Wasion Holdings Limited
威勝控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3393)

ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

FINANCIAL HIGHLIGHTS

- Turnover amounted to RMB1,923.93 million (Period 2018: RMB1,654.93 million), representing an increase of 16%.
- Revenue from Power AMI increased by 10% to RMB986.30 million as compared with Period 2018.
- Revenue from Communication and Fluid AMI increased by 16% to RMB584.94 million as compared with Period 2018.
- Revenue from ADO increased by 37% to RMB352.69 million as compared with Period 2018.
- Net profit for the period attributable to owners of the Company amounted to RMB170.29 million (Period 2018: RMB137.41 million).
- Basic earnings per share for the period amounted to RMB17.0 cents (Period 2018: RMB13.8 cents).
- The board of directors has declared an interim dividend of HK$0.06 (equivalent to RMB0.054) per share payable on 27 September 2019 to those shareholders whose names appear on the register of members of the Company on 19 September 2019.

The board of directors (the "Board") of Wasion Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (hereafter collectively referred to as the "Group") for the six months ended 30 June 2019, together with the unaudited comparative figures for the corresponding period in 2018 ("Period 2018"), as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2019

		Six months ended 30 June	
	Notes	**2019**	2018
		RMB'000	*RMB'000*
		(unaudited)	(unaudited)
Revenue	*3*	**1,923,930**	1,654,925
Cost of sales		**(1,342,659)**	(1,158,864)
Gross profit		**581,271**	496,061
Other income		**61,240**	50,441
Other gains and losses		**665**	827
Administrative expenses		**(84,923)**	(85,462)
Selling expenses		**(151,660)**	(143,497)
Research and development expenses		**(115,920)**	(104,391)
Impairment losses on financial assets		**(8,406)**	(2,520)
Finance costs		**(38,002)**	(24,308)
Share of results of a joint venture		**(4,000)**	—
Share of results of associates		**171**	(3,703)
Profit before taxation		**240,436**	183,448
Income tax expense	*4*	**(28,544)**	(12,646)
Profit for the period	*5*	**211,892**	170,802
Profit for the period attributable to			
— Owners of the Company		**170,294**	137,405
— Non-controlling interests		**41,598**	33,397
		211,892	170,802
Earnings per share			
Basic	*7*	**RMB17.0 cents**	RMB13.8 cents
Diluted		**RMB17.0 cents**	RMB13.8 cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit for the period	**211,892**	170,802
Other comprehensive income (expense)		
Item that will not be subsequently reclassified to profit or loss		
Fair value changes on equity instruments at fair value through other comprehensive income, net of related deferred taxation	**9,069**	(26,848)
Item that may be subsequently reclassified to profit or loss		
Exchange differences arising on translation of foreign operations	**(4,453)**	9,597
Other comprehensive income (expense) for the period	**4,616**	(17,251)
Total comprehensive income for the period	**216,508**	153,551
Total comprehensive income for the period attributable to		
— Owners of the Company	**174,910**	120,154
— Non-controlling interests	**41,598**	33,397
	216,508	153,551

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2019

	Notes	At 30 June 2019 RMB'000 (unaudited)	At 31 December 2018 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**1,273,328**	1,282,072
Right-of-use assets		**157,233**	—
Prepaid lease payments		**—**	148,460
Investment properties		**27,470**	28,160
Goodwill		**297,919**	297,919
Other intangible assets		**508,664**	472,948
Investment in associates		**9,321**	9,150
Investment in a joint venture		**—**	—
Equity instruments at fair value through other comprehensive income		**107,849**	125,889
Financial assets at fair value through profit or loss		**200,000**	200,000
Deferred tax assets		**18,056**	17,111
Other non-current assets		**130,540**	142,057
Loan receivables		**105,000**	105,000
Fixed bank deposit		**60,000**	—
		2,895,380	2,828,766
CURRENT ASSETS			
Inventories		**520,907**	495,522
Trade and other receivables and prepayments	*8A*	**3,958,129**	3,303,877
Contract assets	*8B*	**371,926**	263,358
Prepaid lease payments		**—**	3,541
Financial assets at fair value through profit or loss		**—**	30,888
Pledged bank deposits		**213,281**	280,981
Bank balances and cash		**1,466,739**	1,401,362
		6,530,982	5,779,529
CURRENT LIABILITIES			
Trade and other payables	*9*	**2,648,108**	2,271,847
Contract liabilities		**79,936**	102,259
Lease liabilities		**4,784**	—
Tax liabilities		**39,606**	55,026
Borrowings — due within one year		**1,484,588**	1,069,864
		4,257,022	3,498,996
NET CURRENT ASSETS		**2,273,960**	2,280,533
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,169,340**	5,109,299

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AT 30 JUNE 2019

	At 30 June 2019 *RMB'000* **(unaudited)**	At 31 December 2018 *RMB'000* (audited)
CAPITAL AND RESERVES		
Share capital	**9,947**	9,969
Reserves	**4,165,266**	4,176,691
Equity attributable to owners of the Company	**4,175,213**	4,186,660
Non-controlling interests	**594,870**	555,624
	4,770,083	4,742,284
NON-CURRENT LIABILITIES		
Borrowings — due after one year	**380,513**	348,303
Deferred tax liabilities	**17,623**	18,712
Lease liabilities	**1,121**	—
	399,257	367,015
	5,169,340	5,109,299

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

1. BASIS OF PREPARATION

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The directors consider the immediate and ultimate holding company to be Star Treasure Investments Holdings Limited, a limited liability company incorporated in the British Virgin Islands (the "BVI"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the interim report.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2018.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 Leases ("HKAS 17"), and the related interpretations.

