



**A LEADING SMART
ENERGY SAVING
SERVICES PROVIDER**
INTERIM REPORT 2023

Technovator
International Limited

(incorporated in Singapore with limited liability)

Stock Code: 1206

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

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

Independent Non-executive Directors

Mr. Chia Yew Boon (謝有文)
Mr. Fan Ren Da Anthony (范仁達)
Ms. Lu Yao (陸瑤) (appointed on 29 May 2023)
Ms. Chen Hua (陳華) (resigned on 29 May 2023)

BOARD COMMITTEES

Audit Committee

Mr. Chia Yew Boon
Mr. Fan Ren Da Anthony
Ms. Lu Yao (*Chairlady*) (appointed on 29 May 2023)
Ms. Chen Hua (*Chairlady*) (resigned on 29 May 2023)

Nomination Committee

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

Remuneration Committee

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

Risk Management Committee

Mr. Zhao Xiaobo
Mr. Chia Yew Boon
Mr. Fan Ren Da Anthony (*Chairman*)
Mr. Qin Xuzhong
Mr. Liang Wuquan
Mr. Zeng Xuejie
Mr. Zhang Jian
Ms. Lu Yao (appointed on 29 May 2023)
Ms. Chen Hua (resigned on 29 May 2023)

JOINT COMPANY SECRETARIES

Mr. Leung Lok Wai
Ms. Cheok Hui Yee

AUTHORISED REPRESENTATIVES

Mr. Zhao Xiaobo
Mr. Qin Xuzhong

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

LEGAL ADVISER AS TO HONG KONG LAWS

Morgan, Lewis & Bockius

AUDITORS

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

SINGAPORE PRINCIPAL SHARE REGISTRAR

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

HONG KONG SHARE REGISTRAR

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

COMPANY WEBSITE

www.technovator.com.sg

PRINCIPAL BANKERS

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

INVESTOR RELATIONS CONTACT

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MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL

In 1H2023, impacts of the market continued as the capital in the infrastructure market generally became scarcer. The slowdown in investments in the target market, the further prolonged project implementation and payment cycle, which affected by the factors such as the slowdown in economic growth in recent years, led to the decrease in revenue of the Group, and the increase in provisions for impairment of receivables during the period resulted in a significant decline in overall profit. The Group recorded revenue of approximately RMB562.0 million for the first half of the year, representing a year-on-year decrease of 10.1% and recorded the loss of approximately RMB13.9 million. The Group will intensify the collection of receivables and accelerate the return of funds to minimise the impact on profits in the second half of the year.

BUSINESS REVIEW

Smart Transportation Business

In terms of the smart transportation business, we seized the opportunity of the rail transit industry's rapid recovery in 1H2023 and accelerated the implementation of projects under construction and achieved steady growth in revenue during the period. Meanwhile, our cost and expense control measures were strengthened during the period, with a significant improvement in the profit margin.

Suzhou Rail Transit Line 11 Project (蘇州軌道交通11號綫工程), a demonstration project of infrastructure integration and interconnection in the Yangtze River Delta, and the First Phase Project of Xi'an Metro Line 16 (西安地鐵16號綫一期工程), the first fully automatic driverless metro line in the northwest China built by the Group, have been officially put into trial operation. They have successfully applied the Group's proprietary software system, ezISCS-SOM, to create an intelligent and comprehensive operation and management platform for the stations along the entire line, enabling intelligent equipment operation, autonomous passenger services and precise personnel management and control.

During the period, the Group signed a new contract for Integrated Supervision and Control System (ISCS) Project of Suzhou Rail Transit Line 7 (蘇州市軌道交通7號綫綜合監控系統項目), pursuant to which the station system of Line 4 will be disassembled to connect to the ISCS of Line 7 while ensuring the normal operation of the existing rail transit Line 4. With rich technical experience accumulated in the field of ISCS for years, the Group tailored overall solutions for owners to solve difficulties in the disassembly, renovation and connection between the existing lines and new lines, so as to improve the efficiency of rail network connectivity. The Group will continue to enhance its technological innovation capability to accelerate the transformation of technological achievements, and promote the construction of green and intelligent urban railroads with more intelligent applications.

