriction to the movement of people caused by the pandemic led to a tremendous decrease in the number of software project implementation. Due to the combined effects of the aforesaid factors, both revenue and profit margin of the segment decreased significantly during the period.

During the period, the segment overcame the adverse effects of personnel mobility and equipment import restrictions caused by the pandemic prevention and control measures, and fully pushed forward the progress of the metro integrated supervision and control projects, such as Xian Metro Line 16 (西安地鐵16號綫), the First Phase of Hangzhou Metro Line 10 (杭州地鐵10號綫一期) and the First Phase of Hohhot City Rail Transit Line 2 (呼和浩特軌道交通2號綫一期), so as to ensure the progress of the projects and made contribution to the revenue of the segment while strictly implementing the pandemic prevention and control measures.

Moreover, as the pandemic became stable in the PRC in mid-year, the construction of metro projects in various places have gradually resumed. The Group has signed contracts for projects such as the Second Phase of Chongqing Rail Transit Line 10 (重慶軌道交通10號綫二期) and Wuhan Rail Transit Line 7 North Line Extension (武漢軌道交通7號綫北延綫) during the period. Meanwhile, the segment continued to make investment in research and development of the technology, in a bid to ride the wave of "New Infrastructure" so as to expand into new business in smart stations and traffic hubs and establish a solid foothold for the future development of the segment.

### Smart Building and Complex Business

With the implementation of a number of national key projects, smart buildings and complex segment had sufficient projects during the previous period and recorded a year-on-year increase in revenue during the period. However, having been negatively affected by the prevention and control measures for the pandemic, rising labor cost and temporary decrease in number of utility tunnel software projects with high gross profit, the overall profit margin of the segment decreased significantly during the period.

During the period, the Science and Technology Winter Olympics projects such as "Ice Cube", "Bird's Nest", the Big Air Shougang Winter Olympics Jumping Platform and the Yanqing Winter Olympic Village undertaken by the Group were completed and came into use as scheduled, which has made contribution to the smooth holding of the 2022 Beijing Winter Olympics, and the technical and engineering strength of the Group was once again highly recognized by all parties. The self-owned Neosys and Techcon series of software and hardware products of the Group continued to be used in hospitals, commercial complexes and research institutes in different regions, helping to upgrade the intelligent energy management and control and realize energy-saving and efficiency improvement of various types of buildings.

During the period, the segment also signed a new contract for a smart building project for Phase II of Dongsheng Science and Technology Park of Zhongguancun (中關村東升科技園二期建築智能化項目). Riding on the wave of “new infrastructure”, the smart building and complex segment will continue to upgrade technical strength for project implementation with a view to expanding the application of its self-owned core software and hardware technologies such as “swarm intelligence”, the utility tunnel platform and Neosys products, striving to improve the profit margin of the segment through the integration of technical and engineering strengths and fully leveraging the cutting edge advantage in the subsequent wave of new infrastructure construction.

### Smart Energy Business

The project progress of the smart energy business segment affected by the pandemic began to recover in the second half of 2021. As the number of newly-signed projects increased, the revenue of the segment improved during the period. However, due to the increase in costs and expenses caused by the pandemic, delay in signing of some Energy Management Contract (EMC) projects, and decreased settlement of high-margin projects, profit margin of the segment further declined during the period.

During the period, the segment continued to promote the intelligence centralized heating projects for companies such as Suihua Zhongmeng, Yangquan Coal Industry, Dezhou High-tech Heating and Chifeng Fulong Heating. Some of the delayed EMC projects have also been gradually resumed. Projects for Xinjiang Tianfu, Fushun Mining and other companies continued to be proceeded and made contribution to the revenue of the segment during the period.

With the gradual stabilization of the pandemic prevention and control, heating intelligence and EMC projects in various regions gradually began to resume. For the smart energy business, the Group entered into contracts for a number of intelligent heating projects during the period such as new heating renovation project for the 12th Division in Urumqi (烏魯木齊十二師供熱改造項目), an EMC project for Wuhai Thermal Power Co. Ltd (烏海市熱力公司EMC項目) and an intelligent heating project in Xinxiang City, and the Group has won the bids for a number of projects which will be signed soon. With decades of technology accumulation and industry experience, the Group will continue to make contribution to the development of urban intelligent heating.

## OUTLOOK

In 1H2022, the COVID-19 pandemic continued to negatively affect the business segments of the Group. However, we have seen a positive sign of recovery upon the stabilization of the pandemic prevention and control policy.

Despite the less favorable external environment, Technovator remains committed to its original aspiration and adheres to the “technology-oriented” concept and the business line related to “intelligence + energy saving”. While riding on the wave of “new infrastructure” for development, the Group will fully sharpen its potential competitive edges so as to expand into new business areas and establish development models related to “new infrastructure”. The Group’s self-developed core technologies and products will definitely enable future development of the Group and green and smart cities.