2.1.1.Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of land and building that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 "Financial Instruments" ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

As a lessor

Allocation of consideration to components of a contract

Effective on 1 January 2019, the Group applies HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

2.1.2.Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets” as an alternative of impairment review;

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in the People’s Republic of China and Hong Kong was determined on a portfolio basis.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognised lease liabilities of HK$3,252,000 and right-of-use assets of HK$156,407,000 at 1 January 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee’s incremental borrowing rate applied is 4.43%.

	At 1 January 2019
	HK$’000
Operating lease commitments disclosed as at 31 December 2018	3,361
Lease liabilities discounted at relevant incremental borrowing rates as at 1 January 2019	3,252
Analysed as	
Current	3,011
Non-current	241
	3,252

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Notes	**Right-of use assets** *HK$'000*
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		3,252
Reclassified from prepaid lease payments	*(a)*	152,001
Adjustments on rental deposits at 1 January 2019	*(b)*	1,154
		156,407
By class:		
Leasehold land		152,001
Land and buildings		4,406
		156,407

(a) Upfront payments for leasehold land in the PRC were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to HK$3,541,000 and HK$148,460,000 respectively were reclassified to right-of-use assets.

(b) Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, HK$1,154,000 was adjusted to refundable rental deposits paid and right-of-use assets.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

(a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's condensed consolidated statement of financial position at 1 January 2019. However, effective on 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

(b) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. However, the discounting effect has had no material impact on the condensed consolidated financial statements of the Group at 1 January 2019.

(c) Effective on 1 January 2019, the Group has applied HKFRS 15 to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the condensed consolidated financial statements of the Group at 1 January 2019.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018	**Adjustments**	**Carrying amounts under HKFRS 16 at 1 January 2019**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Prepaid lease payments	148,460	(148,460)	—
Right-of-use assets	—	156,407	156,407
Current assets			
Prepaid lease payments	3,541	(3,541)	—
Other receivables			
— Rental deposits	1,154	(1,154)	—
Current liability			
Lease liabilities	—	(3,011)	(3,011)
Non-current liability			
Lease liabilities	—	(241)	(241)

Note: For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 June 2019, movements in working capital have been computed based on opening statement of financial position as at 1 January 2019 as disclosed above.

The effect of application of HKFRS 16 as a lessor for the Group on the condensed consolidated financial statements for the current interim period is insignificant.

3. REVENUE AND SEGMENT INFORMATION

Information reported to the Group's Chief Executive Officer, being the chief operating decision maker (the "CODM"), for the purposes of resources allocation and assessment of segment performance focuses on business lines of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 were as follows:

(a) Power advanced metering infrastructure segment, which engages in the development, manufacture and sale of smart power meters and provision of respective system solution;

(b) Communication and fluid advanced metering infrastructure segment, which engages in the development, manufacture and sale of communication terminals and water, gas and heat metering products and provision of respective system solution; and

(c) Advanced distribution operations segment, which engages in the manufacture and sale of smart power distribution devices and providing smart power distribution solution and energy efficiency solution.

The following is an analysis of the Group's revenue and results by reportable and operating segments:

For the six months ended 30 June 2019

	Power advanced metering infrastructure *RMB'000*	**Communication and fluid advanced metering infrastructure** *RMB'000*	**Advanced distribution operations** *RMB'000*	**Consolidated** *RMB'000*
Segment revenue	**986,302**	**584,938**	**352,690**	**1,923,930**
Timing of revenue recognition				
At a point of time	**986,302**	**584,938**	**352,690**	**1,923,930**
Segment profit	**118,163**	**121,061**	**45,152**	**284,376**
Unallocated income and gains/losses				**16,364**
Central administration costs				**(18,473)**
Finance costs				**(38,002)**
Share of results of an associate and a joint venture				**(3,829)**
Profit before taxation				**240,436**

For the six months ended 30 June 2018

	Power advanced metering infrastructure *RMB'000*	Communication and fluid advanced metering infrastructure *RMB'000*	Advanced distribution operations *RMB'000*	Consolidated *RMB'000*
Segment revenue	893,551	503,222	258,152	1,654,925
Timing of revenue recognition				
At a point of time	893,551	503,222	258,152	1,654,925
Segment profit	82,853	92,519	26,773	202,145
Unallocated income and gains/losses				27,287
Central administration costs				(17,973)
Finance costs				(24,308)
Share of results of associates				(3,703)
Profit before taxation				183,448

Segment profit represents the profit earned by each segment without allocation of certain items of other income and central administration costs, share of results of associates and a joint venture, directors' salaries, finance costs and taxation. This is the measure reported to the CODM, for the purposes of resources allocation and performance assessment.