Smart Building and Complex Business

In terms of the smart building and complex business, revenue decreased in the first half of the year as compared to the same period last year due to delays in the investment of projects as a result of the market downturn, coupled with a higher amount of revenue settlement from the completion of key projects undertaken by the Group (such as the Winter Olympics) in the same period last year. The profit margin further decreased due to an increase in the amount of credit impairment losses as a result of the prolonged project payment collection cycle.

During the period, Dongsheng Science and Technology Park of Zhongguancun Project (中關村東升科技園項目), a key project undertaken by the Group in Beijing, had reached an important stage of completion and transfer. The project focused on promoting an "intelligent, green and integrated" park to empower high-precision technology enterprises, and building a people-centred, green and highly efficient intelligent park to create a "miniature" urban eco-park.

During the period, smart building and complex business continued to actively explore the field of smart hospital. Following the application of the self-developed Techcon IBS5.0 building intelligent integration software at Beijing GoBroad Hospital, the Neosys IoT controller was also successfully applied at Wuhan Jinyintan Hospital, which enabled the medical facilities used in ordinary and pandemic situations to have more flexible, powerful and faster service mode with switching capabilities by breaking through the barriers between intelligence and informatisation, thus promoting the digital transformation of hospital management and improving the hospital's operational efficiency.

Smart Energy Business

The smart energy business continued to consolidate its strengths in the areas such as intelligent heating and waste heat utilization, with the revenue generated from the intelligent central heating project and the energy management contracting project remaining stable. The profit margin declined during the period due to factors such as the rising energy prices.

During the period, the Group signed a series of contracts for the Taiyuan Centralized Heating System Project (太原市集中供熱工程) to continue the sales and services of heating network informatization, automation project and large temperature difference heat exchange unit, and laid a good foundation to continuously lead the development of the heating industry in the future based on the large-scale "One City, One Pipeline Network" centralized heating business.

Meanwhile, the Group won the bid for the energy station project for the Collective Industrial Land of Parcel X2 in Xibeiwang Town, Haidian District, Beijing (北京市海淀區西北旺鎮X2地塊集體產業用地能源站項目), and conducted business cooperation with Xibeiwang Town Cooperative Economic Union for the second time, which further consolidated the Group's exploration and development in the field of energy escrow, accumulated experience in the construction of high-efficiency energy stations and intelligent energy systems, and played a demonstrative role in further enhancing the market competitiveness of the smart energy business and the brand influence.

The Group will continue to seize the development opportunity of building a new energy system, capitalize on its strengths in intelligence and energy management, and actively expand its zero-carbon complex business, providing cities with comprehensive solutions for low-carbon and zero-carbon transformation under the carbon peaking and carbon neutrality goals.

OUTLOOK

In 1H2023, the Group continued to be challenged by factors such as the macroeconomic and market environment. However, the accelerated pace of energy conservation and emission reduction driven by the carbon peaking and carbon neutrality policy and the high potential of the comprehensive energy management market provided opportunities for the Group's development.

Technovator will adhere to its original aspiration and continue to make great efforts in the areas of "intelligence and energy saving". It will focus on technological innovation, market expansion and customer service, seize the opportunities of the rapid development of the new energy industry to accelerate the expansion of zero-carbon and low-carbon innovative businesses, and vigorously develop cutting-edge technologies to promote the Group's industry optimization and upgrade and facilitate the high-quality development of the Group's businesses.

Management Discussion and Analysis (Continued)

BUSINESS REVIEW – CONTINUING OPERATIONS

Revenue

In 1H2023, against the backdrop of a weaker-than-expected endogenous recovery of the domestic economy, the Group focused on promoting steady development of its business in a market environment that had not yet returned to normal. The Group recorded a net revenue of RMB562.0 million for the first half of the year, representing a year-on-year decline of 10.1%. During the first half of the year, smart transportation business entered a period of resumption and acceleration of work, with accelerated construction progress of projects and significant year-on-year growth in revenue. For the smart building and complex business, affected by the decline in infrastructure expenditures, coupled with the settlement of a number of major projects in the corresponding period last year, the segment recorded a considerable decline in revenue for the period. For smart energy business, there's no significant fluctuation in revenue for this segment as compared to the corresponding period last year due to continuing safeguard for livelihood projects in various regions and stable operation of Energy Management Contract (EMC) projects.

