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## **TECHNOVATOR INTERNATIONAL LIMITED**

**同方泰德國際科技有限公司\***

*(incorporated in Singapore with limited liability)*

**(Stock Code: 1206)**

### **2023 ANNUAL RESULTS ANNOUNCEMENT**

#### **ANNUAL RESULTS**

The board of directors (the “**Board**”) 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 2023, together with the comparative figures for the year ended 31 December 2022, which are derived from the audited consolidated financial statements of the Group. 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 2023

(Expressed in Renminbi (“RMB”))

	Note	2023 RMB'000	2022 RMB'000
Revenue	2,3	1,838,010	1,738,878
Cost of sales		<u>(1,668,687)</u>	<u>(1,435,444)</u>
<b>Gross profit</b>		<b>169,323</b>	303,434
Other revenue		27,714	33,197
Other net gain		830	11,893
Selling and distribution costs		(63,320)	(81,452)
Administrative and other operating expenses		(168,183)	(133,009)
Impairment loss on trade and other receivables and contract assets		(57,650)	(62,167)
Share of profits or losses of associates		<u>64</u>	<u>207</u>
<b>(Loss)/profit from operations</b>		<b>(91,222)</b>	72,103
Finance costs	4(a)	<u>(8,454)</u>	<u>(6,687)</u>
<b>(Loss)/profit before taxation</b>		<b>(99,676)</b>	65,416
Income tax	5(a)	<u>(271)</u>	<u>(9,698)</u>
<b>(Loss)/profit for the year</b>		<b><u>(99,947)</u></b>	<b><u>55,718</u></b>
<b>(Loss)/profit attributable to:</b>			
Equity shareholders of the company		(100,964)	55,127
Non-controlling interests		<u>1,017</u>	<u>591</u>
<b>(Loss)/profit for the year</b>		<b><u>(99,947)</u></b>	<b><u>55,718</u></b>
<b>(Loss)/earnings per share</b>	6		
Basic (RMB)		(0.1291)	0.0705
Diluted (RMB)		<u>(0.1291)</u>	<u>0.0705</u>

The accompanying notes form part of these financial statements.

**CONSOLIDATED INCOME STATEMENT AND  
OTHER COMPREHENSIVE INCOME**

*For the year ended 31 December 2023*

*(Expressed in Renminbi (“RMB”))*

	<b>2023</b>	2022
	<b><i>RMB’000</i></b>	<i>RMB’000</i>
<b>(Loss)/profit for the year</b>	<b>(99,947)</b>	55,718
<b>Other comprehensive income for the year</b>		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	<b>829</b>	3,471
<b>Total comprehensive income for the year</b>	<b>(99,118)</b>	59,189
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>(100,135)</b>	58,598
Non-controlling interests	<b>1,017</b>	591
<b>Total comprehensive income for the year</b>	<b>(99,118)</b>	59,189

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

(Expressed in Renminbi (“RMB”))

		<b>31 December 2023</b>	31 December 2022
	<i>Note</i>	<b>RMB’000</b>	<b>RMB’000</b>
<b>Non-current assets</b>			
Property, plant and equipment		<b>81,746</b>	129,364
Interests in associates		<b>3,596</b>	3,532
Intangible assets		<b>584,638</b>	558,607
Financial assets measured at amortised cost		<b>343,796</b>	410,388
Deferred tax assets		<b>47,750</b>	39,289
		<b>1,061,526</b>	1,141,180
<b>Current assets</b>			
Inventories		<b>1,282,681</b>	1,191,189
Contract assets		<b>976,224</b>	842,869
Trade and other receivables	7	<b>1,748,170</b>	1,636,535
Prepayments		<b>116,407</b>	123,981
Cash and cash equivalents		<b>363,318</b>	354,040
		<b>4,486,800</b>	4,148,614
<b>Current liabilities</b>			
Trade and other payables	8	<b>2,222,978</b>	1,924,246
Contract liabilities		<b>73,582</b>	107,880
Loans and borrowings		<b>275,846</b>	190,424
Lease liabilities		<b>1,934</b>	926
Income tax payable		<b>35,312</b>	34,892
		<b>2,609,652</b>	2,258,368
<b>Net current assets</b>		<b>1,877,148</b>	1,890,246
<b>Total assets less current liabilities</b>		<b>2,938,674</b>	3,031,426

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

At 31 December 2023

(Expressed in Renminbi (“RMB”))