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019 *RMB'000* **(unaudited)**	2018 *RMB'000* (unaudited)
PRC Enterprise Income Tax ("EIT")		
— current period	**38,416**	35,900
— overprovision in prior periods	**(5,379)**	(22,155)
	33,037	13,745
Deferred taxation		
— current period	**(4,493)**	(1,099)
	28,544	12,646

Notes:

(i) Hong Kong

No provision for Hong Kong Profits Tax has been made as the Group did not earn any income that was subject to Hong Kong Profits Tax during each of the six months ended 30 June 2018 and 2019.

(ii) The PRC

PRC EIT was calculated based on the statutory rate of 25% of the assessable profit for those subsidiaries established in the PRC, as determined in accordance with the relevant income tax rules and regulations in the PRC, except that certain PRC subsidiaries which are approved as enterprises that satisfied the condition as high technology development enterprises and obtained the Certificate of High New Technology Enterprise continue to enjoy the preferential tax rate of 15% for a consecutive three years ending 2019.

According to relevant laws and regulations promulgated by the State Administration of Tax of the PRC, certain of the subsidiaries established in the PRC engaging in research and development activities are entitled to claim additional 50% to 75% of their qualified research and development expenses so incurred as tax deductible expenses when determining their assessable profits for the year. The qualified PRC subsidiaries can enjoy the additional deduction of 75% of qualified research and development expenses for a consecutive three years from year 2018 to 2020.

(iii) Other jurisdictions

Taxation arising in other jurisdictions was calculated at the rates prevailing in the respective jurisdictions. Under the Decree Law No. 58/99/M, Chapter 2, Article 12, dated 18 October 1999, a Macao company incorporated under that Law ("58/99/M Company") is exempted from Macao Complementary Tax as long as the 58/99/M Company does not sell its products to a Macao resident company.

No deferred taxation has been provided in respect of the undistributed earnings of the Group's PRC subsidiaries arising on or after 1 January 2008 as the directors consider that such earnings will not be distributed in the foreseeable future.

5. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging (crediting) the following items:		
Amortisation of intangible assets (included in selling expenses, administrative expenses and research and development expenses)	**51,205**	47,756
Depreciation of investment properties	**690**	115
Depreciation of property, plant and equipment	**29,074**	30,768
Depreciation of right-of-use assets	**4,289**	—
Release of prepaid lease payments	**—**	1,894
Net exchange loss	**484**	2,217
Bank interest income	**(9,788)**	(8,861)
Interest income from loan receivables	**(9,842)**	(10,097)

6. DIVIDENDS

During the period, a cash dividend of HK$0.20, equivalent to RMB0.171, per share (six months ended 30 June 2018: HK$0.24, equivalent to RMB0.194, per share) was declared and paid to the shareholders as the final dividend for 2018 (six months ended 30 June 2018: final dividend for 2017). The aggregate amount of the final dividend declared and paid in the current interim period amounting to RMB168,536,000 (six months ended 30 June 2018: RMB202,548,000).

The directors has declared an interim dividend of HK$0.06, equivalent to RMB0.054 (six months ended 30 June 2018: nil), per share for the six months ended 30 June 2019 to shareholders whose names appear in Register of Members on 19 September 2019.

7. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**170,294**	137,405

	2019	2018
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,000,376,040**	997,753,719

The weighted average number of ordinary shares shown above has been arrived at after deducting the shares held by the trustee of the share award scheme of the Company.

The computation of diluted earnings per share for both periods does not assume the exercise of share options because the exercise prices of those options were higher than the average market price for the period.

8A. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

Due to the nature of business, the settlement terms of trade receivables are based on the achievement of certain milestones of each sales transaction. The Group generally allows credit periods ranging from 90 days to 365 days to its trade customers, except for certain customers, where the credit periods may be beyond 365 days.

The following is an analysis of the Group's trade and bills receivables, net of allowance for doubtful debts, presented based on the revenue recognition dates at the end of the reporting period:

	At 30 June 2019 *RMB'000* **(unaudited)**	At 31 December 2018 *RMB'000* (audited)
Trade and bills receivables		
0–90 days	**1,458,087**	1,219,657
91–180 days	**404,988**	382,137
181–365 days	**862,359**	508,310
Over 1 year	**658,952**	606,369
	3,384,386	2,716,473
Retentions held by trade customers *(note i)*	**121,382**	174,280
Deposits, prepayments and other receivables	**394,211**	344,124
Consideration receivable for disposal of unlisted equity instruments	**29,700**	—
Loan receivables *(note ii)*	**10,450**	51,000
Loan receivable from a joint venture/an associate *(note iii)*	**18,000**	18,000
	3,958,129	3,303,877

Notes:

(i) Upon the application of HKFRS 15, the retentions held by trade customers arising from the sales contracts entered into after 1 January 2018 are classified as contract assets. The amount of RMB121,382,000 (31 December 2018: RMB174,280,000) represents retentions held by trade customers arising from the sales contracts which were already completed as of 31 December 2017.