Revenue by business segments

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

	Six months ended 30 June				
	2023		2022		Comparison
	Revenue (RMB'000)	% of revenue	Revenue (RMB'000)	% of revenue	
Smart transportation	176,461	31%	114,336	18%	54.3%
Smart building and complex	234,015	42%	360,489	58%	-35.1%
Smart energy	151,489	27%	150,256	24%	0.8%
Total	561,965	100%	625,081	100%	-10.1%

Smart transportation

The revenue generated from the smart transportation business increased by 54.3% from approximately RMB114.3 million for 1H2022 to approximately RMB176.5 million. The business of this segment has gradually recovered with favourable growth momentum in the first half of the year, with a significant increase in revenue. During the period, the Group strengthened the deployment of various resources, made every effort to ensure the progress of construction, and actively promoted the implementations of major projects such as Changchun Urban Rail Transit Line 6 (長春城市軌道交通6號綫), Zhengzhou Rail Transit Line 6 (鄭州市軌道交通6號綫), Wuhan Rail Transit Line 5 (武漢軌道交通5號綫)、Suzhou Rail Transit Line S1 (蘇州市軌道交通S1綫), and Line 8, Line 10 and the first phase of Line 15 for Xi'an Metro (西安市地鐵8號綫、10號綫、15號綫一期), which contributed major revenue to the segment. Meanwhile, newly-contracted projects such as Shenyang Metro Line Network Command Center System (瀋陽地鐵綫網指揮中心系統) and Platform Doors for the First Phase of Zhengzhou Rail Transit Line 6 (鄭州市軌道交通6號綫一期站台門) were commenced and implemented during the period and achieved certain progress, further increasing segment revenue.

Smart Building and Complex

The smart building and complex business recorded a revenue of approximately RMB234.0 million for 1H2023, representing a decrease of 35.1% from approximately RMB360.5 million for 1H2022. The downturn in the infrastructure market, coupled with the impact of the large amount of income recorded for a series of key projects undertaken by the Group in the corresponding period last year, contributed to a significant decline in segment revenue. During the period, the Group focused on advancing the progress of key projects such as the Intelligent Engineering for Beijing GoBroad Hospital (北京高博醫院項目智能化工程), Phase II of Dongsheng Science and Technology Park of Zhongguancun (中關村東升科技園二期) and Phase II of Zhuhai Dong'ao Island Lingding Coast (珠海東澳玲瓏海岸二期), continuing to generate revenue for the segment. The Group signed new contracts for 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), and made progress during the period to record revenue.

Smart Energy

The smart energy business recorded a revenue of approximately RMB151.5 million for 1H2023, representing an increase of approximately 0.8% from approximately RMB150.3 million for the corresponding period last year, essentially unchanged as compared to the corresponding period last year. During the period, the Group continued to promote the progress of intelligent heating projects such as Guoneng Jilin Jiangnan Heat Network Demonstration Application Project (國能吉林江南熱網示範運用), Datang Baoding Intelligent Heating Management and Control Integration Project (大唐保定智慧供熱管控一體化) and Henan Zhumadian Centralized Heating Project (河南駐馬店集中供暖), and recorded settlement revenue during the period. Meanwhile, in respect to the Group's innovative scenario-based solution business for "new energy + zero-carbon complex", Xinhua Power Generation Kashgar Zero-carbon Complex Project (新華發電喀什零碳智能園區項目) progressed smoothly and contributed new business revenue to the segment. During the period, the implementation of the key EMC projects Xinjiang Tianfu and Shenmu Intelligent Heat Network Project (神木市智慧熱網工程) progressed smoothly, which continued to generate high revenue for the segment and solidified the Group's dominant position in the field of EMC.

Cost of sales

The Group's cost of sales decreased by approximately 11.4% from approximately RMB516.8 million for 1H2022 to approximately RMB457.9 million for 1H2023, which was mainly attributable to the decrease in revenue.

Gross profit

Gross profit decreased by 3.9% from approximately RMB108.3 million for 1H2022 to approximately RMB104.1 million for 1H2023. Gross profit margin for the period was approximately 18.5%, representing an increase of 1.2 percentage points as compared to the corresponding period last year. The enhancement of cost control during the period was the main factor contributing to the increase in gross profit margin.