## BUSINESS REVIEW – CONTINUING OPERATIONS

### Revenue

In 2022, against the backdrop of complex domestic and international economic environment and the impact on the industry brought by unexpected factors, the Group still effectively coordinated the balance between pandemic prevention and control and business operation and development. The Group recorded a net revenue of RMB625.1 million for the first half of the year, representing a decline of 9.3% year-on-year. Hindered by the shrinking market demand under the pandemic, project undertaking and implementation of the smart transportation business were adversely affected, resulting in a significant year-on-year decrease in revenue for the period compared with that for the same period last year. For the smart building and complex business, benefiting from the segment's gradual implementation of its strategic goal and the smooth progress of major projects, the segment recorded a considerable year-on-year increase in revenue. For smart energy business, the revenue for this segment achieved a year-on-year increase thanks to the gradual resumption of the implementation of the projects which were greatly affected by the pandemic during the previous period, together with the continued and stable operation of EMC projects.

### Revenue by business segments

The table below sets forth the Group's revenue by business segments for the years indicated.

	Six months ended 30 June				
	2022		2021		Comparison
	Revenue	% of revenue	Revenue	% of revenue	
	(RMB'000)		(RMB'000)		
(Unaudited)		(Unaudited)			
Smart transportation	114,336	18%	261,784	38%	-56.3%
Smart building and complex	360,489	58%	299,648	43%	20.3%
Smart energy	150,256	24%	127,829	19%	17.5%
<b>Total</b>	<b>625,081</b>	<b>100%</b>	<b>689,261</b>	<b>100%</b>	<b>-9.3%</b>

### Smart transportation

The revenue from the smart transportation business decreased by 56.3% from approximately RMB261.8 million for 1H2021 to approximately RMB114.3 million for 1H2022. Since the outbreak of COVID-19 pandemic, the decrease in revenue of the smart transportation business was mainly due to the slowdown in investment activities in the transportation industry, delayed opening of bids for projects and reduced contract undertaking and implementation. During the period, the Group actively coordinated the balance of pandemic prevention and control and business development. The new contracted projects such as the northern extension of Wuhan Rail Transit Line 7 (武漢軌道交通7號線北延綫), Chongqing Rail Transit Line 10 (重慶軌道交通10號綫) and the Gate of the Orient of Suzhou Rail Transit (蘇州市軌道交通東方之門) have made progress and began to generate revenue during the period. In addition, the smooth progress of the comprehensive monitoring system projects such as the Project for the Integration of Comprehensive Monitoring of the Construction of Jinhua-Yiwu-Dongyang Municipal Rail Transit (金華-義烏-東陽市域軌道交通工程綜合監控集成項目) and the First Phase of the Project for the Integration of Comprehensive Monitoring of the Hangzhou Metro Line 10 (杭州地鐵10號綫一期綜合監控集成工程) have made contribution to the revenue of the segment and laid a strong foothold for the future growth of the segment pending market recovery.

### Smart building and complex

The revenue from the smart building and complex business increased by 20.3% year-on-year from approximately RMB299.6 million in 1H2021 to approximately RMB360.5 million. During the period, the Group actively coordinated its resources to provide the whole process of project design-construction-technical support for the segment's newly contracted key project during the period, i.e. Phase II of Dongsheng Science and Technology Park of Zhongguancun (中關村東升科技園二期項目) which has already made good progress and recorded revenue. Meanwhile, the Group effectively promoted the progress of the comprehensive tunnel project for the Airport Economic Zone of New Airport (新機場臨空經濟區的綜合管廊項目) and the SDC arena and conference system project of Dezhou Solar Town, Shandong (山東德州太陽能小鎮SDC賽場與會議系統工程) in order to realize the concept of “people-oriented city buildings”, and advanced the progress of the data processing center projects of Jiaxu Fumei Cloud Computing Application (嘉旭福美雲計算應用) and Big Data Analysis Demonstration Base Project (大數據分析示範基地項目), and the Chongqing Xiantao Data Valley Project (重慶仙桃數據谷項目) in order to achieve the goal of “digital intellectualization”, so as to further drive the growth of the segment revenue.

### Smart energy

The smart energy business recorded a revenue of approximately RMB150.3 million in 1H2022, representing an increase of approximately 17.5% as compared with approximately RMB127.8 million in the corresponding period last year. In the face of tough challenges amidst the pandemic, the smart energy business overcame various difficulties such as disruption of project implementation and hindrance to personnel mobility, and made every effort to ensure the progress of livelihood projects. As the gradual resumption of some of the delayed projects in the previous period, Suihua Smart Heating Demonstration Project (綏化市智慧供暖示範項目), the Project for Renovation of the Automatic Heating Control System for Transferring and Renovation of Yangquan Coal Industry Heating Business Project (陽泉煤業供熱業務移交改造工程供熱自控系統改造項目), Baoding “Three Supplies and Estate Management” Heating Renovation Project (保定市「三供一業」供熱改造工程項目) and Taiyuan Absorption Heat Exchange Unit for the Centralized Heating System Project (太原市集中供熱工程吸收式換熱機組項目) have progressed as scheduled and generated revenue for the period. EMC projects including Xinjiang Tianfu and Fushun Mining have maintained sustainable and stable operation, providing stable revenue to the segment and laying a solid foundation for further performance of the Group in the field of EMC.

