

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **TECHNOVATOR INTERNATIONAL LIMITED**

**同方泰德國際科技有限公司\***

*(incorporated in Singapore with limited liability)*

**(Stock Code: 1206)**

### **ANNOUNCEMENT NEW 2022 AGREEMENTS IN RELATION TO CERTAIN CONTINUING CONNECTED TRANSACTIONS**

#### **INTRODUCTION**

Reference is made to the 2019 Announcement and Circular in relation to, among others, the continuing connected transactions contemplated under the 2019 Agreements and the related annual caps.

As all of the 2019 Agreements will expire on 31 December 2022, the relevant parties to each of the 2019 Agreements have agreed to continue with the arrangements under the relevant 2019 Agreement upon its expiry for a period of three years subject to similar terms and conditions by entering into the relevant 2022 Agreement.

#### **THE 2022 BUSINESS ARRANGEMENTS AGREEMENT**

The 2022 Business Arrangements Agreement was entered into on 27 December 2022 between Technovator Beijing, Tongfang Energy Saving and THTF, pursuant to which the parties agreed on the arrangements relating to the Intelligent Rail Transit, Building and Urban Heating Network Businesses for a term of three years from 1 January 2023 to 31 December 2025. The annual caps for the transactions contemplated under the 2022 Business Arrangements Agreement is RMB1,200.0 million, RMB1,260.0 million and RMB1,160.0 million for the payments to be transferred by THTF to the Group, and RMB980.0 million, RMB1,030.0 million and RMB950.0 million for payments to be transferred by the Group to THTF for the years ending 31 December 2023, 2024 and 2025, respectively.

\* For identification purposes only

## **THE 2022 SALES AGREEMENT**

The 2022 Sales Agreement was entered into on 27 December 2022 between Technovator Beijing and THTF, pursuant to which Technovator Beijing agreed to sell or procure such other parties agreed by THTF, including members of the Group, to sell intelligent energy saving related products, equipment and services to Tongfang Group for a term of three years. The annual caps for the transactions contemplated under the 2022 Sales Agreement is RMB420.0 million, RMB460.0 million and RMB510.0 million for the years ending 31 December 2023, 2024 and 2025, respectively.

## **THE 2022 PURCHASE AGREEMENT**

The 2022 Purchase Agreement was entered into on 27 December 2022 between Technovator Beijing and THTF, pursuant to which THTF agreed to sell or procure such other parties agreed by the Group to sell intelligent energy saving related products, equipment and services to the Group for a term of three years. The annual caps for the transactions contemplated under the 2022 Purchase Agreement is RMB220.0 million, RMB250.0 million and RMB270.0 million for the years ending 31 December 2023, 2024 and 2025, respectively.

## **THE 2022 MASTER AGREEMENT**

The 2022 Master Agreement was entered into on 27 December 2022 between Technovator Beijing and THTF, pursuant to which the Group may provide to or receive from Tongfang Group miscellaneous products and services as may be required to satisfy the operational needs of the Group or Tongfang Group from time to time in the ordinary course of business of the Group during a term of three years. The annual caps for the provision of miscellaneous products and services by the Group to Tongfang Group is RMB20.0 million, RMB25.0 million and RMB30.0 million, and the annual caps for the receipt of miscellaneous products and services by the Group from Tongfang Group is RMB43.0 million, RMB48.0 million and RMB53.0 million, for the years ending 31 December 2023, 2024 and 2025, respectively.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, THTF directly and indirectly through Resuccess owns a total of 286,330,142 Shares, representing approximately 36.6% of the issued Shares of the Company. THTF is a controlling Shareholder and is therefore a connected person of the Company under the Listing Rules. Accordingly, the 2022 Agreements and the transactions contemplated under the 2022 Agreements between the Group and Tongfang Group constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

For the transactions contemplated under the 2022 Business Arrangements Agreement, although no consideration will be paid by the Group to THTF in relation to such business arrangements, given that there will be payments between the Group and THTF and consistent with the treatment of the 2019 Business Arrangements Agreement, the Board considers it appropriate to subject such payments to the requirements for continuing connected transactions under Chapter 14A of the Listing Rules, and adopt the stated annual caps as the maximum transaction amounts for these transactions.

As one or more percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the transactions contemplated under each of the 2022 Agreements are greater than 5%, each of the 2022 Agreements and the transactions contemplated under these agreements are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Resolutions will be put forth to the Independent Shareholders at the EGM for the Independent Shareholders to consider and approve each of the 2022 Agreements and the respective Annual Caps for the years ending 31 December 2023, 2024 and 2025.

## **INTRODUCTION**

Reference is made to the 2019 Announcement and Circular in relation to, among others, the continuing connected transactions contemplated under the 2019 Agreements and the related annual caps.

The Group's acquisition of the Intelligent Rail Transit, Building and Urban Heating Network Businesses pursuant to the Business and Assets Purchase Agreements was completed in October 2015. To facilitate the successful transfer of the Intelligent Rail Transit, Building and Urban Heating Network Businesses from THTF and the future development of these businesses, and in order to seamlessly integrate these businesses into the Group, the Group actively optimized its structure and reorganized the resources of its business to fully tap into the business synergy of the acquired businesses and the business of the Group at the time. With the completion of the optimization and reorganization of the businesses of the Group in 2017, the relevant parties entered into the 2017 Business Arrangements Agreement on 1 November 2017, which expired on 31 December 2019. The relevant parties entered into the 2019 Business Arrangements Agreement on 24 October 2019 to continue with the arrangements under the relevant 2017 Business Arrangements Agreement. Pursuant to the 2019 Business Arrangements Agreement:

- (i) For the Nominee Projects which THTF continues to use its name for entering into such contracts and/or projects of the Intelligent Rail Transit, Building and Urban Heating Network Businesses that the legal rights and obligations of which cannot be directly transferred to the Group, THTF will assign, sub-contract, delegate or in any other way the parties may mutually agree so that the Group will assume these contracts. The Group will be responsible for performing the work required by the Nominee Projects and entitled to the income from the Nominee Projects. To the extent that the legal rights of THTF under the contracts in respect of any Nominee Projects have not been assigned to the Group, or for any other reasons THTF receives any payment from the customers of

any Nominee Projects for any income generated, THTF is required to pay such amount to the Group no later than the balance sheet date of the month in which such amount is received without any additional compensation. THTF undertakes to assist the Group to take up the Nominee Projects without any additional compensation, including but not limited to providing any necessary information to the Group and handling the relevant project completion and settlement procedures as necessary;