	<b>31 December</b>	31 December
	<b>2023</b>	2022
<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	22,389	25,683
Deferred income	7,120	7,246
Loans and borrowings	10,000	–
Lease liabilities	632	846
	<u>40,141</u>	<u>33,775</u>
<b>NET ASSETS</b>	<b><u>2,898,533</u></b>	<b><u>2,997,651</u></b>
<b>CAPITAL AND RESERVES</b>		
Share capital	9 1,189,968	1,189,968
Reserves	1,690,222	1,790,357
<b>Total equity attributable to equity shareholders of the Company</b>	<b>2,880,190</b>	<b>2,980,325</b>
<b>Non-controlling interests</b>	<b><u>18,343</u></b>	<b><u>17,326</u></b>
<b>TOTAL EQUITY</b>	<b><u>2,898,533</u></b>	<b><u>2,997,651</u></b>

The accompanying notes form part of these financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

(Expressed in RMB unless otherwise indicated)

### 1 MATERIAL ACCOUNTING POLICIES

#### (a) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2023 comprise the Company and its subsidiaries 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 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.

#### (b) Changes in accounting policies

##### *New and amended HKFRSs*

The HKICPA has issued the following new and amended HKFRSs that are first effective for the current accounting period of the Group:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*

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. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 2 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.

### (a) Disaggregation of revenue

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue from smart transportation business	467,056	349,528
Revenue from smart building and complex business	822,510	892,492
Revenue from smart energy business	548,444	496,858
	<u>1,838,010</u>	<u>1,738,878</u>

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in notes 3(a) and 3(c) respectively.

## 3 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 utilisation 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 utilisation as well as optimisation 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.

### 3 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 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.



### 3 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 2023 and 2022 is set out below:

	STB		SBB		SEB		Total	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
<b>Disaggregated by timing of revenue recognition</b>								
Point in time	13,863	12,331	133,954	146,799	99,892	80,799	247,709	239,929
Over time	453,193	337,197	688,556	745,693	448,552	416,059	1,590,301	1,498,949
<b>Revenue from external customers</b>	<b>467,056</b>	<b>349,528</b>	<b>822,510</b>	<b>892,492</b>	<b>548,444</b>	<b>496,858</b>	<b>1,838,010</b>	<b>1,738,878</b>
Inter-segment revenue	-	-	-	-	-	-	-	-
<b>Reportable segment revenue</b>	<b>467,056</b>	<b>349,528</b>	<b>822,510</b>	<b>892,492</b>	<b>548,444</b>	<b>496,858</b>	<b>1,838,010</b>	<b>1,738,878</b>
<b>Reportable segment profit/(loss)</b>	<b>7,382</b>	<b>25,930</b>	<b>(5,760)</b>	<b>72,227</b>	<b>33,506</b>	<b>98,838</b>	<b>35,128</b>	<b>196,995</b>
Interest income	2,037	2,891	1,684	2,865	20,866	21,876	24,587	27,632
Impairment loss on trade and other receivables and contract assets	(17,076)	(13,692)	(26,587)	(34,616)	(13,987)	(13,859)	(57,650)	(62,167)
Impairment loss on property, plant and equipment	-	-	-	-	(24,528)	-	(24,528)	-
Impairment reversals/(loss) on prepayments	899	(274)	1,583	(700)	(2,384)	(815)	98	(1,789)

### 3 SEGMENT REPORTING (Continued)

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Profit</b>		
Reportable segment profit	35,128	196,995
Depreciation and amortisation	(113,817)	(113,681)
Finance costs	(8,454)	(6,687)
Unallocated head office and corporate expenses	(12,533)	(11,211)
	<u>(99,676)</u>	<u>65,416</u>
Consolidated (loss)/profit before taxation	<u>(99,676)</u>	<u>65,416</u>

#### (c) Geographic information

For the year ended 31 December 2023, as the Group does not have material operations outside the People's Republic of China ("PRC"), no geographic segment information is presented.