(ii) Upon the disposal of 85% equity interest in Hunan Jiale Property Development Co., Ltd ("Huanan Jiale") in 2017 to an independent third party, Hunan Jiale will repay a shareholder's loan of RMB138,869,000, with principal of RMB51,000,000 outstanding at 31 December 2018. In January 2019, principal of RMB40,550,000 has been settled. The remaining amount is expected to be repaid in one year.

(iii) The amount represents short-term loan to a joint venture (2018: an associate) which carry fixed interests at 4.71% per annum which is repayable within one year from the end of the reporting period.

8B. CONTRACT ASSETS

The contract assets primarily relate to the Group's right to consideration for goods delivered and not billed for the sales contracts entered after 1 January 2018 because the rights are conditional on the completion of the retention period. The contract assets are transferred to trade receivables when the rights become unconditional. This amount is expected to be realised after twelve months from the end of the reporting period.

9. TRADE AND OTHER PAYABLES

The following is an analysis of the Group's trade and bills payables by age, presented based on the invoice date at the end of the reporting period:

	At **30 June** **2019** ***RMB'000*** **(unaudited)**	At 31 December 2018 RMB'000 (audited)
Trade and bills payables		
0–90 days	**1,763,077**	1,761,118
91–180 days	**488,513**	224,373
181–365 days	**120,181**	115,260
Over 1 year	**135,947**	72,642
	2,507,718	2,173,393
Other payables	**140,390**	98,454
	2,648,108	2,271,847

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

Despite the global economic slowdown during the first half of 2019 ("the period under review"), China's gross domestic product (GDP) increased by 6.3% year on year ("YoY") at comparable prices to those of the previous corresponding period. With the implementation of a series of macroeconomic policies aimed at maintaining steady growth and expectations, as well as optimization and upgrading of the economic structure, we are moving steadfastly towards high-quality development.

With a relatively stable macroeconomic performance, the development of the service industry, new innovative technology and equipment manufacturing industries maintain at a fast-growing pace. Furthermore, extreme weather events like cold spells and heat waves drive the demand of renewable power energy market. The transformation and upgrading of urban and rural power networks also drive the increase of power consumption. During the period under review, electricity consumption reached 3.4 trillion KWH in China, representing an increase of 5% YoY.

Since the launch of a fresh round of rural power grid upgrades in 2016, it is estimated that the total investment in such improvements will reach RMB830 billion by the end of 2020. The National Energy Administration has stated that the renovation and upgrades due for completion this year at which the capacity and reliability of the rural area power supply will be vastly improved. Also, it will further facilitate the target of "same grid, same price" among the urban and rural areas early this year.

At the beginning of the year, State Grid Corporation of China ("State Grid") has launched the strategic goal "Three Types and Two Networks", which draws on large industry-demand of new technologies and innovative products, has bestowed new development opportunities to the power metering industry. State Grid has commenced research and development on a new generation of smart meters, whilst various provincial network companies have been actively examining and upgrading their equipment. China Southern Power Grid Company Limited ("Southern Grid") has been preparing for a new generation of smart meter specification and has issued the "Southern Grid Digital Transformation and Digital Construction Action Plan". This emphasizes on the construction of power grid management platform, customer service platform, measurement adjustment platform and enterprise operation control platform and also the construction of three basic platforms of Southern Grid's network, namely Cloud Platform, Digital Power Grid and the Internet of Things ("IoT"). During the period under review, power enterprises actively responded to the call and established effective monitoring systems, thus improving the electricity efficiency.

With its expertise in energy metering and energy saving, the Group's three major businesses have achieved satisfactory results. During the period under review, the Group recorded a total turnover of RMB1,923.93 million (first half of 2018: RMB1,654.93 million), representing an increase of 16% over the same period of 2018 and a net profit of RMB170.29 million (first half of 2018: RMB137.41 million), representing an increase of 24% as compared with the same period of 2018.

Business Review

Power Advanced Metering Infrastructure ("Power AMI")

To meet the demand created through the marketization of electricity transactions on Ubiquitous Electric Power IoT, a new national standard for smart power meter is going to be finalized. Power AMI business serves through a wide range of domestic and international power and non-power enterprises. During the period under review, the Group's Power AMI business performed well in State Grid, Southern Grid as well as local power companies (such as Inner Mongolia, Hunan, Shaanxi and other provinces).

During the period under review, the Group successfully won a RMB250 million contract under centralised tenders organised by State Grid, helping it to maintain its leadership position in the industry. At Southern Grid, the Group won tenders in five provinces and two cities by leveraging its advantages in brand, technology, market, quality, scale and management which successfully won RMB109 million worth of tenders from Southern Grid centralised framework projects. The Group's outstanding performance in the two largest traditional grid markets underscores its competitive advantage and market strength.

During the period under review, the Group recorded a turnover of RMB986.30 million (first half of 2018: RMB893.55 million) in its Power AMI business, representing an increase of 10% YoY, accounting for 51% of the Group's total revenue (first half of 2018: 54%).

Communication and Fluid Advanced Metering Infrastructure ("Communication and Fluid AMI")

After years of exploration, the Group has expanded its focus from purely the power industry to the water, gas, heat, communications and IoT industries, and further extended to other fields such as smart district, smart homes, smart fire control, while transforming "Electric Power IoT" and "City IoT" as its core business for Group's segments contribution.