- (ii) If debtors of the Nominee Projects settle debts by paying THTF, THTF is required to pay such amount to the Group no later than the balance sheet date of the month in which such amount is received without any additional compensation;
- (iii) THTF will act as the party to supply contracts to procure materials or services from third party suppliers for the Nominee Projects and will procure the necessary materials and services from the relevant third party suppliers for the Group upon instruction by the Group, and the Group is required to reimburse THTF for the amount paid by THTF;
- (iv) THTF agrees that for the debts which are part of the liabilities of the Nominee Projects that have not been assumed by the Group as the consent from the creditors has not been obtained, THTF will continue to satisfy such debts. In the event that THTF is required to settle such debt with the relevant third party creditors, the Group is required to reimburse THTF for such amount no later than the balance sheet date of the month in which such amount is paid by THTF; and
- (v) THTF will continue to support the Group on the continual development and expansion of the Intelligent Rail Transit, Building and Urban Heating Network Businesses. THTF agrees to provide support and cooperation for the Group for the Intelligent Rail Transit, Building and Urban Heating Network Businesses upon reasonable request from the Group including cooperating with the Group to develop new projects and business opportunities in respect of these businesses, being a party to the relevant agreements to facilitate the Group's conducting of these businesses if necessary, and providing the required information and assistance to complete the relevant projects, in manners similar to the support to be provided by THTF as set out in paragraphs (i) to (iv) above. Such new sales, procurement or project contracts if to be signed by THTF, all of the terms shall be negotiated by the Group.

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

To accommodate the business needs of the Group as well as to enable the Group to conduct certain transactions of a miscellaneous nature with Tongfang Group, the relevant parties also entered into the 2017 Sales Agreement, the 2017 Purchase Agreement and the 2017 Master Agreement which expired on 31 December 2019. The relevant parties entered into the 2019 Sales Agreement, the 2019 Purchase Agreement and the 2019 Master Agreement on 24 October 2019 to continue with the arrangements under the aforementioned agreements. A summary of these agreements entered into on 24 October 2019 is set out below:

- (i) Technovator Beijing and THTF entered into the 2019 Sales Agreement pursuant to which Technovator Beijing agreed to sell or procure such other parties agreed by THTF, including members of the Group, to sell building and municipal infrastructure construction related products, equipment and services, which include control security systems, and fire alarm systems to Tongfang Group for a term of three years from 1 January 2020 to 31 December 2022;
- (ii) Technovator Beijing and THTF entered into the 2019 Purchase Agreement pursuant to which THTF agreed to sell or procure such other parties agreed by Technovator Beijing, including members of Tongfang Group, to sell wiring, lighting and other products, equipment and systems and services relating to the Group's business of energy management, energy saving and environmental protection to the Group for a term of three years from 1 January 2020 to 31 December 2022; and
- (iii) Technovator Beijing and THTF entered into the 2019 Master Agreement pursuant to which the Group may provide to or receive from Tongfang Group miscellaneous products and services as may be required to satisfy the operational needs of the Group/ Tongfang Group from time to time in the ordinary course of business of the Group in accordance with the terms and conditions of the 2019 Master Agreement for a term of three years from 1 January 2020 to 31 December 2022.

As all of the 2019 Agreements will expire on 31 December 2022, the relevant parties to each of the 2019 Agreements have agreed to continue with the arrangements under the relevant 2019 Agreement upon its expiry for a period of three years under similar terms by entering into the relevant 2022 Agreement.

## **THE 2022 BUSINESS ARRANGEMENTS AGREEMENT**

The 2022 Business Arrangements Agreement was entered into on 27 December 2022 between subsidiaries of the Company, namely, Technovator Beijing and Tongfang Energy Saving, and THTF in relation to the business arrangements for the Intelligent Rail Transit, Building and Urban Heating Network Businesses.

A summary of the principal terms of the 2022 Business Arrangements Agreement is set out below:

Date: 27 December 2022

Parties:

- (1) Technovator Beijing, a wholly-owned subsidiary of the Company
- (2) Tongfang Energy Saving, a wholly-owned subsidiary of the Company
- (3) THTF, a controlling Shareholder

Subject matter:

- (i) For the Nominee Projects which THTF continues to use its name for entering into such contracts and/or projects of the Intelligent Rail Transit, Building and Urban Heating Network Businesses that the legal rights and obligations of which cannot be directly transferred to the Group, THTF will assign, sub-contract, delegate or in any other way the parties may mutually agree so that the Group will assume these contracts. The Group will be responsible for performing the work required by the Nominee Projects and entitled to the income from the Nominee Projects. To the extent that the legal rights of THTF under the contracts in respect of any Nominee Projects have not been assigned to the Group, or for any other reasons THTF receives any payment from the customers of any Nominee Projects for any income generated, THTF is required to pay such amount to the Group no later than the balance sheet date of the month in which such amount is received without any additional compensation. THTF undertakes to assist the Group to take up the Nominee Projects without any additional compensation, including but not limited to providing any necessary information to the Group and handling the relevant project completion and settlement procedures as necessary;
- (ii) If debtors of the Nominee Projects settle debts by paying THTF, THTF is required to pay such amount to the Group no later than the balance sheet date of the month in which such amount is received without any additional compensation;
- (iii) THTF will act as the party to supply contracts to procure materials or services from third party suppliers for the Nominee Projects and will procure the necessary materials and services from the relevant third party suppliers for the Group upon instruction by the Group, and the Group is required to reimburse THTF for the amount paid by THTF;

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

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

Pricing and payment:

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

THTF will also not be entitled to any additional fees or compensation for settling debts with third party creditors under the 2022 Business Arrangements Agreement, the Group is required to reimburse THTF for the full amount of such payments no later than the balance sheet date of the month in which such amount is paid by THTF.

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

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

Terms: A term of three years from 1 January 2023 to 31 December 2025

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

For the year ending 31 December 2023 – RMB1,200.0 million  
For the year ending 31 December 2024 – RMB1,260.0 million  
For the year ending 31 December 2025 – RMB1,160.0 million

Payments to be transferred by the Group to THTF

For the year ending 31 December 2023 – RMB980.0 million  
For the year ending 31 December 2024 – RMB1,030.0 million  
For the year ending 31 December 2025 – RMB950.0 million

The annual caps only cover (i) any amount paid by THTF to the Group arising from THTF's obligations under the 2022 Business Arrangements Agreement to pay such amount as set forth in Subject Matter (i), (ii) and (v) under "Subject matter" above; and (ii) any amount paid by the Group to THTF arising from the Group's obligations under the 2022 Business Arrangements Agreement to reimburse THTF for such amount as set forth in Subject Matter (iii), (iv) and (v) under "Subject matter" above.



