TECHNOVATOR INTERNATIONAL LIMITED
同方泰德國際科技有限公司*

(incorporated in Singapore with limited liability)

(Stock Code: 1206)

2018 ANNUAL RESULTS ANNOUNCEMENT

ANNUAL RESULTS

The board (the "**Board**") of directors ("**Directors**") of Technovator International Limited (the "**Company**" or "**Technovator**") is pleased to announce the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2018, together with the comparative figures for the year ended 31 December 2017. These results have been reviewed by the Company's audit committee, which comprises three independent non-executive Directors.

* *For identification purposes only*

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2018
(Expressed in Renminbi ("RMB"))

	Note	**2018**	2017
			(Note)
		RMB'000	*RMB'000*
Revenue	*3,4*	**2,036,588**	1,979,970
Cost of sales		**(1,560,590)**	(1,485,861)
Gross profit		**475,998**	494,109
Other revenue		**47,527**	38,329
Other net (loss)/gain		**(212)**	2,822
Selling and distribution costs		**(85,049)**	(81,949)
Administrative and other operating expenses		**(115,792)**	(133,432)
Share of losses of associates		**(561)**	–
Profit from operations		**321,911**	319,879
Finance costs	*5(a)*	**(10,828)**	(13,500)
Profit before taxation		**311,083**	306,379
Income tax	*6(a)*	**(49,749)**	(43,488)
Profit for the year		**261,334**	262,891
Profit attributable to:			
Equity shareholders of the Company		**261,165**	259,358
Non-controlling interests		**169**	3,533
Profit for the year		**261,334**	262,891
Earnings per share	*7*		
– Basic (RMB)		**0.3338**	0.3269
– Diluted (RMB)		**0.3338**	0.3269

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

CONSOLIDATED INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2018
(Expressed in Renminbi ("RMB"))

	2018	2017
		(Note)
	RMB'000	*RMB'000*
Profit for the year	**261,334**	262,891
Other comprehensive income for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	**5,566**	(9,775)
Total comprehensive income for the year	**266,900**	253,116
Attributable to:		
Equity shareholders of the Company	**266,660**	249,583
Non-controlling interests	**240**	3,533
Total comprehensive income for the year	**266,900**	253,116

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018
(Expressed in Renminbi ("RMB"))

	Note	**31 December 2018** *RMB'000*	31 December 2017 *RMB'000*
Non-current assets			
Property, plant and equipment		**273,284**	284,644
Interests in associates		**7,939**	–
Lease prepayment		**2,737**	2,848
Intangible assets		**290,639**	271,957
Other financial assets		**531,813**	414,328
Deferred tax assets		**18,505**	17,604
		1,124,917	991,381
Current assets			
Inventories		**792,027**	375,525
Contract assets		**795,672**	–
Trade and other receivables	*8*	**1,209,329**	1,438,201
Gross amounts due from customers for contract work		**–**	899,324
Cash and cash equivalents		**689,018**	521,262
		3,486,046	3,234,312
Current liabilities			
Trade and other payables	*9*	**1,523,416**	1,512,632
Gross amounts due to customers for contract work		**–**	15,507
Contract liabilities		**111,655**	–
Loans and borrowings		**239,820**	242,306
Obligations under finance leases		**–**	169
Income tax payable		**41,036**	30,613
		1,915,927	1,801,227
Net current assets		**1,570,119**	1,433,085
Total assets less current liabilities		**2,695,036**	2,424,466

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
At 31 December 2018
(Expressed in Renminbi ("RMB"))

	Note	31 December 2018 RMB'000	31 December 2017 (Note) RMB'000
Non-current liabilities			
Deferred tax liabilities		**26,281**	22,863
Deferred income		**11,339**	11,339
		37,620	34,202
NET ASSETS		**2,657,416**	2,390,264
CAPITAL AND RESERVES			
Share capital	*10*	**1,189,968**	1,191,209
Reserves		**1,448,084**	1,180,931
Total equity attributable to equity shareholders of the Company		**2,638,052**	2,372,140
Non-controlling interests		**19,364**	18,124
TOTAL EQUITY		**2,657,416**	2,390,264

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018
(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2018 comprise the Group and the Group's interests in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with Hong Kong Financial Reporting Standards (HKFRSs) requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2 CHANGES IN ACCOUNTING POLICIES

The Hong Kong Institute of Certified Public Accountants (HKICPA) has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 9, *Financial instruments*
- HKFRS 15, *Revenue from contracts with customers*
- HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, except for the amendments to HKFRS 9, *Prepayment features with negative compensation* which have been adopted at the same time as HKFRS 9.

(a) **HKFRS 9, *Financial instruments,* including the amendments to HKFRS 9, *Prepayment features with negative compensation***

HKFRS 9 replaces HKAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

(a) HKFRS 9, *Financial instruments,* including the amendments to HKFRS 9, *Prepayment features with negative compensation* *(Continued)*

The Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has assessed that the transition of HKFRS 9 has no material impact on impairment loss, therefore, the Group does not recognise any cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018, and comparative information continues to be reported under HKAS 39.

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

(i) Classification of financial assets and financial liabilities

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Currently, the Group does not have financial assets classified as FVOCI or FVPL.