### Cost of sales

The Group's cost of sales decreased by approximately 3.4% from approximately RMB534.8 million for 1H2021 to approximately RMB516.8 million for 1H2022. The decrease in cost of sales was mainly due to the decrease in revenue.

### Gross profit

Gross profit decreased by 29.9% from approximately RMB154.5 million for 1H2021 to approximately RMB108.3 million for 1H2022. Gross profit margin for the period was approximately 17.3%, representing a decrease of 5.1 percentage points as compared to the corresponding period last year. In the context of pandemic prevention and control, the increase in the costs of transportation and labor was the main factor leading to the decrease in profit margin.

### Other revenue

In 1H2022, other revenue was approximately RMB17.6 million, which remained basically stable as compared to approximately RMB18.0 million for 1H2021.

### Other net gain/loss

In 1H2022, the Group recorded other gain of approximately RMB1.0 million, representing a significant change from the loss of approximately RMB2.6 million for 1H2021, mainly attributable to one-off penalty of approximately RMB2.6 million paid by the Group in the corresponding period last year, which was an incidental event that did not occur in the period.



## Management Discussion and Analysis (Continued)

### Selling and distribution costs

Selling and distribution costs of the Group for 1H2022 were approximately RMB44.3 million, representing a year-on-year decrease of 21.7% as compared to approximately RMB56.5 million for 1H2021. Selling and distribution costs accounts for 7.1% of the revenue for the period, representing a decrease of approximately 1.1 percentage points as compared to the corresponding period last year, primarily as a result of the decrease in the costs of sales staff as a result of the pandemic.

### Administrative and other operating expenses

Administrative and other operating expenses decreased by 13.4% from approximately RMB73.3 million for 1H2021 to approximately RMB63.5 million for 1H2022. The Group's optimization of its assets and personnel structure in line with actual business development needs, the decrease in impairment loss on assets and management personnel costs was the main reasons for a year-on-year decrease in administrative and other operating expenses.

### Impairment loss on trade and other receivables and contract assets

Impairment loss on trade and other receivables and contract assets decreased by 71.2% from approximately RMB15.3 million for 1H2021 to approximately RMB4.4 million for 1H2022. In the face of complex and uncertain market conditions, the Group continued to strengthen its efforts on the collection of historical trade and other receivables and some encouraging results have been seen during the period, resulting in a year-on-year significant decrease in impairment loss on trade and other receivables and contract assets.

### Finance costs

Finance costs of the Group for 1H2022 were approximately RMB2.4 million, representing a year-on-year decrease of 35.1% as compared to approximately RMB3.7 million for 1H2021. It was due to the Group's reasonable arrangement of funds based on its actual capital position and business needs and the decrease in the average outstanding loan.

### Income tax

Income tax decreased from approximately RMB4.4 million in 1H2021 to approximately RMB2.4 million for the period, mainly attributable to the year-on-year decrease in profit before taxation.

### Profit for the period

In 1H2022, the Group recorded profit for the period of approximately RMB9.7 million, representing a decrease of 40.1% as compared with approximately RMB16.2 million for 1H2021. Net profit margin decreased by 0.8 percentage point to approximately 1.6% for this period as compared with the same period last year. As for the current period, the decrease in profit for the period and net profit margin was mainly attributable to the decrease in revenue and profit margin of the projects.

The basic earnings per share from continuing operations of the Group decreased by 32.3 percentage points year-on-year to RMB0.0149 (1H2021: RMB0.0220). The diluted earnings per share decreased by 32.3 percentage points to RMB0.0149 (1H2021: RMB0.0220).

## Working capital and financial resources

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

	As at 30 June 2022 (RMB'000)	As at 31 December 2021 (RMB'000)	As at 30 June 2021 (RMB'000)
Inventories	1,112,162	983,040	1,055,530
Trade and other receivables <sup>(Note 1)</sup>	1,523,451	1,456,435	1,502,588
Trade and other payables	1,567,903	1,577,167	1,424,780
Average inventory turnover days	302	227	271
Average trade receivables turnover days <sup>(Note 2)</sup>	346	262	302
Average trade payables turnover days <sup>(Note 2)</sup>	440	351	412

Note 1: Trade and other receivables included trade and other receivables and prepayments

Note 2: The calculation of turnover days excluded other receivables, other payables, prepayments and related party amounts

The Group's inventories increased by 13.1% from approximately RMB983.0 million as at 31 December 2021 to approximately RMB1,112.2 million at 30 June 2022. The Group stocked up its inventories based on the progress of project implementation in the first half of the year, resulting in a temporary increase in inventory scale during the period, and the inventory turnover days increased to approximately 302 days as compared to the corresponding period last year.