## **Historical Transaction Amounts**

For the years ended 31 December 2020 and 2021 and for the nine months ended 30 September 2022, payments transferred by THTF to the Group under the 2019 Business Arrangements Agreement amounted to approximately RMB1,256.5 million, RMB853.2 million and RMB515.6 million, respectively.

For the years ended 31 December 2020 and 2021 and for the nine months ended 30 September 2022, payments transferred by the Group to THTF under the 2019 Business Arrangements Agreement amounted to approximately RMB699.5 million, RMB501.3 million and RMB373.4 million, respectively.

## **Historical and Existing Annual Caps**

The historical and existing annual caps for the 2019 Business Arrangements Agreement for the payments to be transferred by THTF to the Group amounted to RMB1,600.0 million for each of the years ending 31 December 2020, 2021 and 2022.

The historical and existing annual caps for the 2019 Business Arrangements Agreement for the payments to be transferred by the Group to THTF amounted to RMB1,300.0 million for each of the years ending 31 December 2020, 2021 and 2022.

## **Basis of the Annual Caps**

In arriving at the annual caps for the years ending 31 December 2023, 2024 and 2025, the Company has taken into account the following:

- (i) *Sales data:* Sales data of the Intelligent Rail Transit, Building and Urban Heating Network Businesses, including the contract price of the existing projects, contracts in negotiation and bidding of projects participated by the Intelligent Rail Transit, Building and Urban Heating Network Businesses, and estimated growth for each of the businesses (as further detailed in paragraph (vi) below);
- (ii) *Business expansion of energy-saving products:* The Group is planning business expansion of energy-saving products under Intelligent Urban Heating Network Business, including software productization and development of energy storage products. In terms of software productization, the Group has the ability to develop products independently, including but not limited to metro monitoring products derived from ezISCS integrated monitoring software, line network command center products and station operation and maintenance products, which lays the foundation for the business expansion of energy-saving products. In terms of development of energy storage products, as a leading urban energy and intelligent energy-saving service provider in China, the Group, based on the algorithm library, software library, software and hardware production and research capabilities, supporting industrial layout, and technical service system accumulated through years of intensive efforts in energy-saving products, strives to give play to the innovative advantages of production, education, and research, and is building a safe energy storage solution that comprehensively serves the power production, transmission, distribution, and users. With years of success in the field of energy saving, the Group has established a good market reputation and industry influence, which can help the Group rapidly expand the market for the energy storage products. In general, the business expansion of energy-saving products could increase the revenue generated from business operated by the Group independently and, to some extent, reduce its business reliance on THTF;

- (iii) *Historical pattern of payments of contract prices by the Intelligent Rail Transit, Building and Urban Heating Network Businesses' customers:* The amount of fees to be received by the Group from third party customers through THTF during each year is determined with reference to the historical pattern of payments of contract prices, including seasonality and proportions of payments in each year, and a proportion of the aggregate amount under the subsisting Nominee Projects and anticipated new projects is allocated to each year at a certain percentage, representing the estimated amount of payments received by the Group each year;
- (iv) *Historical cost of sales of the Intelligent Rail Transit, Building and Urban Heating Network Businesses:* The historical cost of sales of the Intelligent Rail Transit, Building and Urban Heating Network Businesses as a percentage of revenue received each year is used to approximate the amount of payments that the Group will pay to THTF to settle debts with third party creditors by reference to the amount of contract price it will receive for the given year;
- (v) *Trends of the gross profit margin of each of the Intelligent Rail Transit, Building and Urban Heating Network Businesses:* The cost of sales of the Intelligent Rail Transit, Building and Urban Heating Network Businesses as a percentage of revenue received each year (as mentioned in paragraph (iv) above) is determined based on the historical gross profit margins of the Intelligent Rail Transit, Building and Urban Heating Network Businesses and taking into account the prevailing trend of such gross profit margins. The projected cost of sales is used to estimate the amount of payables to be settled under the Nominee Projects by the Group; and
- (vi) *Expected growth of the Intelligent Rail Transit, Building and Urban Heating Network Businesses:* The assumed growth rate of the total contract price for each year is based on the historical and forecasted growth rates of the Intelligent Rail Transit, Building and Urban Heating Network Businesses, taking into account industry trends and macro-economic factors, coupled with the Group's targeted growth rate.

### **Reasons for and benefits of the 2022 Business Arrangements Agreement**

Since the completion of the acquisition of the Intelligent Rail Transit, Building and Urban Heating Network Businesses in October 2015, the Group has continued to establish and expand its presence in the market for the Intelligent Rail Transit, Building and Urban Heating Network Businesses. Nevertheless, due to the shrinking markets and intensifying industry competition under the influence of the epidemic, some customers wish to continue to deal with THTF due to their history of dealings with THTF. Besides, given the relevant qualifications, licenses and projects performance in the past are still unavoidable bidding requirements for the Intelligent Rail Transit, Building and Urban Heating Network Businesses, the Group can avoid loss of potential business opportunities with the assistance from THTF by way of the arrangements under the 2022 Business Arrangements Agreement, while continuing to improve its own qualifications and build up the Group's presence and name. The Directors believe the arrangements under the 2022 Business Arrangements Agreement continue to be an integral part of the operations of the Intelligent Rail Transit, Building and Urban Heating Network Businesses.

The Company has continued to deploy different strategies when negotiating with existing and new customers in relation to projects in the Intelligent Rail Transit, Building and Urban Heating Network Businesses. For existing customers, the Company has been educating these customers to contract with the Group directly so as to reduce the transactions through THTF. Through continuous efforts, during the previous three years, the Group has successfully entered into a considerable number of new contracts with these existing customers. As for the new customers, the Group believes it is important to first secure the contracts of these new customers in which THTF and the Group have no past business relationship with. The Group's strategy is to allow THTF to contract with these new customers first if such new customers prefer to contract with THTF since THTF has a long operating history in the industry and has built its reputation. Such strategy has proved to be successful in attracting new customers in the previous three years. In the future, the Group will continue to invest additional time to educate new customers to directly engage the Group whilst the Group continues to accumulate its operating experience, presence and name in the industry.