Other revenue

Other revenue decreased by approximately 27.3% from approximately RMB17.6 million for 1H2022 to approximately RMB12.8 million for 1H2023. During the period, government grants received by the Group and interest income from EMC projects decreased as compared to the corresponding period last year, resulting in a year-on-year decrease in other revenue.

Other gain

In 1H2023, the Group recorded other gain of approximately RMB0.5 million, representing a decrease of 50.0% from other gain of approximately RMB1.0 million for 1H2022, mainly attributable to the decrease in foreign exchange gains and losses, net.

Management Discussion and Analysis (Continued)

Selling and distribution costs

Selling and distribution costs of the Group for 1H2023 were approximately RMB41.6 million, representing a year-on-year decrease of 6.1% as compared to approximately RMB44.3 million for 1H2022. Selling and distribution costs accounts for 7.4% of the revenue for the period, with no significant change from the corresponding period last year. The decrease was mainly due to the reduced sales staff costs and operating expenses as a result of the Group's optimization of cost management.

Administrative and other operating expenses

Administrative and other operating expenses increased by 6.9% from approximately RMB63.5 million for 1H2022 to approximately RMB67.9 million for 1H2023. The Group increased its investment in research and development, which led to the increase in the research and development expenses.

Impairment loss on trade and other receivables and contract assets

Impairment loss on trade and other receivables and contract assets increased significantly from approximately RMB4.4 million for 1H2022 to approximately RMB22.1 million for 1H2023. The collection of payments for the projects delayed and the credit term further extended as influenced by the unstable economic environment. The provision for the impairment losses on trade and other receivables as well as contract assets increased during the period out of the principle of prudence. The Group will strengthen the management of receivables collection and accelerate the return of funds to reduce the relevant impact in the second half of the year.

Finance costs

Finance costs of the Group for 1H2023 were approximately RMB3.7 million, representing a year-on-year increase of 54.2% as compared to approximately RMB2.4 million for 1H2022. It was due to the increase in the Group's loans in support of its operating activities based on its actual capital position and business needs.

Income tax

Income tax decreased from approximately RMB2.4 million in 1H2022 to approximately RMB-4.3 million for the period, mainly attributable to the dual impact of the decreased provision made for income tax expense and the increased deferred income tax expense during the period as a result of the loss recorded in the first half of the year.

(Loss)/Profit for the period

In 1H2023, the Group recorded loss of approximately RMB13.9 million, representing a significant decrease as compared with profit of approximately RMB9.7 million for 1H2022. Net profit margin decreased to approximately -2.5% for the period from 1.6% for the same period last year. The decreases in profit and net profit margin for the period were mainly attributable to the decrease in revenue and increase in impairment losses amount.

The basic and diluted earnings per share from continuing operations of the Group decreased to RMB-0.0189 (1H2022: RMB0.0149).

Working capital and financial resources

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

	As at 30 June 2023 (RMB'000)	As at 31 December 2022 (RMB'000)	As at 30 June 2022 (RMB'000)
Inventories	1,292,256	1,191,189	1,112,162
Trade and other receivables ^(Note 1)	1,686,041	1,760,516	1,523,451
Trade and other payables	1,852,069	1,924,246	1,567,903
Average inventory turnover days	403	228	302
Average trade receivables turnover days ^(Note 2)	433	269	346
Average trade payables turnover days ^(Note 2)	626	360	440

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

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

The Group's inventories increased by 8.5% from approximately RMB1,191.2 million as at 31 December 2022 to approximately RMB1,292.3 million as at 30 June 2023. The inventory scale increased as the Group proactively promoted the progress of project implementation and stocked up its inventories in the first half of the year, and the inventory turnover days increased to approximately 403 days as compared to the corresponding period last year.

The Group's trade and other receivables decreased by 4.2% from approximately RMB1,760.5 million as at 31 December 2022 to approximately RMB1,686.0 million as at 30 June 2023. The average trade receivables turnover days increased from 346 days for the corresponding period of last year to 433 days. The prolonged payment time by customers and the delayed project payment collection resulted in the increase in the amount and turnover days of receivables.