### 4 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging:

#### (a) Finance costs

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest on loans and borrowings	8,315	6,630
Interest on lease liabilities	139	57
	<u>8,454</u>	<u>6,687</u>

#### (b) Staff costs

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Salaries and other benefits	181,482	189,591
Contributions to defined contribution retirement schemes	25,140	25,847
	<u>206,622</u>	<u>215,438</u>

## 5 INCOME TAX

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

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Current tax</b>		
Provision for the year	<b>11,899</b>	18,030
Under/(over)-provision in respect of prior years	<u>127</u>	<u>(1,442)</u>
	<b>12,026</b>	16,588
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>(11,755)</u>	<u>(6,890)</u>
	<u><b>271</b></u>	<u>9,698</u>

5 INCOME TAX (Continued)

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

	<i>Note</i>	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
(Loss)/profit before taxation		<b>(99,676)</b>	65,416
Expected tax calculated at the respective tax rates	<i>(i)/(ii)</i>	<b>(23,931)</b>	17,242
Tax effect on non-deductible expenses		<b>13,500</b>	1,606
Effect of tax concession	<i>(iii)</i>	<b>(1,309)</b>	(12,595)
Tax effect of unused tax losses and temporary differences		<b>11,884</b>	4,887
Under/(over)-provision in respect of prior years		<b>127</b>	(1,442)
Actual income tax expense		<b>271</b>	9,698

Notes:

(i) The Company is subject to Singapore corporate income tax at 17% for the years ended 31 December 2023 and 2022. No provision for Singapore income tax was made because the Company sustained tax losses for the years ended 31 December 2023 and 2022.

(ii) The subsidiaries of the Group established in the PRC are subject to PRC corporate income tax (“CIT”) rate of 25% for the years ended 31 December 2023 and 2022.

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 2023 and 2022.

(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 2026.

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 2025.

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.

## 6 (LOSS)/EARNINGS PER SHARE

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

### (a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB100,964,000 (2022: profit of RMB55,127,000) and the weighted average number of ordinary shares of 782,192,189 (2022: 782,192,189) in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

	<b>2023</b>	2022
	<i>Number of shares</i>	<i>Number of shares</i>
Issued ordinary shares at 1 January	<b>782,192,189</b>	782,192,189
Effect of purchase of own shares	—	—
	<hr/>	<hr/>
Weighted average number of ordinary shares at 31 December	<b><u>782,192,189</u></b>	<b><u>782,192,189</u></b>

### (b) Diluted (loss)/earnings per share

There were no dilutive potential shares outstanding during the years ended 31 December 2023 and 2022.

## 7 TRADE AND OTHER RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade debtors due from related parties	273,971	368,896
Other trade debtors	1,547,848	1,340,669
Bills receivable	30,061	4,303
Less: Allowance for doubtful debts	<u>(182,237)</u>	<u>(153,860)</u>
	<b>1,669,643</b>	1,560,008
Other receivables		
– amounts due from related parties	1,697	3,737
– amounts due from third parties	89,656	81,516
Less: Allowance for doubtful debts	<u>(12,826)</u>	<u>(8,726)</u>
	<b><u>1,748,170</u></b>	<b><u>1,636,535</u></b>

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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current	<u>1,618,425</u>	<u>1,511,748</u>
Less than 1 month past due	5,368	5,842
More than 1 month but less than 3 months past due	6,131	6,538
More than 3 months but less than 12 months past due	25,729	26,811
More than 12 months past due	<u>13,990</u>	<u>9,069</u>
	<b><u>51,218</u></b>	<b><u>48,260</u></b>
	<b><u>1,669,643</u></b>	<b><u>1,560,008</u></b>

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

## 8 TRADE AND OTHER PAYABLES

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade and bills payables due to related parties	<b>100,601</b>	92,939
Other trade and bills payables	<b>1,942,390</b>	1,593,442
	<b>2,042,991</b>	1,686,381
Other payables and accruals		
– amounts due to related parties	<b>21,383</b>	7,994
– amounts due to third parties	<b>158,604</b>	229,871
Financial liabilities measured at amortised cost	<b>2,222,978</b>	1,924,246

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

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>By date of invoice:</b>		
Within 3 months	<b>1,393,654</b>	1,202,994
More than 3 months but within 6 months	<b>79,559</b>	65,283
More than 6 months but within 12 months	<b>83,810</b>	90,872
More than 12 months	<b>485,968</b>	327,232
	<b>2,042,991</b>	1,686,381

## 9 CAPITAL, RESERVES AND DIVIDENDS

### (a) Dividends

There were no dividends payable to equity shareholders attributable to the previous financial year, and no dividends were approved and paid during 2023 and 2022.