(ii) Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the "expected credit loss" ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the following items:

– financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and long-term receivables); and

– contract assets as defined in HKFRS 15.

(iii) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

– Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

– The following assessment has been made on the basis of the facts and circumstances that existed at 1 January 2018 (the date of initial application of HKFRS 9 by the Group):

  – the determination of the business model within which a financial asset is held.

– If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

(b) HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specified the accounting for construction projects.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2018. Therefore, comparative information has not been restated and continues to be reported under HKASs 11 and 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018.

The transition to HKFRS 15 has no material impact on retained earnings at 1 January 2018.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

(i) Timing of revenue recognition

Previously, revenue arising from construction projects and provision of services was recognised over time, whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from construction projects.

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

(b) HKFRS 15, ***Revenue from contracts with customers*** *(Continued)*

(ii) Significant financing component

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance of revenue recognition or significantly deferred.

Previously, the Group would only apply such a policy when payments are significantly deferred, which is currently common for Energy Management Contracting ("EMC") projects regarding energy system upgrading or reforming. The Group recognize revenue when the reforming or upgrading project is finished and related control and risk are transferred to customer. As customer will pay for the project by instalments, which cover from 7 years to 20 years, in assessing whether such deferred payments schemes include a significant financing component, the Group has considered the difference between the total amount of instalments due from those customers and the cash selling price, and the length of time between the payment date and the completion date of legal assignment (i.e. the date when the customers obtain control of the properties) based on the typical arrangements entered into with the customers. The Group has assessed that this change in policy does not have significant impact and no opening adjustment was made.

Advance payments are not common in the Group's arrangements with its customers. The Group has assessed that this change in policy does not have significant impact and no opening adjustment was made.

(iii) Presentation of contract assets and liabilities

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Previously, projects balances relating to construction projects in progress were presented in the statement of financial position under "trade and other receivables", "trade and other payables", or "Gross amounts due from/to customers for contract work", respectively, and construction costs incurred related to future activities on the contract, which mainly include materials that have been delivered to a construction site for use in a contract but not yet installed, used or applied during contract performance, are recognised as "Gross amounts due from customers for contract work".

To reflect these changes in presentation, the Group has made the following adjustments at 1 January 2018, as a result of the adoption of HKFRS 15:

a. "Gross amounts due from customers for contract work" amounting to RMB427,515,000, which was previously included in gross amounts due from customers for contract work is now included under contract assets;

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

(b) HKFRS 15, *Revenue from contracts with customers* *(Continued)*

(iii) Presentation of contract assets and liabilities *(Continued)*

b. "Gross amounts due from customers from contract work" amounting to RMB471,809,000, which related to uninstalled materials that have been delivered to a construction site for use in a contract, but the control has not been transferred to customers, are now included under inventories and other contract costs;

c. "Gross amounts due to customers for contract work" amounting to RMB15,507,000, are now included under contract liabilities; and

d. "Receipts in advance" amounting to RMB83,855,000, which was previously included in trade and other payables is now included under contract liabilities.

(c) HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK(IFRIC) 22 does not have any material impact on the financial position and the financial result of the Group.

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 from contracts with customers by service lines is as follows:

	2018	2017
		(Note)
	RMB'000	*RMB'000*
Revenue from smart transportation business	**702,766**	534,792
Revenue from smart building and complex business	**795,722**	918,161
Revenue from smart energy business	**538,100**	527,017
	2,036,588	1,979,970

Note: The Group has initially applied HKFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with HKAS 18 and HKAS 11 (see note 2).

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in notes 4(a) and 4(c) respectively.

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 comprises 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.

(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 amortisation, and certain allocated 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.

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 years ended 31 December 2018 and 2017 is set out below:

	STB		SBB		SEB		Total	
	2018	2017 *(Note)*	**2018**	2017 *(Note)*	**2018**	2017 *(Note)*	**2018**	2017 *(Note)*
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Disaggregated by timing of revenue recognition								
Point in time	**4,756**	52,199	**115,750**	89,617	**58,817**	51,440	**179,323**	193,256
Over time	**698,010**	482,593	**679,972**	828,544	**479,283**	475,577	**1,857,265**	1,786,714
Revenue from external customers	**702,766**	534,792	**795,722**	918,161	**538,100**	527,017	**2,036,588**	1,979,970
Inter-segment revenue	**–**	–	**–**	–	**–**	–	**–**	–
Reportable segment revenue	**702,766**	534,792	**795,722**	918,161	**538,100**	527,017	**2,036,588**	1,979,970
Reportable segment profit	**170,864**	131,166	**97,486**	117,744	**174,914**	180,036	**443,264**	428,946
Interest income	**3,438**	5,304	**8,958**	6,739	**22,802**	19,274	**35,198**	31,317
ECLs/impairment losses	**(980)**	(7,873)	**(1,110)**	(11,057)	**(750)**	(6,956)	**(2,840)**	(25,886)

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

(b) Reconciliations of reportable segment profit or loss

	2018	2017
	RMB'000	*RMB'000*
Profit		
Reportable segment profit	**443,264**	428,946
Depreciation and amortisation	**(112,188)**	(97,148)
Finance costs	**(10,828)**	(13,500)
Unallocated head office and corporate expenses	**(9,165)**	(11,919)
Consolidated profit before taxation	**311,083**	306,379

(c) Geographic information

For the year ended 31 December 2018, as the Group does not have material operations outside the People's Republic of China ("PRC"), no geographic segment information is presented.