During the period under review, the Group's Communication and Fluid Advanced Metering Infrastructure business achieved good results. Turnover reached RMB584.94 million (first half of 2018: RMB503.22 million), representing an increase of 16% compared with the same period last year, accounting for 31% of the total revenue of the Group (first half of 2018: 30%).

The Group successfully won RMB91.04 million worth of contracts for data collection terminal and concentrators within the centralised tenders organised by State Grid, maintaining its market leading position. While at the Southern Grid market, the Group won RMB53.73 million worth of contracts in centralised framework tender projects.

In April 2019, the Ministry of Housing and Urban-rural Development, together with the National Development and Reform Commission and the Ministry of Finance, conducted a survey to summarize the basic situation of old communities in need of urbanization. Up to the end of May, the number of old residential areas in cities and towns that needed upgrading had reached 170,000, thus increasing the demands for pipe network construction at water, electricity, gas and fiber optic equipment.

As the power industry long distance communications and local communications of data are facing a significant transformation stage, corresponding communication products will be developed to provide solutions for a wide range of IoT. For example, the medium voltage IoT realizes the development of distributed Data Transfer Unit ("DTU") core products for primary and secondary integration equipments. In terms of low voltage area, new intelligent switches and IoT communication devices are already being built, while a variety of new products are now running in several national and provincial pilot applications of IoT. At the total solutions area, the Group has built and supplied core supporting products for low-voltage intelligent switches, integrated the power IoT communication technology and achieved the seamless connection with intelligent transformer terminal products. The Group cooperated with Alibaba Cloud to co-develop the IoT gateway terminal based on LoRaWAN communication technology. This product has completed the prototype development phase and is currently undergoing full performance testing and verification. It is planned for commercial launch in phases after gaining certification in the second half of the year. In terms of overseas markets, the Group has rolled out its plans in markets like Bangladesh, Indonesia, South Africa and Tanzania.

In June 2019, an executive meeting of the State Council called for strengthening and improving supply of safe drinking water to underprivileged rural areas. To support rural water supply projects in the central and western regions of China, the Central government plans to increase subsidies by RMB6 billion for this year and next year. During the period under review, the contract and quantity of the Group's hydrothermal products have increased as compared with last year. The Group has been successfully listed among the water supply companies of Taiyuan, Lanzhou, Luzhou, Hengyang, Linfen and Chenzhou. The Group's Narrow Band Internet of Things ("NB-IoT") water meters and gas meters have obtained network access licenses from the Ministry of Industry and Information Technology. Our newly-launched modular split type water meters have laid a solid foundation for the development of new markets.

Advanced Distribution Operations ("ADO")

In January 2019, the National Development and Reform Commission and the National Energy Administration issued the "Notice on Further Promoting the Reform of the Incremental Distribution Business Reform". This document broadens the scope of incremental power distribution reform, clarifies the requirements for price verification and grid connection of incremental distribution networks, and further improves the policy system for incremental power distribution reform.

The Group's ADO business achieved satisfactory results in the period under review by recording a turnover of RMB352.69 million (first half of 2018: RMB258.15 million), representing an increase of 37% over 2018, accounting for 18% (first half of 2018: 16%) of total turnover.

Ubiquitous Electric Power IoT strives to provide the "last kilometer" service to customers, adding new requirements to smart power grids, and particularly promotes the smart process of low-voltage distribution. As a result, smart distribution terminals, digital 5G and NB-IoT solutions have derived. In addition, new technologies and standards brought by State Grid's energy Internet will penetrate into non-power grid fields, further accelerate the smart transformation of distribution power system for all types of end users, share the technology dividends of the Ubiquitous Electric Power IoT, whilst generating economic benefits.

Since 2017, the Group has followed a strategic plan to improve primary and secondary equipment integration, and participated in establishing an industry standard for smart area stations, and primary and secondary integration organized by the State Grid Transportation Inspection Department, as well as pilot project construction. The tender amount of primary and secondary integration products from power grids increased significantly. The Group also made further steps in energy efficiency and accomplished online connection and deployment of a smart fire control platform for the Changsha High-tech Zone. In the field of energy efficiency solutions, the Group completed project upgrades and deployments in universities, industrial zones, and commercial complexes, etc., in order to help the transformation from local area energy efficiency solutions linked up with the full system upgrade to an IoT cloud platform.

In non-power grid areas, the Group actively expanded the surrounding areas of Hunan, including Hubei, Anhui, Sichuan, Chongqing, Guangxi, etc., and focused on high-growth fields such as rail transit, data centers, electronic chip production and hospitals, and achieved positive results.

International markets

In recent years, the investment in overseas power markets from Chinese enterprises has increased rapidly. This has intensified overseas market competition. While the technology and scale of Power AMI construction of the Group has become relatively matured, the Group seized key opportunities in the overseas market and achieved a turnover of RMB199.57 million (first half of 2018: RMB177.68 million) in international markets during the period under review, representing an increase of 12% over the same period last year. The tremendous experience gained in the past has empowered the Group to realize an overall upgrade in sales and marketing strategies and establish a dominant position in the market. The Group showed good improvement in terms of products, services and sales capabilities while focusing on energy efficiency and communications.