### (b) Share capital

	2023		2022	
	<i>Number of shares</i>	<i>Amounts RMB'000</i>	<i>Number of shares</i>	<i>Amounts RMB'000</i>
<b>Ordinary shares issued and fully paid:</b>				
At 1 January	<b>782,192,189</b>	<b>1,189,968</b>	782,192,189	1,189,968
Shares repurchased and cancelled	—	—	—	—
At 31 December	<b><u>782,192,189</u></b>	<b><u>1,189,968</u></b>	<b><u>782,192,189</u></b>	<b><u>1,189,968</u></b>

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 2023 and 2022.



## MANAGEMENT DISCUSSION AND ANALYSIS

### GENERAL

In 2023, the recovery of China's economy was relatively moderate. Being affected by multiple factors, such as the insufficiency of effective demand and weakness of social expectations, investments in the target markets slowed down. Despite of such circumstances, the Group managed to overcome numerous challenges with its strong resilience and recorded a revenue of approximately RMB1,838.0 million for the full year, representing a year-on-year increase of 5.7%. Owing to the relatively slow recovery of the target markets, the intensified competition in the industry, and the adjustment in our market strategy to secure market share, the gross profit margin declined significantly during the period, which in turn had a significant adverse impact on the net profit, and the provision for impairment of certain items also increased, resulting in a loss of approximately RMB99.9 million for the year. The Group will further implement its refined improvement measures, with focus on enhancing its profit-making strength and bringing innovation and efficiency to the Group to make it move forward more steadily.

### BUSINESS REVIEW

#### Smart Transportation Business

By leveraging on its abundant experience in project implementation and combining its technological innovation with its cooperation ecosystem, the smart transportation business has achieved a solid business growth and consolidated its dominant position in the rail transit industry.

The Group's smart station integrated operation and management platform developed on the back of its self-developed digital base of Kunlun platform continued to iterate and innovate. It uses cloud platforms, digital twin, Internet of Things, artificial intelligence and other technologies to realise Holoception (全息感知), panoramic management and control (全景管控), intelligent analysis (智能分析) and proactive development (主動進化) of a subway station to build an unstaffed self-service smart station with automated operation. The successful application of the platform in the newly implemented project of the fully automatic driverless line at GoA4 level of Ningbo Metro Line 6 (寧波地鐵6號綫) has further promoted its realisation and a large-scale promotion and application in the field of rail transit.

During the period, the Group actively expanded into new businesses such as rail transit communication which already developed into a new growth point. The integration public security communication system of the First Phase Project of Shenyang Metro Line 4 (瀋陽地鐵4號綫), with its precise capacity in data processing and reliable information exchange capability, supported the command and scheduling of 23 stations and the metro public security system along the entire line, rapidly transmitted voice, data, images and other information, ensuring on-site unified command and scheduling in case of the occurrence of contingencies, and helping to improve the safety management level of the metro railway.

While ensuring the regular operation of the existing Line 9, the BAS system upgrade and renovation project of Tianjin-Binhai Light Rail Line 9 (津濱輕軌9號綫BAS系統更新改造項目) has updated the BAS system of the existing stations and achieved integration with the BAS system of newly opened stations on Line 9. This enhancement has improved the safety of line operations and achieved nationwide production of controllers. It has also accumulated rich experience in the field of existing line renovation projects.

### **Smart Building and Complex Business**

The smart building and complex business continued to lead the industry with low-carbon technology, and kept intensively penetrating its presence in different sectors of the industry, such as digital complex, smart healthcare and smart exhibition, and developing innovative solutions for various application scenarios in different fields.

During the period, the Group continued to focus on smart healthcare sector and won the bid for the project of Science City branch of the Fourth People's Hospital of Chongqing(重慶市第四人民醫院科學城院區). Leveraging on the self-developed digital base of Kunlun platform, and with the smart operation and management platform as the core, sharing and exchange of data among the smart system, information system and medical specialised system of the hospital was achieved. It provided data support to the hospital to standardise its data management, optimise the medical process and improve the efficiency of decision-making. At the same time, it also created a “new model” of comfortable, smart and digital medical services to improve the patients' medical experience and enhance their overall experience.

The smart building and complex business successively won the bid for and implemented the series projects for Dongsheng Science and Technology Park of Zhongguancun Project (中關村東升科技園), including the intelligent and smart system for the Future School (未來學校) of Haidian District, Beijing (Dongsheng Campus of National Day School (十一學校東升校區)) and Dongsheng Building (東升大廈), Dongsheng Exhibition Hall (東升展廳), Dongsheng Self-using Office (東升自用辦公) and other projects, helping to build the supporting service system of “enthusiast-oriented, serving for the entrepreneurs (以奮鬥者為本，為創業者服務)” in order to fully meet the working and daily living needs of the talents in various fields in the park and establish a close cooperative relationship with the high-tech industrial park.