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	2018	2017
	RMB'000	*RMB'000*
Interest on loans and borrowings	**10,828**	13,500

(b) Staff costs

	2018	2017
	RMB'000	*RMB'000*
Salaries and other benefits	**147,981**	116,045
Contributions to defined contribution retirement schemes	**15,924**	12,368
	163,905	128,413

6 INCOME TAX

(a) Income tax in the consolidated income statement represents:

	2018	2017
	RMB'000	*RMB'000*
Current tax		
Provision for the year	**42,947**	37,830
Under provision in respect of prior years	**4,285**	2,028
	47,232	39,858
Deferred tax		
Origination of temporary differences	**2,517**	3,630
	49,749	43,488

6 INCOME TAX *(Continued)*

(b) Reconciliation between income tax expense and profit before taxation at applicable tax rates:

	Note	**2018** **RMB'000**	2017 *RMB'000*
Profit before taxation		**311,083**	306,379
Expected tax calculated at the respective tax rates	*(i)/(ii)*	**79,121**	77,565
Tax effect on non-deductible expenses		**731**	554
Effect of tax concession	*(iii)*	**(37,464)**	(38,649)
Tax effect of non-taxable income		**(28)**	(974)
Tax effect of unused tax losses not recognised		**3,241**	3,082
Tax effect of utilisation of tax losses not recognised in prior years		**(137)**	(118)
Under provision in prior years		**4,285**	2,028
Actual income tax expense		**49,749**	43,488

Notes:

(i) The Company is subject to Singapore corporate income tax at 17% for the years ended 31 December 2018 and 2017. No provision for Singapore income tax was made because the Company sustained tax losses for the years ended 31 December 2018 and 2017.

(ii) The subsidiaries of the Group established in the PRC are subject to PRC corporate income tax rate of 25% for the years ended 31 December 2018 and 2017.

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 established in Hong Kong is subject to Hong Kong profits tax rate of 16.5% for the years ended 31 December 2018 and 2017.

(iii) Tongfang Technovator International (Beijing) Co., Ltd. is recognised as a high and new technology enterprise and is eligible to enjoy a preferential tax rate of 15% until December 2020.

Tongfang Energy Saving Engineering Technology Co., Ltd. is recognised as a high and new technology enterprise and is eligible to enjoy a preferential tax rate of 15% until December 2019.

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 RMB261,165,000 (2017: RMB259,358,000) and the weighted average number of ordinary shares of 782,447,668 (2017: 793,409,427) in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

	2018	2017
	Number of shares	*Number of shares*
Issued ordinary shares at 1 January	**782,842,189**	801,652,189
Effect of purchase of own shares	**(394,521)**	(19,416,307)
Effect of exercise of share option schemes	**–**	11,173,545
Weighted average number of ordinary shares at 31 December	**782,447,668**	793,409,427

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB261,165,000 (2017: RMB259,358,000) and the weighted average number of ordinary shares of 782,447,668 (2017: 793,409,427) in issue during the year, calculated as follows:

Weighted average number of ordinary shares (diluted):

	2018	2017
	Number of shares	*Number of shares*
Weighted average number of ordinary shares at 31 December	**782,447,668**	793,409,427
Effect of deemed issue of ordinary shares under the Company's option scheme for nil consideration	**–**	–
Weighted average number of ordinary shares (diluted) at 31 December	**782,447,668**	793,409,427

The computation of diluted earnings per share does not assume the exercise of certain share options because they are antidilutive for the years ended 31 December 2018 and 2017.

8 TRADE AND OTHER RECEIVABLES

	2018	2017
	RMB'000	*RMB'000*
Trade debtors due from related parties	**48,852**	46,327
Other trade debtors	**974,920**	1,147,189
Bills receivable	**31,030**	28,287
Less: Allowance for doubtful debts	**(78,252)**	(78,860)
	976,550	1,142,943
Other receivables		
– amounts due from related parties	**16,395**	32,875
– amounts due from third parties	**83,904**	138,239
Less: Allowance for doubtful debts	**(5,180)**	(3,581)
	1,071,669	1,310,476
Deposits and prepayments	**137,660**	127,725
	1,209,329	1,438,201

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

Ageing analysis

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

	2018	2017
	RMB'000	*RMB'000*
Current	**646,054**	727,979
Less than 1 month past due	**530**	3,080
More than 1 month but less than 3 months past due	**5,217**	93,943
More than 3 months but less than 12 months past due	**120,622**	133,040
More than 12 months past due	**204,127**	184,901
	330,496	414,964
	976,550	1,142,943

Trade debtors and bills receivable are due within 0–180 days from the date of billing.