As for the transfer from the Group to THTF, those transfers are to facilitate the settlement of the debts related to the Nominee Projects, which are for the payments to the suppliers for the procurement of raw materials, products and services by the Group for the Nominee Projects that THTF has procured for the Group in order for the Group to provide the services to the Nominee Projects. Furthermore, THTF is not entitled to any additional charge for these payments or procurement.

THTF is in name the legal debtor for the debts of the Nominee Projects, which have not been assumed by the Group. All the debts as at 30 September 2022 arise from the requests and needs of the Group in order to procure raw materials, products and services for the Nominee Projects and are the Group's costs of sales in order to generate the revenue. Therefore, if THTF has to settle any debts on behalf of the Group for the Nominee Projects, the Group has to reimburse THTF for any amount settled for these debts.

The Group is planning measures in terms of actively improving its own operating efficiency and developing technological competitiveness, consolidating existing core businesses while expanding new tracks to achieve cross-domain development of business scale, and gradually reducing the proportion of connected transactions to improve business quality through a virtuous circle. These measures include: (i) strengthening the marketing force of its own scientific and technological products to increase the sales scale, internally guiding and encouraging the use of the Group's own products (such as Techcon series) in various projects; (ii) focusing on building an industry specific software platform, forming a sales business with intelligent solution products, and deeply exploring the application scenarios of rail transit and other infrastructure to form professional software products; (iii) developing energy storage product business in combination with new energy and carbon peaking and carbon neutrality strategic opportunities; and (iv) increasing the projects profits through the integration of informatization and industrialization.

The Directors (other than the independent non-executive Directors, who will form their view after considering the advice of the Independent Financial Adviser) are of the view that the 2022 Business Arrangements Agreement is entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **THE 2022 SALES AGREEMENT**

The 2022 Sales Agreement was entered into on 27 December 2022 between Technovator Beijing and THTF to commence a new term for the transactions contemplated under the 2022 Sales Agreement of three years from 1 January 2023 to 31 December 2025.

A summary of the principal terms of the 2022 Sales Agreement is set out below:

- Date: 27 December 2022
- Parties: (1) Technovator Beijing, a wholly-owned subsidiary of the Company
- (2) THTF, a controlling Shareholder
- Subject matter: Technovator Beijing agreed to sell or procure such other parties agreed by THTF, including members of the Group, to sell intelligent energy saving related products, equipment and services, which include control security systems, fire alarm systems and energy saving equipment, to the Tongfang Group for a term of three years from 1 January 2023 to 31 December 2025.
- Consideration and payment: The price at which the Group sells such products to Tongfang Group will be determined based on normal commercial terms after arm's length negotiation.
- For the sale of ready-made products or the provision of standardised services, the price for such products or services shall be determined based on the pricing terms as offered by the Group no less favorable than those given to Independent Third Parties. The Group shall regularly review such pricing policy.
- For the sale of self-produced products or services, the Group shall make reference to transactions of similar type, scale and nature with Independent Third Parties to ensure that the price and conditions as offered by the Group are not less favourable than those offered to Independent Third Parties.
- When negotiating the price, the Group will make reference to the following factors:
- (i) the prevailing market rate determined based on:
- (a) the price of similar products used in similar scale and nature of projects offered by the Group and accepted by Independent Third Party customers (the “**Comparable Sales Transactions**”) during a period of 12 months prior to the relevant transaction with Tongfang Group (the “**12-Month Sales Period**”) (if any), including but not limited to the most recent relevant transactions offered by the Group and accepted by Independent Third Party customers; and

- (b) if there are no Comparable Sales Transactions within the 12-Month Sales Period, the price of similar products used in similar scale and nature of products offered by the Group and accepted by Independent Third Party customers any time prior to the 12-Month Sales Period, including but not limited to the most recent relevant transactions offered by the Group and accepted by Independent Third Party customers and taking into account the latest market and independent supplier information available to the Group at time of the relevant transaction with the Tongfang Group;
- (ii) length of the contracts; and
- (iii) the type, design and expected costs of the products.

The Group maintains a standardised price list applicable to all customers. The standardised prices of products are determined based on cost-plus pricing with a mark-up rate of usually not less than 20%, taking into account (i) for self-produced products, the production cost; or (ii) for procured products, the procurement cost, and are reviewed and adjusted by the product management department from time to time with reference to changes in the market prices of similar products offered by the Group's competitors. For ancillary services provided in connection with the products, the standardised service fee is set at a percentage, usually 12%, of the quoted product price. After due consideration of the above factors, the sales department will, based on the price as stated in the Group's standardised price list, determine the final quotation price and discount after considering additional factors such as the scale of the contract and the payment terms.

In any event, the price offered to Tongfang Group should be no less favourable to the Group than that offered by the Group to Independent Third Party customers for products of a similar type, scale and nature of projects and length of contracts.

The payment terms for the products will be set out in separate sales contracts, shall be on normal commercial terms, and determined with reference to prevailing market practices.

Depending on the product type, scale and length of contracts, the payment term may include a deposit and/or instalments which may be payable at the completion of different stages of the contract or after certain deliverables are available or after certain milestones are reached.

In any event, the payment terms should be no less favorable to the Group than those offered by the Group to Independent Third Party customers for products of a similar type, scale and length of contracts.

As an active market participant, the Group will through market analysis, market research, feedback from customers and interactions with other market participants obtain sufficient market intelligence to enable them to ascertain the prevailing market rate and practices as well as the latest market and competitor information at any point in time. The Company will also continue to take steps to keep themselves abreast of market developments through maintaining a team of experienced sales and marketing personnel focusing on different regions and cities throughout the PRC.

Terms:	A term of three years from 1 January 2023 to 31 December 2025
Annual caps:	For the year ending 31 December 2023 – RMB420.0 million For the year ending 31 December 2024 – RMB460.0 million For the year ending 31 December 2025 – RMB510.0 million

### **Historical Transaction Amounts**

For the years ended 31 December 2020 and 2021 and for the nine months ended 30 September 2022, the Group sold products and services under the 2019 Sales Agreement to Tongfang Group in the amount of approximately RMB245.5 million, RMB231.8 million and RMB130.2 million, respectively.

### **Historical and Existing Annual Caps**

The historical and existing annual caps under the 2019 Sales Agreement for the years ended 31 December 2020 and 2021 and the year ending 31 December 2022 amounted to RMB250.0 million, RMB300.0 million and RMB350.0 million, respectively.