The Group's trade and other receivables increased by 4.6% from approximately RMB1,456.4 million as at 31 December 2021 to approximately RMB1,523.5 million as at 30 June 2022. The average trade receivables turnover days increased from 302 days for the corresponding period last year to 346 days. The increase of the amount of receivables and the number of turnover days was due to the discretionary extension of the credit period by the Company in light of market environment.

The Group's trade and other payables amounted to approximately RMB1,567.9 million as at 30 June 2022, which remained generally stable as compared to approximately RMB1,577.2 million as at 31 December 2021. The Group's average trade payables turnover days increased from approximately 412 days in 1H2021 to approximately 440 days in 1H2022, mainly due to the Group's full utilization of the credit terms of its downstream suppliers.

## Liquidity and financial resources

During the period, the Group financed its operations primarily through cash flow from operations and cash balance on hand. As at 30 June 2022, the Group had cash and cash equivalents of approximately RMB183.5 million, which accounted for 6.2% of the Group's net assets (31 December 2021: net cash of approximately RMB411.7 million).

As at 30 June 2022, the Group's indebtedness consisted of short-term bank loans of approximately RMB178.1 million with an average interest rate of 4.0% per annum. It was the result of the Group's financial planning based on the finance costs in the market and the normal working capital required.

## Management Discussion and Analysis (Continued)

As at 30 June 2022, the Group's debts were primarily bank loans denominated in RMB. Cash and cash equivalents were primarily bank deposits and cash on hand denominated in RMB, USD, HKD, MOP and SGD, and deposits that are readily convertible into known amounts of cash.

As at 30 June 2022, the net cash of the Group was approximately RMB5.4 million (31 December 2021: net cash of approximately RMB312.4 million). Gearing ratio, defined as loans and borrowings divided by total assets, was approximately 3.7% (31 December 2021: approximately 2.1%).

### Pledge of assets

As at 30 June 2022, the Group had no pledge of assets.

### Contingent liabilities

As at 30 June 2022, the Group did not have any material contingent liabilities.

### Off-balance sheet arrangements

The Group did not have any special purpose entities that provided financing, liquidity, market risk or credit support to it or were engaged in leasing, hedging or research and development services with it. The Group did not enter into any derivative contracts that were indexed to the shareholders of the Group (the "Shareholders") and classified as Shareholders' equity, or that were not reflected in its financial statements. Moreover, the Group did not have any retained or contingent interest in such assets that were transferred to unconsolidated entities to provide credit, liquidity or market risk support for non-consolidated entities.

### Employee, training and development

As at 30 June 2022, the Group had a total of 789 employees compared to 833 employees as at 30 June 2021. Total staff costs decreased from approximately RMB113.3 million in 1H2021 to approximately RMB91.6 million in 1H2022.

As a matter of policy, the Group remunerates its employees based on their performance, experience and prevailing industry practices, with all compensation policies and packages reviewed on a regular basis.

The Group provides regular training for its employees to keep them abreast of the Group's products, technology developments and the market conditions of its industry. The Group also offers additional training for frontline sales staff regarding each new product launch, so as to help them deliver more effective sales and promotion. In addition, the Group's senior management also attends conferences and exhibitions to broaden their knowledge of the industry.

### Material acquisitions and disposals

For the six months ended 30 June 2022, the Group had no material acquisition or disposal of subsidiaries or associates.

### Significant investments

For the six months ended 30 June 2022, the Group had no significant investment.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2022, the Company complied with all code provisions and, where appropriate, adopted the recommended best practices as set out in the Corporate Governance Code in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

## MODEL CODE FOR SECURITIES TRANSACTIONS OF DIRECTORS OF LISTED ISSUERS (“MODEL CODE”)

The Company has also adopted the Model Code set out in Appendix 10 of the Listing Rules throughout the six months ended 30 June 2022 as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors of the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding directors’ securities transactions throughout the six months ended 30 June 2022.

## REVIEW OF INTERIM FINANCIAL STATEMENTS

The Directors confirm that disclosure of financial information in this interim report complies with Appendix 16 of the Listing Rules. The audit committee of the Company has held meetings to discuss the internal controls and financial reporting matters of the Company, including the review of the interim results and the unaudited consolidated interim financial statements for the six months ended 30 June 2022. The interim financial report is unaudited.

The external auditor has reviewed the interim financial information for the six months ended 30 June 2022 in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

## DIVIDENDS

The Board has not recommended the payment of any interim dividend for the six months ended 30 June 2022.