9 TRADE AND OTHER PAYABLES

	Note	**31 December 2018** *RMB'000*	1 January 2018 *(i)* *RMB'000*	31 December 2017 *(i)* *RMB'000*
Trade payables due to related parties		**125,757**	114,939	114,939
Other trade and bills payables		**1,216,129**	1,167,200	1,167,200
		1,341,886	1,282,139	1,282,139
Other payables and accruals				
– amounts due to related parties		**19,905**	31,383	31,383
– amounts due to third parties		**161,625**	115,255	115,255
Financial liabilities measured at amortised cost		**1,523,416**	1,428,777	1,428,777
Receipts in advance	*(ii)*	**–**	–	83,855
		1,523,416	1,428,777	1,512,632

Notes:

(i) The Group has initially applied HKFRS 15 using the cumulative effect method and adjusted the opening balance at 1 January 2018.

(ii) Upon the adoption of HKFRS 15, receipts in advance previously included as "trade and other payables" were reclassified to contract liabilities (see note 2).

All of the above balances are expected to be settled within one year. Included in trade and other payables are trade and bills payables with the following ageing analysis as of the end of reporting period:

	2018 *RMB'000*	2017 *RMB'000*
By date of invoice:		
Within 3 months	**943,864**	906,842
More than 3 months but within 6 months	**43,500**	44,006
More than 6 months but within 12 months	**73,866**	109,479
More than 12 months	**280,656**	221,812
	1,341,886	1,282,139

10 CAPITAL AND DIVIDENDS

(a) Dividends

There were no dividends payable to equity shareholders attributable to the previous financial year, no dividends approved and paid during 2018 and 2017.

(b) Share capital

	2018		2017	
	Number of shares	***Amounts RMB'000***	*Number of shares*	*Amounts RMB'000*
Ordinary shares issued and fully paid:				
At 1 January	**782,842,189**	**1,191,209**	801,652,189	1,254,909
Shares repurchased and cancelled	**(650,000)**	**(1,241)**	(35,530,000)	(82,685)
Shares issued upon exercise of share options	**–**	**–**	16,720,000	18,985
At 31 December	**782,192,189**	**1,189,968**	782,842,189	1,191,209

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

There were no shares issued by the Company during 2018. During 2017, a total of 16,720,000 shares were issued by the Company upon the exercise of shares options by certain grantees pursuant to the share option schemes at a total consideration of HK$19,228,000 (RMB16,727,000 equivalent) which was credited to share capital and HK$2,592,150 (RMB2,258,000 equivalent) had been transferred from the share based compensation reserve to the share capital.

11 COMPARATIVE FIGURES

The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 2.

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL

In 2018, China's economy has shifted from the stage of high-speed development to that of high-quality development, as the macro-economy continued to achieve steady progress throughout the year. However, under such policies as the "Supply-side Reform" and "Deleveraging", market demand fluctuated during the year, with many projects delaying the start of bidding process, which affected the business development of the Group to a certain extent. In such environment, the Group continued to adjust its pace, deepen its transformation on a comprehensive scale, and drive resource integration through technological development and based on demand. By doing so, the Group seeks to embrace fresh challenges, seize new opportunities and pursue long-term stable development amidst the new normality.

The Group recorded revenue of approximately RMB2.037 billion and a net profit of approximately RMB261 million for the full year, representing a year-on-year increase of 2.9% and a moderate decrease of 0.6% year on year, respectively. In tandem with stable business operation, the Group achieved positive collection of payments and cash flow, laying the foundation for future performance growth.

The Group's brand strength and influence continued to be recognized by all sectors of society during the year. In 2018, Technovator won the "Top Ten Building Automation Control Brands Award" in China for the sixth time, passed the CMMI international certification and obtained the qualification certificate by authoritative international software institutions, and earned a number of awards such as the "Most Influential Brand in the Chinese Intelligent Building Industry in 2018", the "7th Session of Top Ten Brands Influencing the Chinese Intelligent Building Electrical Industry" and the "Second Prize for Scientific and Technological Progress in Chongqing". While developing its business, the Group actively fulfilled its social responsibilities and engaged in various public welfare activities, such as donating books and money to schools in the western poverty-stricken areas in 2018. It also actively participated in various industry conferences and standards establishment, making contribution to the industry standardization.

BUSINESS REVIEW

Smart Transportation Business

Benefiting from its successful bids for quality projects and executed orders in the past two years, the Group recorded a major increase in revenue from its rail transit business for 2018, while maintaining stable profit margin of the segment. The urban subway construction market in China showed tentative signs of fierce competition during the year, but the comprehensive strength of the Group in the industry remained stable and the segment is expected to have ample market demand. Hence, the Group remains optimistic about the future development of the segment.

In terms of technological research and development, the Integrated Supervision and Control System (ISCS) for rail transit, an independent proprietary product of the Group, completed the standardized implementation and developed an upgraded version for overseas projects during the year, which better caters to the needs of the overseas projects and has been successfully applied. Our proprietary Platform Screen Door System completed its system iteration, optimization and upgrade during actual project application. During the year, the Group also hosted and participated in the research work of various sub-projects related to metro energy conservation under the "13th Five-Year" National Key R&D Program "Key Technologies and Demonstration of Building Energy Efficiency in Public Transportation Hubs", aiming to promote the sustainable development of the subway industry and support national ecological civilization and green development.