### **Basis of the Annual Caps**

In arriving at the annual caps for the years ending 31 December 2023, 2024 and 2025, the Company has taken into account, among other things, the following:

- (i) *Historical transaction amount*: The historical sales amount that the Group sold to Tongfang Group under the previous sale agreements, and the historical patterns, including seasonality and proportions of payment each year;

- (ii) *Forecasted sales amount:* The forecasted sales amount based on discussions with Tongfang Group taking into account new contracts and projects in the pipeline, including the expected business growth of Tongfang Group for the years ending 31 December 2023, 2024 and 2025. The growth for the sales to Tongfang Group also takes into account the targeted growth rate of the Group;
- (iii) *Trends of gross profit margin of products and services:* The expected gross profit margin of products and services of the Group based on historical patterns and the targeted gross profit margin of the Group. The expected gross profit margin is used to estimate the future prices of the products and services to be provided by the Group; and
- (iv) *Expected growth of the Intelligent Rail Transit, Building and Urban Heating Network Businesses:* The assumed growth rate of the total contract price for each year is based on the historical and forecasted growth rates of the Intelligent Rail Transit, Building and Urban Heating Network Businesses, taking into account industry trends and macroeconomic factors, coupled with the Group's targeted growth rate.

### **Reasons for and benefits of the 2022 Sales Agreement**

The Directors believe that maintaining the sales of goods to Tongfang Group has a positive contribution to the operating revenue of the Group, and that Tongfang Group has proven to have a good track record in settling the trade payables to the Group in a timely manner. The Group has benefited from working with Tongfang Group in the past and Tongfang Group's businesses are important to the Group. Given the mutual beneficial relationship between Tongfang Group and the Group, the Directors (other than the independent non-executive Directors, who will form their view after considering the advice of the Independent Financial Adviser) are of the view that the 2022 Sales Agreement is entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **THE 2022 PURCHASE AGREEMENT**

The 2022 Purchase Agreement was entered into on 27 December 2022 between Technovator Beijing and THTF to commence a new term for the transactions contemplated under the 2022 Purchase Agreement of three years from 1 January 2023 to 31 December 2025.

A summary of the principal terms of the 2022 Purchase Agreement is set out below:

- Date: 27 December 2022
- Parties:
- (1) Technovator Beijing, a wholly-owned subsidiary of the Company
  - (2) THTF, a controlling Shareholder

Subject matter: THTF agreed to sell or procure such other parties agreed by Technovator Beijing, including members of the Tongfang Group, to sell wiring, lighting and other products, equipment and systems and services relating to the Group's business of energy management, energy saving and environmental protection to the Group for a term of three years from 1 January 2023 to 31 December 2025.

Consideration and payment: The price of such goods and services supplied by Tongfang Group to the Group will be determined based on normal and commercial terms after arm's length negotiations, with reference to the prevailing market price of similar goods and services at the time of a particular transaction, and in any event no less favourable to the Group than those offered by Independent Third Party suppliers to the Group.

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

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

- (a) the price of similar raw materials used in similar scale and nature of projects offered by Independent Third Party suppliers and accepted by the Group (the "**Comparable Purchase Transactions**") during a period of 12 months prior to the relevant transaction with Tongfang Group (the "**12-Month Purchase Period**") (if any), including but not limited to the most recent relevant transactions accepted by the Group and Independent Third Party suppliers; and
- (b) if there are no Comparable Purchase Transactions within the 12-Month Purchase Period, the price of similar products used in similar scale and nature of products offered by Independent Third Party suppliers and accepted by the Group any time prior to the 12-Month Purchase Period including but not limited to the most recent relevant transactions accepted by the Group and Independent Third Party suppliers, and taking into account the latest market and Independent Third Party supplier information available to the Group at the time of the relevant transaction with the Tongfang Group.



The payment terms for purchase of the goods and services will be set out in separate purchase contracts and shall be on normal commercial terms.

When determining the payment terms, the Group will make reference to prevailing market practices determined based on:

- (a) the terms for similar scale and nature of projects offered by Independent Third Party suppliers and accepted by the Group during the 12-Month Purchase Period prior to the relevant transaction with Tongfang Group (if any), including but not limited to the most recent relevant transactions accepted by the Group and Independent Third Party suppliers; and
- (b) if there are no Comparable Purchase Transactions within the 12-Month Purchase Period, the terms of similar products used in similar scale and nature of products offered by Independent Third Party suppliers and accepted by the Group any time prior to the 12-Month Purchase Period, including but not limited to the most recent relevant transactions accepted by the Group and Independent Third Party suppliers, and taking into account the latest market and Independent Third Party supplier information available to the Group at the time of the relevant transaction with the Tongfang Group.

In any event, the payment terms should be no less favorable to the Group than those offered by Independent Third Party suppliers to the Group.

As an active market participant, the Group will through market analysis, market research, quotations obtained from other Independent Third Party suppliers and interactions with other market participants obtain sufficient market intelligence to enable them to ascertain the prevailing market rate and practices as well as the latest market and Independent Third Party supplier information at any point in time. The Company will also continue to take steps to keep themselves abreast of market developments through maintaining a team of experienced procurement personnel focusing on different regions and cities throughout the PRC.

Terms:	A term of three years from 1 January 2023 to 31 December 2025
Annual Caps:	For the year ending 31 December 2023 – RMB220.0 million For the year ending 31 December 2024 – RMB250.0 million For the year ending 31 December 2025 – RMB270.0 million

## **Historical Transaction Amounts**

For the years ended 31 December 2020 and 2021 and for the nine months ended 30 September 2022, the Group procured products and services under the 2019 Purchase Agreement from Tongfang Group in the amount of approximately RMB87.2 million, RMB86.6 million and RMB30.4 million, respectively.

## **Historical and Existing Annual Caps**

The historical and existing annual caps under the 2019 Purchase Agreement for the years ended 31 December 2020 and 2021 and the year ending 31 December 2022 amounted to RMB200.0 million, RMB250.0 million and RMB300.0 million, respectively.

## **Basis of the Annual Caps**

In arriving at the annual caps for the years ending 31 December 2023, 2024 and 2025, the Company has taken into account, among other things, the following:

- (i) *Historical transaction amount*: The historical procurement amount that the Group procured from Tongfang Group under previous purchase agreements, and the historical patterns, including seasonality and proportions of payment each year; and
- (ii) *Forecasted procurement amount*: The forecasted procurement amount based on expected demand for products and services with references to historical amounts and expected business growth. The Group plans to procure large temperature difference units and steam heat pumps from a subsidiary of Tongfang Group.