The Group's trade and other payables amounted to approximately RMB1,852.1 million as at 30 June 2023, representing a decrease of 3.7% as compared to approximately RMB1,924.2 million as at 31 December 2022. The Group's average trade payables turnover days increased from approximately 440 days in 1H2022 to approximately 626 days in 1H2023. The Group extended the credit terms for its suppliers on an appropriate basis to slow down the pace of payment, and enhanced the cost control to reduce its sales cost during the period, which further increased the turnover days of 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 30 June 2023, the Group had cash and cash equivalents of approximately RMB115.9 million, which accounted for 3.9% of the Group's net assets (31 December 2022: cash and cash equivalents of approximately RMB354.0 million).

As at 30 June 2023, the Group's indebtedness consisted of short-term bank loans of approximately RMB210.7 million with an average interest rate of 3.7% per annum. The year-on-year increase in loan balance was due to the consolidation of financial cost and the increase in loan amount based on the Group's business activities and capital requirement.

Management Discussion and Analysis (Continued)

As at 30 June 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, MOP and SGD, and deposits that were readily convertible into known amounts of cash.

As at 30 June 2023, the net cash liability of the Group was approximately RMB94.8 million (31 December 2022: net cash of approximately RMB163.6 million). Gearing ratio, defined as loans and borrowings divided by total assets, was approximately 4.0% (31 December 2022: approximately 3.6%).

Pledge of assets

As at 30 June 2023, the Group had no pledge of assets.

Contingent liabilities

As at 30 June 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 30 June 2023, the Group had a total of 791 employees compared to 789 employees as at 30 June 2022. Total staff costs increased from approximately RMB91.6 million in 1H2022 to approximately RMB103.8 million in 1H2023.

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

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

Material acquisitions and disposals

For the six months ended 30 June 2023, the Group had no material acquisition or disposal of subsidiaries or associates.

Significant investments

For the six months ended 30 June 2023, the Group had no significant investment.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2023, the Company complied with all code provisions and, where appropriate, adopted the recommended best practices as set out in the Corporate Governance Code in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

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

The Company has also adopted the Model Code set out in Appendix 10 of the Listing Rules throughout the six months ended 30 June 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 throughout the six months ended 30 June 2023.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The Directors confirm that disclosure of financial information in this interim report complies with Appendix 16 of the Listing Rules. The audit committee of the Company has held meetings to discuss the internal controls and financial reporting matters of the Company, including the review of the interim results and the unaudited consolidated interim financial statements for the six months ended 30 June 2023. The interim financial report is unaudited.

The external auditor has reviewed the interim financial information for the six months ended 30 June 2023 in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

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

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

DIVIDENDS

The Board has not recommended the payment of any interim dividend for the six months ended 30 June 2023.

Corporate Governance and Other Information (Continued)

CHANGES IN INFORMATION OF DIRECTORS

Changes in the information of Directors since the publication of the annual report of the Company for the year ended 31 December 2022 and up to 30 June 2023, which are required to be disclosed under Rule 13.51B(1) of the Listing Rules are set out below:

- Ms. Chen Hua has resigned as an independent non-executive Director of the Company, the chairlady of the audit committee and a member of risk management committee with effect from 29 May 2023 in order to devote more time to her other business endeavours; and
- Ms. Lu Yao has been appointed as an independent non-executive Director of the Company, the chairlady of the audit committee and a member of risk management committee with effect from 29 May 2023.

DISCLOSURE OF INTERESTS

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

As at 30 June 2023, the Directors and the chief executive of the Company and their respective associates had the following interests or short positions in the shares, underlying shares of the Company (the "Shares") and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Division 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and the chief executive of the Company are taken and deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

Long positions in the Company

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

Save as disclosed above, as at 30 June 2023, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short position in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

During the six months ended 30 June 2023, at no time was the Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the Directors and the chief executive of the Company (including their spouse and children under 18 years of age) to hold any interest or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

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

So far as is known to any Director or chief executive of the Company, as at 30 June 2023, the persons or corporations (other than the Directors or chief executive of the Company) who had interest or short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

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

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

Save as disclosed above, as at 30 June 2023, the Directors and the chief executive of the Company are not aware of any other person or corporation having an interest or short position in the Shares and underlying Shares of the Company which would require to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE AWARD SCHEME

The Company adopted the share award scheme (the "Share Award Scheme") on 4 December 2015 (the "Adoption Date"). The maximum number of Shares in respect of which awards may be granted pursuant to the Share Award Scheme is 77,772,218, being 10% of the issued share capital of the Company as at the Adoption Date.