## DISCLOSURE OF INTERESTS

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

As at 30 June 2022, the Directors and the chief executive of the Company and their respective associates had the following interests or short positions in the shares, underlying shares of the Company (the "Shares") and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Division 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and the chief executive of the Company are taken and deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

#### Long positions in the Company

Name of Director/ chief executive	Capacity/Nature of interest	Number of Shares interested	Approximate percentage of interest in the issued share capital of the Company
Mr. Zhao Xiaobo	Beneficial owner	8,728,000	1.12%

Save as disclosed above, as at 30 June 2022, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short position in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

During the six months ended 30 June 2022, at no time was the Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the Directors and the chief executive of the Company (including their spouse and children under 18 years of age) to hold any interest or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

### Substantial shareholders' interests and short positions in Shares and underlying Shares

So far as is known to any Director or chief executive of the Company, as at 30 June 2022, the persons or corporations (other than the Directors or chief executive of the Company) who had interest or short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of Shareholders	Capacity/Nature of interest	Number of Shares interested	Approximate percentage of interest in the issued share capital of the Company
Tsinghua Tongfang Co., Ltd (同方股份有限公司)	Beneficial owner	92,000,000	11.76%
	Interest in a controlled corporation <sup>(1)</sup>	194,330,142	24.84%
Resuccess Investments Limited	Beneficial owner	194,330,142	24.84%

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

Save as disclosed above, as at 30 June 2022, the Directors and the chief executive of the Company are not aware of any other person or corporation having an interest or short position in the Shares and underlying Shares of the Company which would require to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

# INDEPENDENT REVIEW REPORT

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

## INTRODUCTION

We have reviewed the interim financial report set out on pages 15 to 32 which comprises the consolidated statement of financial position of Technovator International Limited as of 30 June 2022 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

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

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2022 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

### **KPMG**

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

26 August 2022

## CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2022 – unaudited  
(Expressed in Renminbi (“RMB”))

	Note	Six months ended 30 June	
		2022 RMB'000	2021 RMB'000
Revenue	3, 4	625,081	689,261
Cost of sales		(516,771)	(534,794)
<b>Gross profit</b>		<b>108,310</b>	154,467
Other revenue		17,556	17,996
Other net gain/(loss)		986	(2,621)
Selling and distribution costs		(44,303)	(56,542)
Administrative and other operating expenses		(63,455)	(73,316)
Impairment loss on trade and other receivables and contract assets		(4,436)	(15,329)
Share of loss of associates		(101)	(317)
<b>Profit from operations</b>		<b>14,557</b>	24,338
Finance costs	5(a)	(2,448)	(3,712)
<b>Profit before taxation</b>		<b>12,109</b>	20,626
Income tax	6	(2,397)	(4,389)
<b>Profit for the period</b>		<b>9,712</b>	16,237
<b>Profit attributable to:</b>			
Equity shareholders of the Company		11,690	17,214
Non-controlling interests		(1,978)	(977)
<b>Profit for the period</b>		<b>9,712</b>	16,237
<b>Earnings per share</b>	7		
– Basic (RMB)		0.0149	0.0220
– Diluted (RMB)		0.0149	0.0220

The accompanying notes form part of this interim financial report.



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022 – unaudited  
(Expressed in Renminbi (“RMB”))

Six months ended 30 June

	2022 RMB'000	2021 RMB'000
<b>Profit for the period</b>	<b>9,712</b>	16,237
<b>Other comprehensive income for the period</b>		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	<b>2,499</b>	(699)
<b>Total comprehensive income for the period</b>	<b>12,211</b>	15,538
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>14,141</b>	16,532
Non-controlling interests	<b>(1,930)</b>	(994)
<b>Total comprehensive income for the period</b>	<b>12,211</b>	15,538

The accompanying notes form part of this interim financial report.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022 – unaudited  
(Expressed in Renminbi (“RMB”))

	Note	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	8	130,866	135,290
Interests in associates		3,224	3,325
Intangible assets		548,511	533,227
Financial assets measured at amortised cost	9	391,308	438,973
Deferred tax assets		35,934	33,975
		<b>1,109,843</b>	1,144,790
<b>Current assets</b>			
Inventories		1,112,162	983,040
Contract assets		915,522	803,913
Trade and other receivables	10	1,399,253	1,341,508
Prepayments		124,198	114,927
Cash and cash equivalents	11	183,500	411,747
		<b>3,734,635</b>	3,655,135
<b>Current liabilities</b>			
Trade and other payables	12	1,567,903	1,577,167
Contract liabilities		83,330	117,700
Loans and borrowings		178,050	99,388
Lease liabilities		1,487	2,266
Income tax payable		30,274	28,461
		<b>1,861,044</b>	1,824,982
<b>Net current assets</b>		<b>1,873,591</b>	1,830,153
<b>Total assets less current liabilities</b>		<b>2,983,434</b>	2,974,943

The accompanying notes form part of this interim financial report.

## Consolidated Statement of Financial Position (Continued)

At 30 June 2022 – unaudited  
(Expressed in Renminbi (“RMB”))

	Note	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
<b>Non-current liabilities</b>			
Lease liabilities		111	220
Deferred tax liabilities		23,836	27,259
Deferred income		7,699	7,887
		<b>31,646</b>	35,366
<b>NET ASSETS</b>		<b>2,951,788</b>	2,939,577
<b>CAPITAL AND RESERVES</b>			
Share capital	13	1,189,968	1,189,968
Reserves		1,745,900	1,731,759
<b>Total equity attributable to equity shareholders of the Company</b>		<b>2,935,868</b>	2,921,727
<b>Non-controlling interests</b>		<b>15,920</b>	17,850
<b>TOTAL EQUITY</b>		<b>2,951,788</b>	2,939,577

Approved and authorised for issue by the board of directors on 26 August 2022.