In respect of the core segment of subway intelligence, the Group has successfully carried out integrated supervision and control projects on subways in Changchun, Xi'an, Chongqing, Wuhan and Lahore of Pakistan during the year. It has also managed to enter into the project for Hangzhou-Linan Intercity Railway, and introduced its autonomous ISCS platform to the intercity railway. Furthermore, the Group made a successful tender on Hohhot Subway Line 2, to explore the new market in Northern China. At the same time, the Group succeeded in incorporating Xi'an and Qingdao into its business of commend centers for urban rail transit networks, thus further enhancing its leading position in China's intelligent rail transit market.

Smart Building and Complex Business

Impacted by the macro-economy, both China' infrastructure and real estate industries have seen slower investment growth in the recent years, which left a certain impact on the Group's smart building and complex business. Moreover, income of certain classified projects had been released in the previous period, and therefore revenue during the year decreased substantially, resulting in a decrease in segment revenue. However, leveraging on its robust core technology and advantageous proprietary products, the Group ensured a steady profit margin for the segment. As at the end of 2018, infrastructure investments started to pick up. The Group is expected to embrace a new round of growth in this segment in 2019.

In terms of technological research and development, the Group has fully upgraded the core controller of its proprietary Techcon 04 system during the year, aiming at improving the multi-protocol compatibility of the overall system, making it more suitable for future IoT application and delivering more convenience for remote operation and maintenance. The new product has been successfully applied in a number of projects. The development of the Intelligent Utility Tunnel Management platform went on smoothly. In addition, Technovator has been appointed as a deputy-director committee member of the Professional Committee for Swarm Intelligence Building Energy Conservation under China Energy Conservation Association (中國節能協會群智能建築節能專業委員會) during the year. "Swarm intelligence", as an innovative domestic proprietary technology for smart building platforms, is designed to break foreign technological barriers and achieve innovative development of Chinese building facilities. Therefore, the Group will continue to contribute to the R&D, promotion and application of the technology.

In its traditional advantage of smart building business, the Group proceeded with its key engineering projects such as Qingdao Hongdao International Convention and Exhibition Center (青島紅島國際會展中心) and the mega project for a first-tier city in Northern China. The upgraded Techcon Energy Management System (EMS) and the Techcon series building control products sustained its successful application in many places such as Chongqing, Tianjin, Sichuan and Zhejiang, providing high-quality energy management service for various large-scale integrated buildings. During the year, the segment focused on expanding its business in the Beijing-Tianjin-Hebei area, the Guangdong-Hong Kong-Macao Greater Bay Area and the starting points of the Belt Road Initiative. We also made successful tenders for a variety of complex high-end construction types such as large transportation hubs, TV stations, theaters and large-scale commercial complexes. The Group made good progress in the Energy Management Contract (EMC) business for the energy-saving transformation of buildings during the year. After securing multiple large-scale projects in the first half of the year, the Group won the bid for the Daqingxi Railway Station project in Heilongjiang Province at the end of the year, applied its proprietary energy-saving technologies and products to energy-saving and consumption reduction of buildings in various fields, and ensured sustainable operation and higher profit margin for the segment.

Smart Energy Business

China continued to accelerate its urbanization drive in 2018, leading to sustained increase in the demand for urban central heating services that are of high quality, clean and efficient. The Group's smart energy business attained decent development during the year, with an extended trend in revenue growth. However, due to fluctuations in market demand, certain newly signed EMC projects have been postponed which led to structural changes in revenue and resulted in a temporary decline in the profit margin of the segment. The Group believes that its smart energy business will have adequate incremental and inventory markets and maintain long-term growth momentum in the future.

In terms of technological research and development, the Group managed to launch its proprietary heat exchange units for substantial temperature differentials with full operating conditions (全工況大溫差換熱機組), and successfully applied them to more than 50 heat exchange stations in Taiyuan before the heating season in 2018, with an additional heating area of two million square meters. At the same time, the information service platform of heating management and dispatch in Taiyuan developed during the year has been connected to 1,870 heating stations in the city, to improve the quality and efficiency of its heating management, as part of the efforts to deliver "One Network for One City" (一城一網) smart heating service that covers the entire supply chain. This is another milestone for the Group's smart energy service in Taiyuan City for the past 20 years, and a model of green energy services for more cities in the future.

With respect to business, the segment made good advancement in its smart heating projects, with smooth progress attained in the central heating projects for Taiyuan No. 2 Heating and Power Plant (太原二電), Ejin Horo Banner in Ordos and Wuwei. In addition to its various projects in Taiyuan, we entered into a number large-scale key projects in the year, including the renovation work for the heating system of Karamay, the long-distance pipeline network for heat supply between Huaneng Shangan Power Plant (華能上安電廠) and Luquan District of Shijiazhuang, and the smart central heating project by Huadian Lingwu Power Plant (華電靈武電廠) for Yinchuan City. The Group's regional and corproate collaborations has been intensified continuously. The segment maintained steady progress in its EMC business for central heating transformation. The projects for Xinjiang Tianfu and Linyi City Hengyuan Thermal were completed and entered into benefit sharing period during the year. Meanwhile, cooperation continues to expand on Wuhai project. The Group also won bids for projects including XinbingManchu Autonomous County under Fushun City of Liaoning Province during the year. The EMC model has become the key driving force in improving profit margin and realizing sustainable development.