As at 30 June 2023, to the knowledge of the Company, there was no outstanding awarded shares under the Share Award Scheme which have not been vested to the selected grantees. The Company did not grant any share awards under the Share Award Scheme since the Adoption Date.

INDEPENDENT REVIEW REPORT

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

INTRODUCTION

We have reviewed the interim financial report set out on pages 15 to 32 which comprises the consolidated statement of financial position of Technovator International Limited as of 30 June 2023 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

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

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2023 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG

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

25 August 2023

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2023 – unaudited
(Expressed in Renminbi (“RMB”))

	Note	Six months ended 30 June	
		2023 RMB'000	2022 RMB'000
Revenue	3, 4	561,965	625,081
Cost of sales		(457,857)	(516,771)
Gross profit		104,108	108,310
Other revenue		12,768	17,556
Other net gain		497	986
Selling and distribution costs		(41,565)	(44,303)
Administrative and other operating expenses		(67,938)	(63,455)
Impairment loss on trade and other receivables and contract assets		(22,079)	(4,436)
Share of loss of associates		(313)	(101)
(Loss)/profit from operations		(14,522)	14,557
Finance costs	5(a)	(3,728)	(2,448)
(Loss)/profit before taxation		(18,250)	12,109
Income tax	6	4,325	(2,397)
(Loss)/profit for the period		(13,925)	9,712
(Loss)/profit attributable to:			
Equity shareholders of the Company		(14,772)	11,690
Non-controlling interests		847	(1,978)
(Loss)/profit for the period		(13,925)	9,712
(Loss)/earnings per share	7		
– Basic (RMB)		(0.0189)	0.0149
– Diluted (RMB)		(0.0189)	0.0149

The accompanying notes form part of this interim financial report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023 – unaudited
(Expressed in Renminbi (“RMB”))

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
(Loss)/profit for the period	(13,925)	9,712
Other comprehensive income for the period		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	1,471	2,499
Total comprehensive income for the period	(12,454)	12,211
Attributable to:		
Equity shareholders of the Company	(13,301)	14,141
Non-controlling interests	847	(1,930)
Total comprehensive income for the period	(12,454)	12,211

The accompanying notes form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023 – unaudited
(Expressed in Renminbi (“RMB”))

	Note	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Non-current assets			
Property, plant and equipment	8	122,253	129,364
Interests in associates		3,219	3,532
Intangible assets		569,840	558,607
Financial assets measured at amortised cost	9	456,582	410,388
Deferred tax assets		43,345	39,289
		1,195,239	1,141,180
Current assets			
Inventories		1,292,256	1,191,189
Contract assets		947,895	842,869
Trade and other receivables	10	1,524,803	1,636,535
Prepayments		161,238	123,981
Cash and cash equivalents	11	115,936	354,040
		4,042,128	4,148,614
Current liabilities			
Trade and other payables	12	1,852,069	1,924,246
Contract liabilities		130,437	107,880
Loans and borrowings		210,666	190,424
Lease liabilities		2,142	926
Income tax payable		26,920	34,892
		2,222,234	2,258,368
Net current assets		1,819,894	1,890,246
Total assets less current liabilities		3,015,133	3,031,426

The accompanying notes form part of this interim financial report.

Consolidated Statement of Financial Position (Continued)

At 30 June 2023 – unaudited
(Expressed in Renminbi (“RMB”))

	Note	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Non-current liabilities			
Lease liabilities		1,362	846
Deferred tax liabilities		21,516	25,683
Deferred income		7,058	7,246
		29,936	33,775
NET ASSETS			
		2,985,197	2,997,651
CAPITAL AND RESERVES			
Share capital	13	1,189,968	1,189,968
Reserves		1,777,056	1,790,357
Total equity attributable to equity shareholders of the Company		2,967,024	2,980,325
Non-controlling interests		18,173	17,326
TOTAL EQUITY		2,985,197	2,997,651

Approved and authorised for issue by the board of directors on 25 August 2023.