## **Reasons for and benefits of the 2022 Purchase Agreement**

The Directors believe that Tongfang Group has proven to be a reliable supplier to the Group at competitive prices, which is important to the operations and business of the Group. The Group has benefited from working with Tongfang Group in the past. Moreover, the cooperation in key business areas is conducive to protecting the intellectual property rights of the Group, and the industry experience of the supplier would help the Group to launch new products as soon as possible. Given the mutual beneficial relationship between Tongfang Group and the Group, the Directors (other than the independent non-executive Directors, who will form their view after considering the advice of the Independent Financial Adviser) are of the view that the 2022 Purchase Agreement is entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## THE 2022 MASTER AGREEMENT

The 2022 Master Agreement was entered into on 27 December 2022 between Technovator Beijing and THTF to commence a new term for the transactions contemplated under the 2022 Master Agreement of three years from 1 January 2023 to 31 December 2025.

A summary of the principal terms of the 2022 Master Agreement is set out below:

Date: 27 December 2022

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

Subject matter: The Group may provide to or receive from Tongfang Group miscellaneous products and services as may be required to satisfy the operational needs of the Group/Tongfang Group from time to time in the ordinary course of business of the Group in accordance with the terms and conditions of the 2022 Master Agreement for a term of three years from 1 January 2023 to 31 December 2025.

Pursuant to the 2022 Master Agreement, the miscellaneous products and services provided by the Group to Tongfang Group mainly include (i) rental services (including leasing of land and premises); (ii) research and development services and products (including technology licensing); (iii) the use of trademark license; and (iv) sharing of general administration and management support services but exclude any transactions contemplated under the 2022 Sales Agreement.

The miscellaneous products and services provided by Tongfang Group to the Group mainly include (i) rental services (including leasing of land, premises, machinery and equipment); (ii) research and development services and products (including technology licensing); (iii) the use of trademark license; and (iv) sharing of general administration and management support services, other than the Existing Trademark License Agreements and any transactions contemplated under the 2022 Purchase Agreement.

Consideration  
and payment:

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

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

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

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

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

- (i) government-prescribed price (including any price prescribed by any relevant local government, if applicable);
- (ii) where there is no government-prescribed price but there is a government-guidance price, then the government-guidance price;
- (iii) where there is neither a government-prescribed price nor a government-guidance price, the prevailing market price with reference to the nature of the same or similar type of products and services (including location, size of properties, ancillary facilities and equipment) provided by the Independent Third Parties in the ordinary course of business of the Group; or

- (iv) where none of the above is applicable or where it is not practical to apply the above pricing policies, then the price agreed between the relevant parties shall be based on arm's length negotiation and shall be the reasonable costs incurred in providing the products plus reasonable profits.

The actual price will be separately determined on arm's length basis and agreed between the Group and Tongfang Group prior to their entering into of each transaction based on the above pricing mechanism. Therefore, such price will be comparable to or no less favorable to the Group than the market price of the same or similar type of products and services available from Independent Third Parties.

The relevant pricing mechanism was determined by the parties after arm's length negotiations with reference to the pricing principles of similar transactions previously carried out by the Group.

All transaction amounts shall be paid before the 15th day of the next month after set-off. Interests shall be accrued on any amounts overdue for more than one month at the prevailing bank lending rate.

Terms:	A term of three years from 1 January 2023 to 31 December 2025
Annual caps:	Provision of miscellaneous products and services by the Group to Tongfang Group
	For the year ending 31 December 2023 – RMB20.0 million
	For the year ending 31 December 2024 – RMB25.0 million
	For the year ending 31 December 2025 – RMB30.0 million
	Receipt of miscellaneous products and services by the Group from Tongfang Group
	For the year ending 31 December 2023 – RMB43.0 million
	For the year ending 31 December 2024 – RMB48.0 million
	For the year ending 31 December 2025 – RMB53.0 million

## Historical Transaction Amounts

For the years ended 31 December 2020 and 2021 and for the nine months ended 30 September 2022, there was no provision of miscellaneous products and services by the Group to Tongfang Group.

For the years ended 31 December 2020 and 2021 and for the nine months ended 30 September 2022, receipt of miscellaneous products and services by the Group from Tongfang Group amounted to approximately RMB28.9 million, RMB10.8 million and RMB14.6 million, respectively.

## Historical and Existing Annual Caps

The historical and existing annual caps under the 2019 Master Agreement for the years ended 31 December 2020 and 2021 and the year ending 31 December 2022 is RMB30.0 million, RMB40.0 million and RMB50.0 million, respectively, for the provision of miscellaneous products and services by the Group to Tongfang Group, and RMB50.0 million, RMB60.0 million and RMB70.0 million, respectively, for the receipt of miscellaneous products and services by the Group from Tongfang Group.

## Basis of the Annual Caps

In arriving at the annual caps for the years ending 31 December 2023, 2024 and 2025, the Company has taken into account the following:

- (i) *Historical transaction amount*: For the receipt of miscellaneous products and services by the Group from Tongfang Group, the actual amount of procurement by the Group during the historical periods, and the expected increase of the procurement of such products and services;
- (ii) *Increase in rental costs*: For the rental services provided by Tongfang Group to the Group, the expected increase in rental costs for such rental services (including leasing of land, premises, machinery and equipment) based on the latest market trend of rental prices and by reference to the current terms;
- (iii) *New research and development needs of Tongfang Group*: The Group plans to commence collaboration with Tongfang Group to provide technical support for the further development in the field of smart energy and carbon peaking and carbon neutrality based on the 14th Five-Year Plan of the PRC;
- (iv) *Increase in research and development services*: The amount of research and development services to be procured from and to provide to Tongfang Group is assumed to increase based on historical growth, existing contracts and on the new potential research and development projects in discussions between Tongfang Group and the Group including the new research and development projects mentioned in (iii) above; and

- (v) *Other factors:* Prevailing market rates and conditions in the PRC, anticipated growth of the business of the Group and the Tongfang Group, the sales planning, actual operating circumstances of the Group and the future sharing of support services of some of the Group's offices between the Group and Tongfang Group to accommodate their respective future development and optimise their respective costs, and miscellaneous services generated during the development of the Group, such as information security, personnel training, etc.