In Bangladesh, the Group introduced a micro energy reserve system which allowed free switching between off-grid and on-grid connection, and is expected to bring positive outcomes in agricultural irrigation. The Group also undertook a smart power system construction project in Forest City, Malaysia, in which it provided an overall solution from systems and communications hardware supply to installation and full-system testing. This has laid a solid foundation on the Group's capabilities in integrated solutions and end-to-end project execution in overseas markets. The smart transformation of Power AMI products is expected to drive the Group's sales in Indonesia. In South Korea, the sales capabilities and business performance of the Group continued to improve. In Africa, the Group's business in power sector maintained a stable growth in Egypt and Tanzania, while in West Africa, the new generation of prepaid products is undergoing a key exploration stage. In Europe, the Group passed the recurring test for IDIS certification. In South America, the Group proactively sought acquisition opportunities to improve its competitive edge and create larger growth potential.

Research and Development ("R&D")

The rapid development of industry, the prescription of new power grid standards and the drive for Ubiquitous Electric Power IoT have become catalysts for R&D upgrades of smart meters, smart solutions and other smart products. During the period in review, the Group increased its investment in R&D through the recruitment of new talent and increased funding. A total of 76 patents and 40 software copyrights were registered during the year, resulting in 1,286 patents for new products and energy efficiency services and 1,062 software copyrights.

For Power AMI, the Group established a team to launch "Energy Internet Socket and System" and smart meters with "Load Identification and Leakage Monitoring" functions, and took an active involvement in the setting of technical standards for the new generation of smart meters with State Grid and Southern Grid. The Group conducted electricity load identification technology and received pilot orders from State Grid. In terms of power monitoring, the standard of the State Grid's smart low-voltage fault sensor was drafted and the Group has completed small batch production and product release of the smart low-voltage fault sensor product conforming to the standard.

For Communication and Fluid AMI, the Group successfully developed a new series of products including Smart Distribution Transformer Supervisory Terminal Unit ("TTU"), Branch Monitoring Terminal, Rear-end Sensing Terminal and platform topology identification, etc. These products have not only earned recognition from State Grid and Southern Grid, but also enhanced the strength of the Group in development of its own products in the construction and promotion of overall IoT solutions. For non-power grid markets, the Group successfully applied its cloud-based IoT mobile payment technology and NB-IoT communication to residential areas, universities, and shopping malls. The cloud platform has the advantages of ease of deployment, low cost and payment convenience.

In terms of ADO market, the Group developed key technologies in Ubiquitous Electric Power IoT, and full range of IoT solutions for low-voltage distribution; enhanced the engineering capabilities and key equipment development capabilities of smart energy, the primary and secondary integration with its smart equipment, smart power distribution and energy efficiency management solutions. The Group has cooperated with several provincial-level electric power science research institutes in Shaanxi, Guangxi and Hunan to carry out pilot projects on R&D of new technologies and new products. In the meantime, in accordance with the customized characteristics of power distribution equipment, the Group has constantly focused on smart manufacturing, improved the production management system, and developed smart software quality. Focusing on the future application scenarios of new energy sources, the Group has initially developed new energy forest monitoring system, new energy street lighting system and new energy landscape storage systems.

For overseas markets, the Group developed energy storage systems with independent intellectual property, and dual-loop power supply micro-continuous power supply system products. The Group launched smart prepaid products and successfully achieved platform upgrades and cost reductions. These products have been promoted in South Africa and Bangladesh. The Group accomplished R&D and tests of relevant products on NB-IoT, IoT, dual-module communication technologies and will soon complete the on-site trial installation, operations, and batch release. Under the development of the global industry supply chain, the Group will continue the research on the reliability and stability of its products, strengthen the onsite communication and interaction with local clients and continue to provide quality technical services to customers.

Financial Review

Revenue

During the period under review, revenue increased by 16% to RMB1,923.93 million (Period 2018: RMB1,654.93 million).

Gross Profit

The Group's gross profit increased by 17% to RMB581.27 million for the six months ended 30 June 2019 (Period 2018: RMB496.06 million). The overall gross profit margin is 30% in the first half of 2019 (Period 2018: 30%).

Other Income

The other income of the Group amounted to RMB61.24 million (Period 2018: RMB50.44 million) which was mainly comprised of interest income, government subsidy and refund of value-added tax.

Other gains and losses

Other gains for the six months ended 30 June, 2019 amounted to RMB0.67 million (Period 2018: RMB0.83 million) which comprised mainly investment gain net of foreign exchange loss.

Operating Expenses

In the first half of 2019, the Group's operating expenses amounted to RMB352.50 million (Period 2018: RMB333.35 million). Operating expenses accounted for 18% of the Group's revenue in the first half of 2019, representing a decrease of 2% as compared with 20% in the first half of 2018.

Finance Costs

For the six months ended 30 June 2019, the Group's finance costs amounted to RMB38.00 million (Period 2018: RMB24.31 million). The increase was attributable to the increase of bank borrowings and loan interest rate during the period.