)	
Zhao Xiaobo)	
Qin Xuzhong)	Directors
)	
)	

The accompanying notes form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023 – unaudited
(Expressed in Renminbi (“RMB”))

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

	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Statutory reserves	Translation reserve	Other reserves	Retained profits	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
	Note 13(a)			Note 13(b)				
Balance at 1 January 2023	1,189,968	191,566	44,150	(537,048)	2,091,689	2,980,325	17,326	2,997,651
(Loss)/profit for the period	-	-	-	-	(14,772)	(14,772)	847	(13,925)
Other comprehensive income	-	-	1,471	-	-	1,471	-	1,471
Total comprehensive income for the period	-	-	1,471	-	(14,772)	(13,301)	847	(12,454)
Balance at 30 June 2023	1,189,968	191,566	45,621	(537,048)	2,076,917	2,967,024	18,173	2,985,197

The accompanying notes form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2023 – unaudited
(Expressed in Renminbi (“RMB”))

	Note	Six months ended 30 June	
		2023 RMB'000	2022 RMB'000
Operating activities			
Cash used in operations		(200,858)	(252,938)
Income tax paid		(9,605)	(5,966)
Net cash used in operating activities		(210,463)	(258,904)
Net cash used in investing activities		(43,971)	(45,574)
Financing activities			
Proceeds from loans and borrowings		182,961	124,222
Repayment of loans and borrowings		(162,709)	(45,460)
Other cash flows arising from financing activities		(7,439)	(4,055)
Net cash generated from financing activities		12,813	74,707
Net decrease in cash and cash equivalents		(241,621)	(229,771)
Cash and cash equivalents at 1 January		346,812	394,196
Effect of foreign exchange rates changes		1,340	1,100
Cash and cash equivalents at 30 June	11	106,531	165,525

The accompanying notes form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report of Technovator International Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 25 August 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

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

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following 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 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 in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

3 REVENUE

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

Disaggregation of revenue

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

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Revenue from smart transportation business	176,461	114,336
Revenue from smart building and complex business	234,015	360,489
Revenue from smart energy business	151,489	150,256
	561,965	625,081

4 SEGMENT REPORTING

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

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

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

Smart energy business ("SEB"): It comprised a series of leading technologies such as regional energy planning, integrated utilization of industrial waste heat recovery technology, heat pump technology, independent temperature and humidity control technology and variable air rate technology applied in the energy cascade utilization as well as optimization and transformation of energy system. The Group possess self-owned core leading technologies (in the field of urban heating network) such as heating network & heating source monitoring and optimal regulation, distributed variable frequency heating technology, cooling and heating network balancing technology, combined multi-heat sources heating technology.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

4 SEGMENT REPORTING (CONTINUED)

(a) Information about reportable segments

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

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

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

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

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

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

4 SEGMENT REPORTING (CONTINUED)

(a) Information about reportable segments (continued)

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2023 and 2022 are set out below:

For the six months ended	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
Disaggregated by timing of revenue recognition								
Point in time	8,461	8,053	66,996	59,042	16,078	12,243	91,535	79,338
Over time	168,000	106,283	167,019	301,447	135,411	138,013	470,430	545,743
Revenue from external customers	176,461	114,336	234,015	360,489	151,489	150,256	561,965	625,081
Inter-segment revenue	-	-	-	-	-	-	-	-
Reportable segment revenue	176,461	114,336	234,015	360,489	151,489	150,256	561,965	625,081
Reportable segment profit	16,934	7,614	17,765	37,607	13,195	30,059	47,894	75,280
Interest income	1,269	1,622	891	1,591	8,895	11,105	11,055	14,318
Impairment (losses)/reversal	(5,492)	162	(6,005)	1,666	(10,583)	(6,264)	(22,079)	(4,436)

(b) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Profit		
Reportable segment profit	47,894	75,280
Depreciation and amortisation	(55,949)	(55,800)
Finance costs	(3,728)	(2,448)
Unallocated head office and corporate expenses	(6,467)	(4,923)
Consolidated (loss)/profit before taxation	(18,250)	12,109

(c) Geographic information

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

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

5 (LOSS)/PROFIT BEFORE TAXATION

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

Six months ended 30 June		
	2023	2022
	RMB'000	RMB'000
(a) Finance costs		
Interest on loans and borrowings	3,662	2,408
Interest on lease liabilities	66	40
	3,728	2,448

Six months ended 30 June		
	2023	2022
	RMB'000	RMB'000
(b) Other items		
Amortisation*	40,441	34,625
Depreciation		
– owned property, plant and equipment	14,500	20,087
– right-of-use assets	1,008	1,088
Interest income	(11,055)	(14,318)

* Including research and development expenditure RMB13,641,000 (six months ended 30 June 2022: RMB9,368,000) recognised as an expense during the six months ended 30 June 2023.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

6 INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Current tax	3,898	7,779
Deferred tax	(8,223)	(5,382)
	(4,325)	2,397

Notes:

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

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

7 (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 RMB14,772,000 (six months ended 30 June 2022: profit of RMB11,690,000) and the weighted average of 782,192,189 ordinary shares (2022: 782,192,189 shares) in issue during the interim period.