### **Reasons for and benefits of the 2022 Master Agreement**

Maintaining the sales of goods to the Tongfang Group has a positive contribution to the operating revenue of the Group and the Tongfang Group has proven to be one of the reliable suppliers to the Group at competitive prices which has a positive contribution to the business and operations of the Group. The transactions contemplated under the 2022 Master Agreement will facilitate the sales of products and services from the Group to Tongfang Group, and the procurement of products and services from Tongfang Group by the Group of miscellaneous nature. Given the mutual beneficial relationship between the Group and the Tongfang Group, the Directors (other than the independent non-executive Directors, who will form their view after considering the advice of the Independent Financial Adviser) consider that the 2022 Master Agreement is entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Implementation Agreement**

The 2022 Master Agreement is intended to set out the basic terms of the transactions to be covered under the 2022 Master Agreement. The parties shall negotiate the specific terms of the transactions in accordance with the market conditions. It is envisaged that from time to time and as required, individual implementation agreements may be entered into between the Company, THTF and their respective associates or relevant parties, as appropriate, to set out further terms of the transactions contemplated under the 2022 Master Agreement.

Each implementation agreement will set out the specific scope of products and services requested by the relevant party and other specifications which may be relevant to those products and services. The implementation agreements may only contain provisions which are in all material respect consistent with the terms and conditions as contained in the 2022 Master Agreement.

As the implementation agreements are simply further elaborations on the provision of products and services as contemplated by the 2022 Master Agreement, they do not constitute new categories of connected transactions or continuing connected transactions under the Listing Rules.

## **LISTING RULES IMPLICATIONS**

THTF is a controlling Shareholder and is therefore a connected persons of the Company under the Listing Rules. Accordingly, the 2022 Agreements and the transactions under the 2022 Agreements between the Group and Tongfang Group constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Further, the Group notes from Rule 14A.01 of the Listing Rules and various listing decisions of the Stock Exchange related to continuing connected transactions that the related rules under the Listing Rules aim to ensure that the interests of shareholders as a whole are taken into account by a listed issuer when it enters into transactions with connected persons, in particular to safeguard against connected persons taking advantage of their positions to the detriment of the issuer's minority shareholders. Hence, taking into account (i) the spirit of the Listing Rules relating to connected transactions; (ii) the amount of transfers both to and from the Group and THTF under the 2022 Business Arrangements Agreement; (iii) the status of THTF as a controlling Shareholder; and (iv) the treatment by the Group of the transfers under the 2019 Business Arrangements Agreement in 2019, for the transfers contemplated under the 2022 Business Arrangements, although no consideration will be paid by the Group to THTF in relation to such business arrangements, given that there will be payments between the Group and THTF, the Board considers it appropriate to subject such payments to the requirements for continuing connected transactions under Chapter 14A of the Listing Rules, and adopt the stated annual caps as the maximum transaction amounts for these transactions.

As one or more percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the transactions contemplated under each of the 2022 Agreements are greater than 5%, each of the 2022 Agreements and the transactions contemplated under these agreements are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Resolutions will be put forth to the Independent Shareholders at the EGM for the Independent Shareholders to consider and approve each of the 2022 Agreements and the respective Annual Caps for the years ending 31 December 2023, 2024 and 2025.

As the transactions under the 2022 Agreements are transactions of a revenue nature in the ordinary and usual course of business of the Company, these transactions do not constitute transactions under Chapter 14 of the Listing Rules.

## **INFORMATION ABOUT THE GROUP, TECHNOVATOR BEIJING AND TONGFANG ENERGY SAVING**

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



Technovator Beijing is a wholly-owned subsidiary of the Company and is established in the PRC with limited liability. Technovator Beijing is principally engaged in the design, manufacturing and marketing of building automation solutions.

Tongfang Energy Saving is a wholly-owned subsidiary of the Company and is established in the PRC with limited liability. Tongfang Energy Saving is principally engaged in energy management services and marketing of heating power equipment.

## **RELATIONS WITH AND INFORMATION ABOUT THTF**

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

As at the date of this announcement, THTF directly and indirectly through Resuccess owns a total of 286,330,142 Shares, representing approximately 36.6% of the issued Shares of the Company. THTF is a controlling Shareholder and is therefore a connected person of the Company under the Listing Rules.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

Pursuant to the Listing Rules, the Independent Board Committee will be formed by the Company to consider the 2022 Agreements, the transactions contemplated thereunder and their respective Annual Caps, and to advise the Independent Shareholders as to whether the 2022 Agreements, the transactions contemplated thereunder and their respective annual cap amounts are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the 2022 Agreements.

## **EGM**

An EGM will be convened at which, among other things, ordinary resolutions will be proposed to seek Independent Shareholders' approval for the 2022 Agreements, the transactions contemplated thereunder and their respective Annual Caps in accordance with the requirements of the Listing Rules.

Pursuant to Rule 14A.36 of the Listing Rules, at the EGM, THTF, the controlling Shareholder of the Company, and its associates are required to abstain from voting on the resolutions approving the 2022 Agreements, the transactions contemplated under the agreements and the related annual caps. Voting at the EGM will be conducted by poll.

A circular containing, among other things, (i) the information relating to the 2022 Agreements; (ii) the letter of advice from the Independent Board Committee to the Independent Shareholders in respect of the 2022 Agreements; (iii) the letter of advice from Somerley Capital Limited to the Independent Board Committee and the Independent Shareholders in respect of the 2022 Agreements; and (iv) the notice convening the EGM for the Shareholders to approve the transactions contemplated under the 2022 Agreements, and their respective proposed annual cap amounts, is expected to be despatched to the Shareholders on or before 6 February 2023 in accordance with the Listing Rules.