The Group seized the market opportunities emerging from the strong recovery of the exhibition industry and endeavoured to expand into new markets. During the period, the Group won the bid for the project of the smart exhibition hall of Xinxing Cathay International Group(新興際華集團智慧展廳) and was responsible for the installation of the multimedia system and the electrical and mechanical decor, which was the first time the Group demonstrated its capacity in fully specialised contracted works and turnkey delivery in the exhibition sector, leading to the expansion of our presence in smart exhibition business, consolidation of our competitive edges in the field of smart exhibition and enhancement of the market influence of the Group.

## Smart Energy Business

The smart energy business continued to consolidate its dominant position in intelligent heating sector and actively explored the energy management services market and the business within China National Nuclear Corporation (“CNNC”). This business is carried out with a view to providing integrated solutions for the low-carbon and zero-carbon transformation of urban energy to help achieve the carbon peaking and carbon neutrality target.

During the period, the Group entered into contracts for a number of energy management projects, such as Guyuan and Yan’an, and certain intelligent heating projects, such as Songyuan and Kuitun, which consolidated its advantages in the fields of heating network informatization and automation project. The Group also entered into contracts for the sales of and provision services for large temperature difference heat exchange units, including those in Taiyuan, Chifeng and Jinzhou, maintaining its strong momentum in the sales of energy-saving equipment for central heating projects.

The Group won the bid for the energy escrow project for Ordos Airport (鄂爾多斯機場) and was actively advancing the preliminary work for the energy escrow projects in certain airports under the strategic framework agreed with the Capital Airport (首都機場). In addition to its continuous expansion in the energy escrow business, the Group also enhanced its capacity in the construction of high-efficiency energy stations and intelligent energy systems, so as to lay a solid foundation for the further development of the integrated smart energy management services.

Smart energy business has actively expanded its business within the CNNC, providing the companies of the group with services for the management of non-nuclear clean energy production, and energy conservation for nuclear power plants. During the period, we constructed an intelligent energy management platform for new energy production enterprises of CNNC. We have connected the platform to more than 200 wind and photovoltaic power stations (風光電站) and completed the construction of more than 10 centralised control centres, effectively improving the integrated management of new energy production. The Group also won the bid for the energy-saving project of the Fuqing Nuclear Power Plant (福清核電站) to develop a smart management platform for electricity consumption of the Fuqing Nuclear Power Plant and to design a customised energy consumption management index system for this plant to solve the issues caused by, among others, collection of the electricity metering data by the level of consumption, data governance, statistical analysis, and benchmark for performance assessment, which further strengthened the synergistic development of the business within CNNC.

## OUTLOOK

Under the complicated environment of cyclical fluctuations in domestic economic growth, the Group has firmly maintained its fundamentals and is committed to enhancing its overall competitiveness and ability to adapt to market changes. Technovator will actively practise the green development concept of “intelligence and energy saving” with a prudent and pragmatic attitude and promote the transformation and application of technological innovation achievements with its driving force of innovation. At the same time, the Group will focus on identifying potential growth points to broaden the expansion of its business landscape, so as to inject fresh energy to more green and smart cities and to accumulate stronger momentum for sustainable development in the future.

## FINANCIAL REVIEW

### Revenue

In 2023, by taking advantage of the synergy effect from its technology and innovation, the Group achieved stable growth in its ordinary projects. The Group recorded a net revenue of RMB1,838.0 million for the full year, representing a year-on-year increase of 5.7%. Thanks to a relatively strong recovery in the markets of smart transportation business, the Group, by leveraging its technology accumulation and its experience in project management, saw an increase in the number of its project contracts, with accelerated construction progress and significant year-on-year growth in revenue. For the smart building and complex business, affected by the weaker-than-expected investments in the target markets, the segment recorded a year-on-year decrease in revenue for the full year. For the smart energy business, the revenue of the segment achieved a year-on-year increase as the Group managed to seize the emerged opportunities in energy development, refined its solutions for smart energy systems and further enhanced its influence on the energy industry.