Zhao Xiaobo  
Qin Xuzhong

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Directors

The accompanying notes form part of this interim financial report.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022 – unaudited  
(Expressed in Renminbi (“RMB”))

	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Statutory reserves	Translation reserve	Other reserves	Retained profits	Total		
	RMB'000 Note 13(a)	RMB'000	RMB'000	RMB'000 Note 13(b)	RMB'000	RMB'000		
<b>Balance at 1 January 2021</b>	1,189,968	176,344	41,750	(537,048)	2,006,477	2,877,491	17,627	2,895,118
Profit for the period	-	-	-	-	17,214	17,214	(977)	16,237
Other comprehensive income	-	-	(682)	-	-	(682)	(17)	(699)
Total comprehensive income for the period	-	-	(682)	-	17,214	16,532	(994)	15,538
<b>Balance at 30 June 2021</b>	1,189,968	176,344	41,068	(537,048)	2,023,691	2,894,023	16,633	2,910,656

  

	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Statutory reserves	Translation reserve	Other reserves	Retained profits	Total		
	RMB'000 Note 13(a)	RMB'000	RMB'000	RMB'000 Note 13(b)	RMB'000	RMB'000		
<b>Balance at 1 January 2022</b>	1,189,968	182,626	40,679	(537,048)	2,045,502	2,921,727	17,850	2,939,577
Profit for the period	-	-	-	-	11,690	11,690	(1,978)	9,712
Other comprehensive income	-	-	2,451	-	-	2,451	48	2,499
Total comprehensive income for the period	-	-	2,451	-	11,690	14,141	(1,930)	12,211
<b>Balance at 30 June 2022</b>	1,189,968	182,626	43,130	(537,048)	2,057,192	2,935,868	15,920	2,951,788

The accompanying notes form part of this interim financial report.

# CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2022 – unaudited  
(Expressed in Renminbi (“RMB”))

Six months ended 30 June

	Note	2022 RMB'000	2021 RMB'000
<b>Operating activities</b>			
Cash used in operations		(252,938)	(309,892)
Income tax paid		(5,966)	(19,644)
<b>Net cash used in operating activities</b>		<b>(258,904)</b>	(329,536)
<b>Net cash used in investing activities</b>		<b>(45,574)</b>	(49,284)
<b>Financing activities</b>			
Proceeds from loans and borrowings		124,222	45,460
Repayment of loans and borrowings		(45,460)	(99,436)
Other cash flows arising from financing activities		(4,055)	15,289
<b>Net cash generated from/(used in) financing activities</b>		<b>74,707</b>	(38,687)
<b>Net decrease in cash and cash equivalents</b>		<b>(229,771)</b>	(417,507)
<b>Cash and cash equivalents at 1 January</b>		<b>394,196</b>	551,161
<b>Effect of foreign exchange rates changes</b>		<b>1,100</b>	(544)
<b>Cash and cash equivalents at 30 June</b>	11	<b>165,525</b>	133,110

The accompanying notes form part of this interim financial report.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 1 BASIS OF PREPARATION

This interim financial report of Technovator International Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 26 August 2022.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

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

## 2 CHANGES IN ACCOUNTING POLICIES

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

- Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*

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

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

### 3 REVENUE

The Group are principally engaged in integrated and comprehensive urban smart energy saving services. Its business covers three major segments including smart transportation, smart building and complex and smart energy, providing the customers with smart energy management products, solutions and integrated services throughout their full life cycles.

#### Disaggregation of revenue

Disaggregation of revenue from contracts with customers by service lines is as follows:

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Revenue from smart transportation business	114,336	261,784
Revenue from smart building and complex business	360,489	299,648
Revenue from smart energy business	150,256	127,829
	<b>625,081</b>	689,261

### 4 SEGMENT REPORTING

The Group manages its businesses by divisions. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments:

Smart transportation business ("STB"): It comprises a series of proprietary software and hardware products and systems for rail transit such as Integrated Supervision and Control System (ISCS), Building Automation System (BAS) for rail transit and safety door system, providing integrated solutions with full life cycles ranging from planning, procurement, installation and commissioning to aftersales service.

Smart building and complex business ("SBB"): It provides integrated intelligence solutions and efficiency management services, namely integrated energy consumption monitoring, energy-saving consultation and reformation services and integration and product supply of intelligence system for buildings, aimed at different building and complex and rendering full life-cycle services of which reduces energy consumption and operating costs of buildings.

Smart energy business ("SEB"): It comprised 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. The Group possess self-owned core leading technologies (in the field of urban heating network) such as heating network & heating source monitoring and optimal regulation, distributed variable frequency heating technology, cooling and heating network balancing technology, combined multi-heat sources heating technology.