OUTLOOK

The new normal comes with new opportunities and challenges. Nowadays, China and the rest of the world have been experiencing speedy technological innovation and in-depth development in digitalization, network and intelligence. These elements have played an increasingly important role in facilitating economic and social development, facilitating the modernization drive, and addressing people's growing need for a good life. Technovator, as an industry leader in smart urban transportation, smart building and complex and smart energy, has adhered to technology as its foundation for years. Under the new economic environment, we will maintain our development strategy of "Intelligence + Energy Saving", give full play to our integrated advantages in all business areas, explore technological breakthrough and innovation, make steady progress in business, and drive the high-quality development of the industry through technology and service.

The Group will keep deepening its transformation strategy in the future. The Group will further optimize and reform our internal structure, enhance our synergy in business, management and innovation across different fields, streamline our hierarchy and improve our efficiency. In pursuit of stability and quality in business development, the Group will fully tap into the sharing and expandability of its proprietary core technology, and accurately grasp the opportunities in the energy-saving market and various favorable policies. The Group will never cease its quest for high-quality customers and partners, venture into new business models, strategically revitalize the energy-saving inventory market in various fields, and explore a more stable and efficient financial support system and service. The Group will continue to regard optimizing income structure, improving profit margin and realizing sustainable operation as its objectives. With its transformation, innovation and development, the Group will deliver outstanding performance to reward its shareholders for their years of support and contribute to the construction of new green cities.

FINANCIAL REVIEW – CONTINUING OPERATIONS

Revenue

In 2018, the Group continued to grow steadily under the macro environment of economic downturn and relatively sluggish subsectors. The Group recorded revenue of approximately RMB2,036.6 million for the year, representing a year-on-year increase of 2.9%. The accumulation of the smart transportation business preliminary projects was released during the period, which resulted in significant revenue growth in the segment. Meanwhile, the Company has been actively expanding various business models of the smart energy business, and achieved growth in segment revenue while committed to realizing the sustainability of the business. Influenced by the market environment, the revenue of the smart building and complex segment has recorded a decline.

Revenue by business segment

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

	2018		2017		
	Revenue ***(RMB'000)***	**% of revenue**	Revenue *(RMB'000)*	% of revenue	Comparison
Smart transportation	**702,766**	**35%**	534,792	27%	31.4%
Smart building and complex	**795,722**	**39%**	918,161	46%	–13.3%
Smart energy	**538,100**	**26%**	527,017	27%	2.1%
Total	**2,036,588**	**100%**	1,979,970	100%	2.9%

Smart transportation

During the year, the Company's smart transportation business overcame the negative impact of the macro market environment and segment revenue continued to grow with a significant increase of 31.4% from approximately RMB534.8 million in 2017 to approximately RMB702.8 million in 2018. The Qingdao Subway Network Intelligence Center and Wuhan Caidian Line projects, which were signed by the Group at the beginning of the year, had a successful implementation and generated revenue in the second half of the year. Smart subway projects such as Changchun Subway Line No.2, Xi'an Subway Line No.4, Chongqing Subway Line No.10 and Wuhan Subway Line No.3 had made new progress during the period, further driving revenue growth of the smart transportation segment.

Smart building and complex

Revenue from the smart building and complex segment recorded a decrease of 13.3% from approximately RMB918.2 million in 2017 to approximately RMB795.7 million in 2018. During the year, the Group successfully secured smart projects such as the China Hongdao International Convention and Exhibition Center (中國•紅島國際會議展覽中心) and the "Integrated joint combat platform" in Kashi region and certain progress has been made with revenue achieved during the period. The Group continued to promote projects such as certain smart building project for a first-tier city in Northern China, as well as Yu Jia Pu Financial Zone (於家堡金融區) in Tianjin and Huadu Center (華都中心). However, due to the slowdown of infrastructure and real estate investment in recent years, competition within the industry has intensified. At the same time, since the revenue of the smart building project for a first-tier city in Northern China had been released during the previous period, revenue for the year decreased significantly. The combined effect of the macro and micro factors had caused a decrease in revenue during the period.

Smart energy

Revenue from the smart energy segment recorded an increase of 2.1% from approximately RMB527.0 million in 2017 to approximately RMB538.1 million in 2018. In line with the favorable national policy to promote the development of energy-saving industries, the Group continued to explore various business models, such as entrusted and franchised operations for heating networks during the year, striving for sustainable operations while generating revenue. The entire supply chain services project "One Network for One City" in TaiYuan, Ordos City Yijinhuoluoqi heating supply project (鄂爾多斯市伊金霍洛旗供熱項目) and Wuwei City central heating supply project (武威市城區集中供熱項目) signed in succession by the Company have made great progress during the period, which contributed to the segment revenue.

Cost of sales

Cost of sales increased by approximately 5.0% from approximately RMB1,485.9 million in 2017 to approximately RMB1,560.6 million in 2018. The increase in cost was mainly driven by revenue.