### Revenue by business segments

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

	2023		2022		Comparison
	Revenue (RMB'000)	% of revenue	Revenue (RMB'000)	% of revenue	
Smart transportation	467,056	25.4%	349,528	20.1%	33.6%
Smart building and complex	822,510	44.8%	892,492	51.3%	-7.8%
Smart energy	548,444	29.8%	496,858	28.6%	10.4%
Total	<u>1,838,010</u>	<u>100%</u>	<u>1,738,878</u>	<u>100%</u>	<u>5.7%</u>

## Smart Transportation

The revenue generated from the smart transportation business increased by 33.6% from approximately RMB349.5 million in 2022 to approximately RMB467.1 million in 2023. During the year, the number of bid-winning contracts having been signed for the projects of this segment increased. Revenue also increased significantly as the Group overcame various adverse issues such as tight delivery schedules and insufficient base for our work commencement, and spared no effort to advance the progress of project implementation. The implementation of the projects such as Changchun Urban Rail Transit Line 2 (長春城市軌道交通2號綫), Suzhou Rail Transit Line 7 (蘇州市軌道交通7號綫), Tianjin Metro Line 4 (天津地鐵4號綫), and Changsha Rail Transit Line 1 (長沙市軌道交通1號綫) has achieved some progress, making contribution to the revenue growth of the business. In addition, the Group entered into a contract for the integration of public security communication system of the first phase of Shenyang Metro Line 4 (瀋陽地鐵4號綫), which realised a cross-specialisation breakthrough in the industry. The project was successfully commenced during the period and has achieved certain progress, creating a new income sources for this segment.

## Smart Building and Complex

The smart building and complex business recorded a revenue of approximately RMB822.5 million in 2023, representing a decrease of 7.8% from approximately RMB892.5 million in 2022. Having affected by the adverse external environment, revenue from this segment recorded a decrease. The Group endeavoured to maintain the business development of the segment on the back of its business strength and established reputation. In addition to the foregoing, the Group also recorded settlement income from the new contracts for a series of digital and intelligence projects and saw a significant advancement of the progress of project implementation as it committed to building a digital and intelligent boutique project. Furthermore, the key projects such as the Collective Industrial Land at Parcel X2, Xibeiwang, Haidian District (海淀區西北旺X2地塊集體產業用地) and the Smart Campus Project for Harbin Medical University (Daqing) (哈爾濱醫科大學大慶分校智慧校園) continued to make contribution to the revenue of the segment. The Group entered into new contracts for the projects such as a smart exhibition hall of Xinxing Cathay International Group (新興際華集團智慧展廳) and the management system for pedestrian flow monitoring and early warning in Tian'anmen area (天安門地區客流監測預警管理系統), for which progress have been made during the period and revenue was recorded for the period.

## Smart Energy

The smart energy business recorded a revenue of approximately RMB548.4 million in 2023, representing an increase of 10.4% from approximately RMB496.9 million for the corresponding period last year. The construction works and software development for the key projects, including Guoneng Jilin Jiangnan Heat Network Demonstration Application (國能吉林江南熱網示範運用), Taiyuan Absorption Heat Exchange Unit for the Centralized Heating System (太原市集中供熱工程吸收式換熱機組), Taiyuan Heating Factory and Heating Network Automation System for the Centralized Heating System (太原市集中供熱工程熱源廠及熱網自控系統), and Xinhua Power Generation Kashgar Zero-carbon Complex(新華發電喀什零碳智能園區), have progressed as scheduled, for which node-tasks under their milestone

targets were completed and settlement income for the period was recorded. At the same time, the implementation of Energy Management Contract (EMC) projects such as the central heating of Xinjiang Tianfu and Qingdao Xingping Thermal Power Co., Ltd. (青島興平熱電有限公司) has progressed steadily and contributed stable revenue to the segment. The Group also coordinated various market resources to bring us competitive edges that a synergy effect would create. A number of projects secured from the new energy production enterprises under CNNC have made progress during the period, making further contribution to the revenue of the segment.

### **Cost of sales**

The Group's cost of sales increased by approximately 16.3% from approximately RMB1,435.4 million in 2022 to approximately RMB1,668.7 million in 2023, which was mainly attributable to the increase in revenue and the decrease in gross profit margin.