## 4 SEGMENT REPORTING (CONTINUED)

### (a) Information about reportable segments

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

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

The measure used for reporting segment results is profit or loss before income tax adjusted for items not specifically attributed to individual segments, such as finance cost, depreciation and amortization, and certain unallocated head office and corporate expenses/(gains). Segment profit or loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

In addition to receiving segment information concerning segment results, management is provided with segment information concerning revenue (including inter-segment sales), interest income, and impairment losses. Inter-segment pricing is determined on a consistent basis using market benchmarks.

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



## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

## 4 SEGMENT REPORTING (CONTINUED)

## (a) Information about reportable segments (continued)

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2022 and 2021 are set out below:

For the six months ended	STB		SBB		SEB		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Disaggregated by timing of revenue recognition</b>								
Point in time	8,053	1,991	59,042	71,626	12,243	17,535	79,338	91,152
Over time	106,283	259,793	301,447	228,022	138,013	110,294	545,743	598,109
<b>Revenue from external customers</b>	<b>114,336</b>	<b>261,784</b>	<b>360,489</b>	<b>299,648</b>	<b>150,256</b>	<b>127,829</b>	<b>625,081</b>	<b>689,261</b>
Inter-segment revenue	-	-	-	-	-	-	-	-
<b>Reportable segment revenue</b>	<b>114,336</b>	<b>261,784</b>	<b>360,489</b>	<b>299,648</b>	<b>150,256</b>	<b>127,829</b>	<b>625,081</b>	<b>689,261</b>
<b>Reportable segment profit</b>	<b>7,614</b>	<b>19,321</b>	<b>37,607</b>	<b>38,615</b>	<b>30,059</b>	<b>24,519</b>	<b>75,280</b>	<b>82,455</b>
Interest income	1,622	2,439	1,591	2,455	11,105	11,173	14,318	16,067
Impairment losses	162	(4,801)	1,666	(4,274)	(6,264)	(6,254)	(4,436)	(15,329)

## (b) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
<b>Profit</b>		
Reportable segment profit	75,280	82,455
Depreciation and amortisation	(55,800)	(54,466)
Finance costs	(2,448)	(3,712)
Unallocated head office and corporate expenses	(4,923)	(3,651)
<b>Consolidated profit before taxation</b>	<b>12,109</b>	<b>20,626</b>

## (c) Geographic information

As the Group does not have material operations outside the PRC, no geographic segment information is presented.



## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

## 6 INCOME TAX

Income tax in the consolidated income statement represents:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Current tax	7,779	10,399
Deferred tax	(5,382)	(6,010)
	<b>2,397</b>	<b>4,389</b>

Notes:

- (i) The Company is subject to Singapore corporate income tax at 17% for the six months ended 30 June 2022 and 2021. No provision for Singapore income tax was made because the Company sustained tax losses for the period.
- (ii) The subsidiaries of the Group established in the PRC are subject to PRC Corporate Income Tax rate of 25%.
- The subsidiary of the Group established in the Cayman Islands is not subject to any income tax pursuant to the rules and regulations of the Cayman Islands.
- The subsidiary of the Group incorporated in Hong Kong is subject to Hong Kong Profits Tax rate of 16.5% for the six months ended 30 June 2022 and 2021.
- (iii) Tongfang Technovator Int (Beijing) Co., Ltd. ("Technovator Beijing") is recognised as a high and new technology enterprise and is eligible to enjoy a preferential tax rate of 15% until December 2023.
- Tongfang Energy Saving Engineering Technology Co., Ltd. ("Tongfang Energy Saving") is recognised as a high and new technology enterprise and is eligible to enjoy a preferential tax rate of 15% until December 2022.
- Tongfang Technovator Software (Beijing) Co., Ltd. ("Tongfang Software") is recognised as a high and new technology enterprise and is eligible to enjoy a preferential tax rate of 15% until December 2024.

## 7 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB11,690,000 (six months ended 30 June 2021: RMB17,214,000) and the weighted average of 782,192,189 ordinary shares (2021: 782,192,189 shares) in issue during the interim period.

### (b) Diluted earnings per share

There were no dilutive potential shares outstanding during the six months ended 30 June 2022 and 2021.

## 8 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired certain items of property, plant and equipment with costs of RMB16,718,000 (six months ended 30 June 2021: RMB9,824,000).

## 9 FINANCIAL ASSETS MEASURED AT AMORTISED COST

As at 30 June 2022, the balance of other financial assets mainly represents long-term trade receivables of certain construction projects which are repayable by instalments over a 2 to 8 years period.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

## 10 TRADE AND OTHER RECEIVABLES

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

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Current	<b>1,287,407</b>	1,112,374
Less than 1 month past due	<b>170</b>	6,296
More than 1 month but less than 3 months past due	<b>557</b>	50,380
More than 3 months but less than 12 months past due	<b>11,521</b>	66,710
More than 12 months past due	<b>6,566</b>	6,843
Trade debtors and bills receivable, net of allowance for doubtful debts	<b>1,306,221</b>	1,242,603
Other receivables	<b>93,032</b>	98,905
	<b>1,399,253</b>	1,341,508

Trade debtors and bills receivable are due within 1–180 days from the date of billing.