Gross profit

Gross profit decreased by 3.7% from approximately RMB494.1 million in 2017 to approximately RMB476.0 million in 2018. Gross profit margin decreased by 1.6 percentage points from approximately 25.0% in 2017 to approximately 23.4% in 2018. The drop in the overall gross profit margin was due to the macroeconomic environment being relatively weak and the narrowed market profit margins. On the other hand, as affected by fluctuations in market demand, the commencement of the bidding process had been delayed for many projects. Hence, the revenue for the construction period has not been recognised due to the EMC projects currently at hand were postponed to sign. As a result, the proportion of revenue from projects with high gross profit has relatively decreased as compared to the previous year which drove a decline in gross profit.

Other revenue

Other revenue increased by approximately RMB9.2 million from approximately RMB38.3 million in 2017 to approximately RMB47.5 million in 2018. This was mainly attributable to more EMC projects entering the sharing period from the smart energy segment that drove the significant increase in interest income.

Other net gain/loss

Other net gain/loss decreased by RMB3.0 million from revenue of approximately RMB2.8 million in 2017 to loss of approximately RMB0.2 million in 2018. Other net gain/loss presented a loss was mainly attributable to the decrease in the foreign currency assets held by the parent of the Group during the period, and correspondingly a decrease in exchange gains arising from exchange rate changes.

Selling and distribution costs

Selling and distribution costs in 2018 amounted to approximately RMB85.0 million, representing an increase of 3.8% over 2017. Selling and distribution costs accounted for 4.2% of revenue, which increased slightly as compared to 4.1% for 2017.

Administrative and other operating expenses

Administrative and other operating expenses decreased by 13.2% from approximately RMB133.4 million in 2017 to approximately RMB115.8 million in 2018. It was mainly attributable to the speed up recoverability of the Group and with an improvement in accounts receivable, the provision for bad debts during the year had significantly decreased as compared with the previous year. Administrative and other operating expenses accounted for 5.7% of revenue, a decreased of 1.0 percentage points as compared to 2017.

Finance costs

The Group's finance costs in 2018 were approximately RMB10.8 million. Due to an improvement in cash flow, relatively sufficient funds and the average loan balance decreased year-on-year, finance costs during the year decreased by approximately 20.0% as compared to approximately RMB13.5 million in 2017.

Income tax

Income tax increased by approximately 14.3% from approximately RMB43.5 million in 2017 to approximately RMB49.7 million in 2018. The effective tax rate increased from 14.2% in the previous year to 16.0% during the year. The increase in income tax and effective tax rate during the year was mainly attributable to the increase in income tax under the accounting-tax difference from final settlement.

Profit for the year

Profit for the year decreased by approximately 0.6%, from approximately RMB262.9 million for 2017 to approximately RMB261.3 million for 2018. Net profit margin slightly decreased by approximately 0.5 percentage points, from 13.3% to approximately 12.8%.

The basic earnings per share from continuing operations of the Group rose by 2.1 percentage points year-on-year to RMB0.3338 (2017: RMB0.3269). The earnings per share for the year and the previous year had not been diluted.

Working capital

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

	As at 31 December 2018 ***(RMB'000)***	As at 31 December 2017 *(RMB'000)*
Inventories	**792,027**(*Note 2*)	375,525(*Note 1*)
Trade and other receivables	**1,209,329**	1,438,201
Trade and other payables	**1,523,416**	1,512,632
Average inventories turnover days	**145**(*Note 2*)	62(*Note 1*)
Average trade receivables turnover days (*Note 3*)	**195**	212
Average trade payables turnover days (*Note 3*)	**279**	266

Note 1: Adoption of HKAS 11 and HKAS 18
Note 2: Adoption of HKFRS 15
Note 3: The calculation of turnover days excluded other receivables, other payables and related party amounts

The Group's inventories increased from approximately RMB375.5 million as at 31 December 2017 to approximately RMB792.0 million as at 31 December 2018. The change in the inventory reported as a result of amendments of HKFRSs adopted by the Company is the main factor leading to the growth of inventory in the current period. The inventory turnover days increased from approximately 62 days for 2017 to 145 days for 2018. This increase in turnover days is mainly due to the change in financial reporting standards.

The Group's trade and other receivables decreased from approximately RMB1,438.2 million as at 31 December 2017 to approximately RMB1,209.3 million as at 31 December 2018. The average trade receivables turnover days declined from approximately 212 days for 2017 to 195 days for 2018. Benefiting from the Group's corresponding measures to faster collection of receivables, the scale of receivables and the turnover rate were improved.

The Group's trade and other payables amounted to approximately RMB1,523.4 million as at 31 December 2018, which was slightly increased by 0.7% as compared with approximately RMB1,512.6 million as at 31 December 2017. The Group's average trade payables turnover days increased from 266 days for 2017 to approximately 279 days for 2018. The increase in trade receivables turnover days was due to the fact that the Group made full use of the credit period on favorable terms granted by the suppliers in accordance with the good credit record of the Group.

Liquidity and financial resources

In 2018, the Group financed its operations primarily through cash flow from operations and cash balance on hand. As at 31 December 2018, the Group had approximately RMB689.0 million in cash and cash equivalents, which accounted for 25.9% of the Group's net assets (31 December 2017: cash and cash equivalents of approximately RMB521.3 million).