### **Gross profit**

Gross profit decreased by 44.2% from approximately RMB303.4 million in 2022 to approximately RMB169.3 million in 2023. Gross profit margin for the period was approximately 9.2%, representing a decrease of 8.2 percentage points as compared to that of the corresponding period last year. In response to the relatively slow recovery of the target markets and the intensified competition in the industry, the Group made a corresponding adjustment to its market strategies so as to maintain its market shares, resulting in a significant decrease in the gross profit margin.

### **Other revenue**

In 2023, the Group recorded other revenue of approximately RMB27.7 million, representing a decrease of approximately 16.6% as compared to approximately RMB33.2 million of 2022, mainly attributable to the decrease in government grants and interest income for EMC projects.

### **Other net gain**

The Group recorded a significant decrease in other gain from approximately RMB11.9 million for 2022 to approximately RMB0.8 million for 2023. The debt restructuring of the subsidiaries of the Group in previous year brought a substantial gain. As a result of the absence of such non-recurring event in this year and the decrease in net foreign exchange gains and losses, other gain recorded a decrease.

### **Selling and distribution costs**

Selling and distribution costs of the Group for 2023 were approximately RMB63.3 million, representing a year-on-year decrease of 22.3% as compared to approximately RMB81.5 million for 2022. Selling and distribution costs accounts for 3.4% (2022: 4.7%) of the revenue. The Group continued to strengthen its management in human resources and expenditure, resulting in a decrease in labour costs and operating expenses.

## **Administrative and other operating expenses**

Administrative and other operating expenses increased by 26.5% from approximately RMB133.0 million for 2022 to approximately RMB168.2 million for 2023. The increase in the investment in scientific research, and the reduction of industrial waste heat as a result of the adjustment of the national energy structure caused an under-estimated operation rate for some of the waste heat recovery projects in their early stages or the termination of projects, and the provision for impairment losses of assets resulted in a year-on-year increase in administrative and other operating expenses.

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

In 2023, the Group made provision for impairment loss on trade and other receivables and contract assets of approximately RMB57.7 million, representing a year-on-year decrease of approximately 7.2% from approximately RMB62.2 million for 2022. Due to strained capital chains of customers, the collection of payments for the projects delayed and the credit term further extended. However, with the successful collection of some of the receivables past due as the Group implemented more stringent and refined management on the receivables for the year, the impairment loss on trade and other receivables and contract assets decreased as compared to those for the same period last year.

## **Finance costs**

Finance costs of the Group for 2023 were approximately RMB8.5 million, representing an increase as compared to RMB6.7 million for 2022. It was due to the appropriate increase in the Group's loans based on its actual capital position and business development needs.

## **Income tax**

Income tax decreased from approximately RMB9.7 million in 2022 to approximately RMB0.3 million for 2023. The losses recorded for the year led to a significant decrease in the provision for income tax expense.

## **(Loss)/profit for the period**

In 2023, the Group recorded the loss of approximately RMB99.9 million, as compared to the profit of approximately RMB55.7 million for 2022. Net profit margin decreased to approximately -5.4% for the year from 3.2% for the same period last year. The loss and decrease in net profit margin for the year were mainly attributable to the decrease in gross profit and increase in the amount of impairment of assets.

The basic and diluted earnings per share from continuing operations of the Group decreased to RMB-0.1291 (2022: RMB0.0705).

## Working capital and financial resources

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

	As at 31 December 2023 (RMB'000)	As at 31 December 2022 (RMB'000)
Inventories	1,282,681	1,191,189
Trade and other receivables <sup>(Note 1)</sup>	1,864,577	1,760,516
Trade and other payables	2,222,978	1,924,246
Average inventory turnover days	246	228
Average trade receivables turnover days <sup>(Note 2)</sup>	290	269
Average trade payables turnover days <sup>(Note 2)</sup>	387	360

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 and related party amounts

The Group's inventories increased by 7.7% from approximately RMB1,191.2 million as at 31 December 2022 to approximately RMB1,282.7 million as at 31 December 2023. As some projects commenced mostly at the end of the year, the Group stocked up its inventories to ensure a smooth implementation of such projects, resulting in a year-on-year increase in inventory, and the inventory turnover days increased to approximately 246 days as compared to the corresponding period last year.

The Group's trade and other receivables increased by 5.9% from approximately RMB1,760.5 million as at 31 December 2022 to approximately RMB1,864.6 million as at 31 December 2023. The average trade receivables turnover days increased from 269 days for the corresponding period of last year to 290 days. The increase in the amount and turnover days of receivables was mainly due to the prolonged payment time by customers.