Operating Profit

Earnings before finance costs and tax for the six months ended 30 June 2019 amounted to RMB278.44 million (Period 2018: RMB207.76 million), representing an increase of 34% as compared with the same period of last year.

Profit Attributable to Equity Shareholders of the Company

The profit attributable to equity shareholders of the Company for the six months ended 30 June 2019 increased by 24% to RMB170.29 million (Period 2018: RMB137.41 million) as compared with the corresponding period of last year.

Liquidity and Financial Resources

The Group's primary sources of working capital and long-term funding needs have been cash flows from operation and financing activities.

As at 30 June 2019, the Group's current assets amounted to approximately RMB6,530.98 million (31 December 2018: RMB5,779.53 million), with cash and cash equivalents totaling approximately RMB1,466.74 million (31 December 2018: RMB1,401.36 million).

As at 30 June 2019, the Group's total bank loans amounted to approximately RMB1,865.10 million (31 December 2018: RMB1,418.17 million), of which RMB1,484.59 million (31 December 2018: RMB1,069.87 million) will be due to repay within one year and the remaining RMB380.51 million (31 December 2018: RMB348.30 million) will be due after one year. In the first half of 2019, the interest rate for the Group's bank borrowings ranged from 3.25% to 6.64% per annum (31 December 2018: 3.50% to 6.64% per annum).

The gearing ratio (total borrowings divided by total assets) increased from 16% on 31 December 2018 to 20% on 30 June 2019.

Exchange Rate Risk

Most of the businesses of the Group are settled in Renminbi while businesses in foreign currencies are mainly settled in USD. The fluctuation of exchange rate of both currencies will have certain impact on the Group's business which are settled in foreign currencies. During the period, the Group did not enter into any foreign exchange forward contracts or other hedging instruments to hedge against fluctuations.

Charge on Assets

As at 30 June 2019, the pledge deposits are denominated in Renminbi and are pledged to banks as security for bills facilities granted to the Group. In addition, the Group's land and buildings are pledged to banks as security for bank loans to the Group.

Capital Commitments

As at 30 June 2019, the capital commitments in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial information amounted to RMB23.46 million (31 December 2018: RMB23.65 million).

Contingent Liabilities

As at 30 June 2019, the Group had no material contingent liabilities.

Prospects

Smart grid is the foundation of future development in the power industry. According to the full report of "State Grid on Smart Planning, 2009–2020" issued by State Grid, smart grid investment during the period amounted to RMB384.1 billion. "Ubiquitous Electric Power IoT" sanctioned by the two major grid companies in China brings new opportunities for Power AMI solutions.

The Group's Power AMI businesses will continue to focus on domestic and international power and non-power markets. We will continue to work on cost reduction of existing on-sale products while further perfect the Power AMI total solutions with massive operations. Meanwhile, the Group will target on energy measurement and energy efficiency management for residents, industrial parks, distributed optical storage and charging stations, and commercial complexes which helps to satisfy the trading of electricity and the electricity demand side management requirements through the development of smart meters, energy routers and distributed micro control systems. It is expected that these products will improve optimal management of integrated energy, interaction between power grids and users, and meet the requirements of power supply safety, efficiency and effectiveness.

With the upgrade and implementation of NB-IoT communication skills, the demand for total solutions in water, gas and heat segments will increase in large scale. The Group will focus on the development of NB-IoT water and gas meters and increase investments in old town transformation in order to seize readily available market opportunities.

With the emergence of Power IoT and digital power grids, long distance communication and local communications of data facing a significant transformation stage and industries are facing new challenges in terms of system upgrades and replacement. Therefore, equipping these sectors not only provides opportunities for new wide-ranging IoT solutions, but also can promote mutual development of other fields such as smart fire control, smart district and community construction.

Under the technology promotion of Internet plus, artificial intelligence and appearance of Ubiquitous Electric Power IoT, ADO is presented with an unprecedented development opportunity. Methods of combining new technologies and products with end users' in mind, strenuous exploration of clients' values and innovation in business models have become the key development directions of the Group. During the period under review, the Group's ADO business incorporated an internationalization strategy which strengthened its in-depth understanding of the market and tapped into the key markets with existing resources and brand influence in order to better prepare for the "going out" action. In terms of end users' power distribution markets, such as petroleum and petrochemicals, business centres, and communication industries, the Group will launch new products and after-sales services in a timely manner to meet the increasing expectation of customers for higher quality, thereby enhancing our brand value.

Facing ground-breaking technological innovation and intensifying market competition, the Group will spare no effort to invest in R&D and guide State Grid and Southern Grid to lift up the technical requirements in the formulation of the next generation smart metering technological standards in order to enhance its technological competencies.

Demands on electric products vary in different areas and markets. Based on careful market evaluation and analysis, the Group will use communication platform products and total solutions as its leading products. At the developed countries, the Group will cooperate with well-known international corporations to drive product sales. On the other hand, at the emerging markets, the Group will actively establish local engineering technological companies in order to obtain market leading position and seek market domination opportunity.