## 11 CASH AND CASH EQUIVALENTS

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Deposits with banks and other financial institutions	17,975	17,693
Cash at bank and in hand	165,525	394,054
Cash and cash equivalents in the consolidated statement of financial position	183,500	411,747
Restricted deposit	(17,975)	(17,551)
Cash and cash equivalents in the consolidated cash flow statements	165,525	394,196

## 12 TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade creditors and bills payables (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
<b>By date of invoice:</b>		
Within 3 months	879,765	906,468
More than 3 months but within 6 months	68,459	61,722
More than 6 months but within 12 months	100,728	86,348
More than 12 months	316,440	290,550
Total creditors and bills payable	1,365,392	1,345,088
Other payables and accruals	202,511	232,079
	1,567,903	1,577,167

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

## 13 CAPITAL, RESERVES AND DIVIDENDS

## (a) Share capital

	At 30 June 2022		At 31 December 2021	
	Number of shares	Amounts RMB'000	Number of shares	Amounts RMB'000
<b>Ordinary shares, issued and fully paid:</b>				
At 1 January	782,192,189	1,189,968	782,192,189	1,189,968
Share repurchased and cancelled	–	–	–	–
At 30 June/31 December	782,192,189	1,189,968	782,192,189	1,189,968

## (b) Other reserves

Other reserves are resulted from transactions with equity holders in their capacity as equity holders. The balance comprises capital reserve movements arising from difference between fair value of consideration paid and the net assets acquired in a business combination under common control or the amount by which the non-controlling interests are adjusted to reflect the changes in its interests in the subsidiary.

## (c) Dividends

The Company has not declared interim dividend attributable to the six months ended 30 June 2022 and 2021.

## 14 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 June 2022 and 31 December 2021.

## 15 COMMITMENTS

**Capital commitments outstanding not provided for in the financial statements were as follows:**

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Contracted for	226,533	247,168

## 16 MATERIAL RELATED PARTY TRANSACTIONS

### (a) Name and relationship with related parties

During the six months ended 30 June 2022 and 2021, transactions with the following parties are considered as related party transactions:

#### **Name of parties**

THTF\* (同方股份有限公司)

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

Biyang Tongfang Thermal Power Co., Ltd.\* (泌陽同方熱力有限公司)

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

Tongfang Technology Park Co., Ltd.\* (同方科技園有限公司)

Wuxi Tongfang Artificial Environment Co., Ltd.\* (無錫同方人工環境有限公司)

Beijing Tongfang Software Co., Ltd.\* (北京同方軟件有限公司)

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

THTF is the controlling shareholder of the Company, incorporated in the PRC and produces financial statements available for public use. On 30 December 2019, State-owned Assets Supervision and Administration Commission of the State Council (“SASAC”) approved Tsinghua Holding Co., Ltd, the single largest shareholder of THTF, to transfer its directing holding shares of THTF to China Nuclear Engineering Capital Holdings Limited (“CNEC”). CNEC is the wholly owned subsidiary of the China National Nuclear Corporation (“CNNC”). Other related parties listed above are subsidiaries of THTF or CNNC.



## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

## 16 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

**(b) Significant related party transactions**

Particulars of significant related party transactions during the six months ended 30 June 2022 and 2021 are as follows:

	2022 RMB'000	2021 RMB'000
Sales to THTF and its subsidiaries	98,244	62,143
Purchases from THTF and its subsidiaries	24,717	14,724
Receipt of miscellaneous products and services from THTF and its subsidiaries	12,672	5,378
Payments transferred by THTF to the Group	303,671	325,442
Payments transferred by the Group to THTF	255,724	279,686
Sales to CNNC and its subsidiaries	646	2,195

Other than the above related party transactions, certain trademarks are used by the Group in the PRC licensed by THTF at nil consideration.

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

The controlling shareholder of the Company, THTF, is a state-controlled enterprise controlled by the PRC government. Apart from transactions with THTF and its subsidiaries and associate which were disclosed in note 16(a) above, the Group also has transactions with other state-controlled entities, included but not limited to the following:

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

## 17 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

**Impacts from Coronavirus outbreak**

The Coronavirus outbreak ("COVID-19") since early 2020 has brought additional uncertainties to the global business environment as well as to the Group. The Group has been closely monitoring the impact from the COVID-19 and has commenced to put in place various contingency measures including but not limited to increasing monitoring of the business environment of the Group's customers and suppliers. As the situation of prevention and control of COVID-19 continues to improve in China, the overall operation and project implementation of the Group have been resumed basically.

Up to the date on which these consolidated financial statements are issued, the directors of the Company were not aware of any material adverse effects on the financial statements as a result of the COVID-19 outbreak. The Group will keep the contingency measures under review as the COVID-19 situation evolves.