The Group's trade and other payables amounted to approximately RMB2,223.0 million as at 31 December 2023, representing an increase of 15.5% as compared to approximately RMB1,924.2 million as at 31 December 2022. The Group's average trade payables turnover days increased from approximately 360 days in 2022 to approximately 387 days in 2023. The Group has done its best to secure favourable payment terms and extended credit terms from its suppliers, which led to an increase in trade and other payables and the turnover days of the payables.

## 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 31 December 2023, the Group had cash and cash equivalents of approximately RMB363.3 million, which accounted for 12.5% of the Group's net assets (31 December 2022: cash and cash equivalents of approximately RMB354.0 million).



As at 31 December 2023, the Group's indebtedness consisted of short-term bank loans of approximately RMB275.8 million with an average interest rate of 3.75% per annum and long-term bank loans of approximately RMB10 million with an interest rate of 3.8% per annum. The Group's new long-term borrowings were used in the construction of the Chongqing Xiantao Data Valley Project (重慶仙桃數據谷項目).

As at 31 December 2023, 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 and SGD, and deposits that were readily convertible into known amounts of cash.

As at 31 December 2023, the net cash of the Group was approximately RMB77.5 million (31 December 2022: net cash of approximately RMB163.6 million). Gearing ratio, defined as loans and borrowings divided by total assets, was approximately 5.2% (31 December 2022: approximately 3.6%).

### **Pledge of assets**

As at 31 December 2023, the Group had no pledge of assets.

### **Contingent liabilities**

As at 31 December 2023, 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 service for such entities.

### **Employee, training and development**

As at 31 December 2023, the Group had a total of 665 employees compared to 779 employees as at 31 December 2022. Total staff costs decreased from approximately RMB215.4 million in 2022 to approximately RMB206.6 million in 2023.

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 Company has adopted a share award scheme on 4 December 2015 for the purpose of providing incentives and rewards to eligible members of the scheme.

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 year ended 31 December 2023, the Group had no material acquisition or disposal of subsidiaries or associates.

## **Significant investments**

For the year ended 31 December 2023, the Group had no significant investment.

## **CORPORATE GOVERNANCE CODE**

Throughout the year ended 31 December 2023, the Company complied with all code provisions and, where appropriate, adopted the recommended best practices as set out in the Corporate Governance Code (the “**Corporate Governance Code**”) in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”), except for deviation from C.5.1 of the Corporate Governance Code as disclosed below.

C.5.1 of the Corporate Governance Code stipulates that board meetings should be held at least four times a year at approximately quarterly intervals. During the year, although only two regular Board meetings were held for approving the Group’s interim financial performance and annual financial performance which required the Board’s decision, the Directors had frequent communication with each other during the year to discuss the overall operation and strategy of the Group, and actively exchanged their views on the performance of the Group. As such, the Directors are considered to be provided in a timely manner with appropriate information to make informed decisions and perform their duties and responsibilities.

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

The Company has adopted the Model Code set out in Appendix C3 of Listing Rules since its adoption by the Company from 8 September 2011 and throughout the year ended 31 December 2023 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 2023.

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

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

## **DIVIDENDS**

During 2023, the Company has not declared any dividend in respect of the financial year ended 31 December 2022. The Board does not recommend any final dividend for the year ended 31 December 2023.

## **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 Friday, 7 June 2024 to Thursday, 13 June 2024, both days inclusive, during which period no transfer of Shares in the Company will be effected. In order to be eligible to attend and vote at the forthcoming AGM of the Company to be held on Thursday, 13 June 2024, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Thursday, 6 June 2024.

## **AGM**

The AGM of the Company will be held in Hong Kong on Thursday, 13 June 2024. 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 of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.technovator.com.sg](http://www.technovator.com.sg)). The annual report for the year ended 31 December 2023 containing all the information required by Appendix D2 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 2023 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  
**Technovator International Limited**  
**Qin Xuzhong**  
*Chairman*

Beijing, 28 March 2024

*As at the date of this announcement, the executive directors of the Company are Mr. Zhao Xiaobo and Mr. Wang Zhiqiang; the non-executive directors of the Company are Mr. Qin Xuzhong, Mr. Zeng Xuejie and Ms. Zhang Yanhua; and the independent non-executive directors of the Company are Mr. Chia Yew Boon, Mr. Fan Ren Da Anthony and Ms. Lu Yao.*