## **DEFINITIONS**

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

“2017 Business Arrangements Agreement”	the business arrangements agreement dated 1 November 2017 entered into between Technovator Beijing, Tongfang Energy Saving and THTF
“2017 Master Agreement”	the master agreement dated 1 November 2017 entered into between Technovator Beijing and THTF
“2017 Purchase Agreement”	the purchase agreement dated 1 November 2017 entered into between Technovator Beijing and THTF
“2017 Sales Agreement”	the sales agreement dated 1 November 2017 entered into between Technovator Beijing and THTF
“2019 Agreements”	collectively, the 2019 Purchase Agreement, the 2019 Sales Agreement, the 2019 Master Agreement and the 2019 Business Arrangements Agreement
“2019 Announcement and Circular”	the announcement of the Company dated 25 October 2019 and the circular of the Company dated 16 December 2019 in relation to, among others, the continuing connected transactions under the 2019 Agreements and the related annual caps
“2019 Business Arrangements Agreement”	the business arrangements agreement dated 24 October 2019 entered into between Technovator Beijing, Tongfang Energy Saving and THTF
“2019 Master Agreement”	the master agreement dated 24 October 2019 entered into between Technovator Beijing and THTF

“2019 Purchase Agreement”	the purchase agreement dated 24 October 2019 entered into between Technovator Beijing and THTF
“2019 Sales Agreement”	the sales agreement dated 24 October 2019 entered into between Technovator Beijing and THTF
“2022 Agreements”	collectively, the 2022 Purchase Agreement, the 2022 Sales Agreement, the 2022 Master Agreement and the 2022 Business Arrangements Agreement
“2022 Business Arrangements Agreement”	the business arrangements agreement dated 27 December 2022 entered into between Technovator Beijing, Tongfang Energy Saving and THTF
“2022 Master Agreement”	the master agreement dated 27 December 2022 entered into between Technovator Beijing and THTF
“2022 Purchase Agreement”	the purchase agreement dated 27 December 2022 entered into between Technovator Beijing and THTF
“2022 Sales Agreement”	the sales agreement dated 27 December 2022 entered into between Technovator Beijing and THTF
“Affiliate”	means any individual, partnership, corporation, trust or other entity that directly or indirectly controls, or is controlled by, or is under common control with, such individual, partnership, corporation, trust or other entity, where control means the direct or indirect ownership of 10% or more of the outstanding shares or other ownership interests having ordinary voting power to elect directors or the equivalent
“Annual Caps”	proposed annual caps for the continuing connected transactions contemplated under the 2022 Agreements
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business and Assets Purchase Agreements”	the acquisition agreement entered into by Technovator Beijing as buyer and THTF as seller on 28 July 2015 in respect of the acquisition of, among others, the Intelligent Rail Transit Business, the Intelligent Building Business and certain assets related to these businesses, and the acquisition agreement entered into by Tongfang Energy Saving as buyer and THTF as seller on 28 July 2015 in respect of the acquisition of, among others, the Intelligent Urban Heating Network Business and certain related assets

“Company”	Technovator International Limited, a limited liability company incorporated in Singapore on 25 May 2005 and the issued securities of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rule
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of, among other matters, considering and, if appropriate, approving the 2022 Agreements, the transactions contemplated under the agreements and their respective Annual Cap amounts
“Existing Trademark License Agreements”	four trademark license agreements all dated 28 May 2010 entered into between Technovator Beijing and Tongfang, as amended on 4 August 2011, the details of which are set out in the section headed “Continuing Connected Transactions – Exempted Continuing Connected Transactions – 1. License of trademarks by Tongfang to Technovator Beijing” in the prospectus of the Company dated 17 October 2011
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Board comprising all of the independent non-executive Directors, namely Mr. Fan Ren Da Anthony, Mr. Chia Yew Boon and Ms. Chen Hua, to advise the Independent Shareholders in respect of the 2022 Agreements
“Independent Financial Adviser”	Somerley Capital Limited, a corporation licensed by the Securities and Futures Commission of Hong Kong to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2022 Agreements
“Independent Shareholders”	has the meaning ascribed thereto under Chapter 13 of the Listing Rules

“Independent Third Party(ies)”	third party/ies and their ultimate beneficial owner(s) which is/are independent of the Company and their respective connected persons
“Intelligent Building Business”	business which provide building intelligence integrated solutions which center around the Building Automation (BA) that has been developed and debugged by THTF with the energy saving algorithm
“Intelligent Rail Transit Business”	business which provide intelligence integrated solutions for the main electro-mechanical systems such as Integrated Supervision and Control System (ISCS), Platform Screen Doors (PSD) and Building Automation System (BAS)
“Intelligent Rail Transit, Building and Urban Heating Network Businesses”	the Intelligent Rail Transit Business, the Intelligent Building Business and the Intelligent Urban Heating Network Business acquired from THTF under the Business and Assets Purchase Agreement
“Intelligent Urban Heating Network Business”	business which provide integrated solutions for heating plant and network including Supervisory Control And Data Acquisition (SCADA)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Nominee Projects”	the contracts or projects entered into between THTF and third parties in relation to the Intelligent Rail Transit, Building and Urban Heating Network Businesses acquired under the Business and Assets Purchase Agreements and new contracts or projects that have been entered into by THTF for the Intelligent Rail Transit, Building and Urban Heating Network Businesses on or after the completion date of the acquisitions on 31 October 2015 under the Business and Assets Purchase Agreements that THTF cannot directly transfer the relevant contracts’ legal rights and obligations to the Group
“PRC”	People’s Republic of China which, for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Resuccess”	Resuccess Investments Limited, an investment holding company incorporated in the British Virgin Islands on 30 March 2004 and a wholly-owned subsidiary of THTF
“RMB”	Renminbi, the lawful currency of the PRC

“Share(s)”	ordinary share(s) in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“Technovator Beijing”	同方泰德國際科技(北京)有限公司 (Tongfang Technovator International (Beijing) Co., Ltd*), a wholly foreign-owned enterprise established in the PRC on 7 August 2006 and a wholly-owned subsidiary of the Company
“THTF”	同方股份有限公司 (Tsinghua Tongfang Co., Ltd*), formerly known as 清華同方股份有限公司 (Tsinghua Tongfang Company Limited*), a joint stock limited company incorporated in the PRC, whose shares are listed and traded on the Shanghai Stock Exchange (上海證券交易所)
“Tongfang Energy Saving”	同方節能工程技術有限公司 (Tongfang Energy Saving Engineering Technology Co., Ltd.*), a wholly foreign-owned enterprise established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Tongfang Group”	THTF, its subsidiaries and their respective associates and Affiliates, from time to time, (excluding the Group)
“%”	per cent.

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

Beijing, 27 December 2022

*As at the date of this announcement, the executive directors of the Company are Mr. Zhao Xiaobo and Mr. Qin Xuzhong; the non-executive directors of the Company are Mr. Liang Wuquan, Mr. Zeng Xuejie and Mr. Zhang Jian; and the independent non-executive directors of the Company are Ms. Chen Hua, Mr. Chia Yew Boon and Mr. Fan Ren Da Anthony.*