Looking to the second half of 2019, it is expected that domestic electricity consumption will grow rapidly, and the power consumption structure will continue to be optimized, which brings new opportunities for related enterprises. The consulting firm Accenture predicted that global renewable energy will provide half of total power generation by 2035. Facing the rapid development of power industry innovation, the vigorous promotion of the energy IoT and the increasingly complex demand on electricity, the Group will firmly uphold the principle of "Aggressive with Keen Determination and Achieving Growth through Innovation", adhere to the development of the three major business segments, and focus on the domestic and international markets. The Group aims to realize new achievements, seek new development, and unveil a new chapter by providing customers with state-of-the-art products and services.

OTHER INFORMATION

Proposed Spin-off and Separate Listing of Willfar Information Technology on the STAR Market of SSE

Pursuant to the announcement of the Company dated 4 April 2019, Shanghai Stock Exchange ("SSE") has accepted the listing application of Willfar Information Technology Company Limited ("Willfar Information Technology"), a 65% owned subsidiary of the Company, on the STAR Market. Pursuant to the announcement of the Company dated 27 May 2019, the Company has received the approval from the Stock Exchange with regard to the above spin-off in accordance with the requirements of Practice Note 15 to the Listing Rules. Up to the date of this interim results announcement, Willfar Information Technology is replying the review inquiries raised by SSE.

Employees and Remuneration Policies

As at 30 June 2019, the Group had 3,424 (31 December 2018: 3,640) staff. Employee remuneration is determined on performance, experience and prevailing market conditions, with compensation policies being reviewed on a regular basis. The Company has adopted a share option scheme to recognize and acknowledge the contributions made or will be made to the Group by the eligible participants. The Company has also adopted a share award plan in which the eligible employees will be entitled to participate. The purposes of the share award plan are to recognise the contributions by certain employees and to provide them with incentives in order to retain them for the continual operation and development of the Group and also to attract suitable personnel for further development of the Group.

Interim Dividend

The directors have declared an interim dividend of HK$0.06 (Period 2018: Nil) per share to shareholders of the Company whose names appear on the register of members on 19 September 2019. The interim dividend is expected to be paid on 27 September 2019.

Closure of Register of Members

For the purpose of determining shareholders who qualify for the interim dividend, the register of members will be closed on Wednesday, 18 September 2019 to Thursday, 19 September 2019, both days inclusive. In order to qualify for the interim dividend, all transfer documents should be lodged for registration with the Company's branch share registrar in Hong Kong, Link Market Services (Hong Kong) Pty Limited situated at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong not later than 4:30 p.m. on Tuesday, 17 September 2019.

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2019, the Company has repurchased its listed shares on the Stock Exchange and the details are as below:

Month of repurchase	Number of shares repurchased	Highest price per share	Lowest price per share	Total Consideration Paid
		HK$	*HK$*	*HK$*
January 2019	1,000,000	3.80	3.70	3,765,980
April 2019	1,400,000	4.10	3.95	5,621,000
May 2019	2,682,000	3.91	3.32	10,102,480
	5,082,000			19,489,460

Amongst 5,082,000 shares repurchased during the period, 1,000,000 shares were cancelled with the issued share capital of the Company reduced by the nominal value of these shares accordingly while the remaining 4,082,000 shares were not yet cancelled as at 30 June 2019.

Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company during the six months ended 30 June 2019.

Compliance with the Corporate Governance Code of the Listing Rules

During the six months ended 30 June 2019, save for Code Provision A.6.7, the Company has applied the principles of and has complied with all code provisions of the Corporate Governance Code as set forth in Appendix 14 of the Listing Rules.

Code Provision A.6.7 provides that independent non-executive directors and non-executive directors of the Company should attend general meetings of the Company. Mr. Huang Jing, Mr. Luan Wenpeng and Mr. Cheng Shi Jie, who are independent non-executive directors of the Company, failed to attend the annual general meeting of the Company held on 22 May 2019 due to conflicts with their schedules.

Save as disclosed above, there has been no deviation from the code provisions of the Corporate Governance Code as set forth in the Appendix 14 of the Listing Rules for the six month ended 30 June 2019.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made with all the directors and the directors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2019.

The Company has also established written guidelines on terms no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") is responsible for assisting the Board in safeguarding the Group's assets by providing an independent review of the effectiveness of the financial reporting process and the internal controls and risk management systems of the Group. It also performs other duties as assigned by the Board.

All the members of the Audit Committee are independent non-executive directors of the Company.

The interim results of the Group for the six months ended 30 June 2019 have been reviewed by the auditors of the Company, Deloitte Touche Tohmatsu, and the Audit Committee.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE AND THE COMPANY

The electronic version of this announcement will be published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.wasion.com. An interim report of the Company for the six months ended 30 June 2019 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

As at the date of this announcement, the directors are:

Executive Directors
Ji Wei
Cao Zhao Hui
Zeng Xin
Zheng Xiao Ping
Tian Zhongping

Non-executive Director
Kat Chit

Independent non-executive Directors
Hui Wing Kuen
Huang Jing
Luan Wenpeng
Cheng Shi Jie

By order of the Board
Wasion Holdings Limited
Ji Wei
Chairman

Hong Kong, 28 August 2019