As at 31 December 2018, the Group's indebtedness consisted of short-term bank loans of approximately RMB170.3 million with an average annual interest rate of 4.7%, and a borrowing of approximately RMB69.5 million. This is a result of the Group's financial planning based on the financial costs in the market and normal working capital required.

As at 31 December 2018, the Group's debts were primarily bank loans and borrowings 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 31 December 2018, the net cash of the Group was approximately RMB449.2 million (31 December 2017: net cash of approximately RMB279.0 million). Gearing ratio, defined as loans and borrowings divided by total assets, was approximately 5.2% (2017: approximately 5.7%).

Pledge of assets

As at 31 December 2018, the Group had no pledge of assets.

Contractual obligation and capital commitments

The following table sets forth the Group's non-cancellable operating lease commitments as at 31 December 2018 and 31 December 2017. The Group's operating lease commitments relate primarily to its leases of office spaces and workspaces.

	As at 31 December 2018	As at 31 December 2017
Within 1 year	**14,916**	15,758
After 1 year but within 5 years	**4,168**	8,327
	19,084	24,085

Capital commitments outstanding at 31 December 2018 and 31 December 2017 not provided for in the financial statements are as follows:

	As at 31 December 2018	As at 31 December 2017
Contracted for	**114,592**	131,121

Contingent liabilities

As at 31 December 2018, 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 such entities.

Employee, training and development

As at 31 December 2018, the Group had a total of 862 employees compared to the 779 employees as at 31 December 2017. Total staff costs for 2018 increased from approximately RMB128.4 million for 2017 to approximately RMB163.9 million.

Mr. Huang Yu has retired as the chairman of the Board with effect from 3 April 2018, and will continue to be a non-executive Director of the Company. Mr. Qin Xuzhong has been appointed as the chairman of the Board with effect from the same date.

CORPORATE GOVERNANCE

Throughout the year ended 31 December 2018, 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 ("**Listing Rules**").

Between 7 February 2018 and 15 March 2018, due to Mr. Seah Han Leong's resignation as an executive director and a member of the remuneration committee of the Company (the "**Remuneration Committee**"), the number of members of the Remuneration Committee fell below the minimum number prescribed under the Terms of Reference of the Remuneration Committee adopted by the Board on 21 March 2012 (the "**Terms of Reference**"). With the appointment of Mr. Huang Yu as member of the Remuneration Committee by the Board on 16 March 2018, the number of members of the Remuneration Committee was restored to three in compliance with the Terms of Reference. Hence, the Company has complied with Rule 3.27

of the Listing Rules by meeting the requirements under the Terms of Reference within three months after falling below the minimum number of members prescribed under the Terms of Reference.

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

The Company has adopted the Model Code set out in Appendix 10 of Listing Rules effective since its adoption by the Company from 8 September 2011 and throughout the year ended 31 December 2018 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 during the year ended 31 December 2018.

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

During the year ended 31 December 2018, the Company repurchased its own shares on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), details of which are as follows:

Month	**Number of shares repurchased**	**Highest price paid per share** *HK$*	**Lowest price paid per share** *HK$*	**Aggregate price paid**(*Note*) *HK$*
January 2018	400,000	2.45	2.22	938,120
	400,000			938,120

Note: The aggregate price paid excludes expenses paid for the share repurchase.

For the year ended 31 December 2018, the Company has cancelled 650,000 shares of the Company (the "**Shares**"), of which 250,000 Shares were repurchased in December 2017, and the remaining 400,000 Shares were repurchased during the year ended 31 December 2018. As at 31 December 2018, all Shares repurchased during the year ended 31 December 2018 were cancelled.

Except as disclosed in the above paragraph, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2018.

DIVIDENDS

During 2018, the Company has not declared any dividend in respect of the financial year ended 31 December 2017. The Board does not recommend any final dividend for the year ended 31 December 2018.

BOOK CLOSURE

In order to determine the entitlement to attend and vote at the annual general meeting ("**AGM**"), the transfer books and register of members of the Company will be closed from Thursday, 13 June 2019 to Tuesday, 18 June 2019, both days inclusive, during which period no transfer of Shares in the Company will be effected. The record date for entitlement to attend and vote at the AGM is Tuesday, 18 June 2019. In order to be eligible to attend and vote at the forthcoming AGM of the Company to be held on Tuesday, 18 June 2019, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 12 June 2019.

AGM

The AGM of the Company will be held in Hong Kong on Tuesday, 18 June 2019. Notice of the annual general meeting will be issued and disseminated to shareholders of the Company in due course.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.technovator.com.sg). The annual report for the year ended 31 December 2018 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and available on the same websites in due course.

AUDIT COMMITTEE

The Group's audited consolidated results for the year ended 31 December 2018 have been reviewed by the audit committee of the Company, who are of the opinion that the annual results comply with the applicable accounting standards, the Listing Rules and legal requirements and that adequate disclosures have been made.

By Order of the Board of
Technovator International Limited
Qin Xuzhong
Chairman

Hong Kong, 20 March 2019

As at the date of this announcement, the executive Directors are Mr. Zhao Xiaobo and Mr. Qin Xuzhong; 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.