(b) Diluted (loss)/earnings per share

There were no dilutive potential shares outstanding during the six months ended 30 June 2023 and 2022.

8 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired certain items of property, plant and equipment with costs of RMB8,352,000 (six months ended 30 June 2022: RMB16,718,000).

9 FINANCIAL ASSETS MEASURED AT AMORTISED COST

As at 30 June 2023, the balance of other financial assets mainly represents long-term trade receivables of certain construction projects which are repayable by instalments over a 2 to 14 years period.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

10 TRADE AND OTHER RECEIVABLES

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

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Current	1,415,786	1,511,748
Less than 1 month past due	7,872	5,842
More than 1 month but less than 3 months past due	9,980	6,538
More than 3 months but less than 12 months past due	26,555	26,811
More than 12 months past due	5,880	9,069
Trade debtors and bills receivable, net of allowance for doubtful debts	1,466,073	1,560,008
Other receivables	58,730	76,527
	1,524,803	1,636,535

The Group generally requires customers to settle progress billings and retentions receivable in accordance with contracted terms.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

11 CASH AND CASH EQUIVALENTS

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Deposits with banks and other financial institutions	9,405	7,228
Cash at bank and in hand	106,531	346,812
Cash and cash equivalents in the consolidated statement of financial position	115,936	354,040
Restricted deposit	(9,405)	(7,228)
Cash and cash equivalents in the consolidated cash flow statements	106,531	346,812

12 TRADE AND OTHER PAYABLES

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

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
By date of invoice:		
Within 3 months	1,026,123	1,202,994
More than 3 months but within 6 months	8,123	65,283
More than 6 months but within 12 months	176,194	90,872
More than 12 months	411,359	327,232
Total creditors and bills payable	1,621,799	1,686,381
Other payables and accruals	230,270	237,865
	1,852,069	1,924,246

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

13 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	At 30 June 2023		At 31 December 2022	
	Number of shares	Amounts RMB'000	Number of shares	Amounts RMB'000
Ordinary shares, issued and fully paid:				
At 1 January	782,192,189	1,189,968	782,192,189	1,189,968
Share repurchased and cancelled	–	–	–	–
At 30 June/31 December	782,192,189	1,189,968	782,192,189	1,189,968

(b) Other reserves

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

(c) Dividends

The Company has not declared interim dividend attributable to the six months ended 30 June 2023 and 2022.

14 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 June 2023 and 31 December 2022.

15 COMMITMENTS

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

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Contracted for	207,015	214,564

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

16 MATERIAL RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

During the six months ended 30 June 2023 and 2022, transactions with the following parties are considered as related party transactions:

Name of parties

THTF* (同方股份有限公司)

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

Tongfang Industrial Co., Ltd.* (同方工業有限公司)

Tongfang Energy-saving Equipment Co., Ltd.* (同方節能裝備有限公司)

Fengxian Yaohui New Energy Co., Ltd.* (豐縣耀輝新能源有限公司)

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

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

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in RMB unless otherwise indicated)

16 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)**(b) Significant related party transactions**

Particulars of significant related party transactions during the six months ended 30 June 2023 and 2022 are as follows:

	2023 RMB'000	2022 RMB'000
Sales to THTF and its subsidiaries	44,490	98,244
Purchases from THTF and its subsidiaries	44,640	24,717
Receipt of miscellaneous products and services from THTF and its subsidiaries	10,569	12,672
Payments transferred by THTF to the Group	252,605	303,671
Payments transferred by the Group to THTF	175,485	255,724
Sales to CNNC and its subsidiaries	2,552	646
Purchases from CNNC and its subsidiaries	114	–

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

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

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

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