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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 2023**

FINANCIAL HIGHLIGHTS

- Turnover amounted to RMB3,225.68 million (Period 2022: RMB2,552.74 million), representing an increase of 26%.
- Revenue from Power AMI increased by 22% to RMB1,133.61 million as compared with Period 2022.
- Revenue from Communication and Fluid AMI increased by 9% to RMB979.55 million as compared with Period 2022.
- Revenue from ADO increased by 53% to RMB1,112.52 million as compared with Period 2022.
- Net profit for the period attributable to owners of the Company increased by 49% to RMB213.82 million (Period 2022: RMB143.32 million).
- Basic earnings per share for the period amounted to RMB21.7 cents (Period 2022: RMB14.6 cents).
- The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (Period 2022: Nil).

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 2023, together with the unaudited comparative figures for the corresponding period in 2022 (“**Period 2022**”), as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	<i>Notes</i>	Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue	3	3,225,682	2,552,743
Cost of sales		(2,048,953)	(1,684,809)
Gross profit		1,176,729	867,934
Other income, gains and losses, net		41,658	87,820
Administrative expenses		(150,278)	(114,016)
Selling expenses		(291,634)	(230,472)
Research and development expenses		(304,627)	(247,330)
Impairment losses on financial assets and contract assets, net		(37,459)	(32,985)
Finance costs		(62,417)	(51,841)
Profit before tax	4	371,972	279,110
Income tax expense	5	(56,829)	(41,645)
PROFIT FOR THE PERIOD		<u>315,143</u>	<u>237,465</u>
Profit for the period attributable to			
— Owners of the parent		213,815	143,315
— Non-controlling interests		101,328	94,150
		<u>315,143</u>	<u>237,465</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	7	<u>RMB21.7 cents</u>	<u>RMB14.6 cents</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (CONTINUED)**
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
PROFIT FOR THE PERIOD	<u>315,143</u>	<u>237,465</u>
OTHER COMPREHENSIVE INCOME/(LOSS):		
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Change in fair value	(1,737)	(13,718)
Tax effect	<u>128</u>	<u>2,257</u>
	(1,609)	(11,461)
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	<u>20,658</u>	<u>(8,730)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	<u>19,049</u>	<u>(20,191)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>334,192</u>	<u>217,274</u>
Attributable to:		
Owners of the parent	232,864	123,124
Non-controlling interests	<u>101,328</u>	<u>94,150</u>
	<u>334,192</u>	<u>217,274</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2023

	<i>Notes</i>	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		1,840,254	1,615,569
Investment properties		13,102	14,370
Right-of-use assets		190,006	191,627
Goodwill		330,636	330,636
Other intangible assets		513,387	546,483
Investment in a joint venture		—	—
Investment in an associate		8,395	8,395
Equity investments designated at fair value through other comprehensive income		65,495	66,670
Financial assets at fair value through profit or loss		18,000	218,000
Loan receivables		85,000	85,000
Prepayments, other receivables and other assets		64,879	61,560
Deferred tax assets		102,133	91,464
		3,231,287	3,229,774
CURRENT ASSETS			
Inventories		1,025,040	1,080,835
Trade and bills receivables	8	4,858,449	4,395,215
Contract assets	9	465,141	552,693
Prepayments, other receivables and other assets		726,472	907,226
Financial assets at fair value through profit or loss		200,000	—
Structured deposits		342,000	70,000
Pledged deposits		466,259	762,384
Cash and bank balances		2,077,253	2,027,928
		10,160,614	9,796,281
CURRENT LIABILITIES			
Trade and bills payables	10	3,485,631	3,641,627
Other payables and accruals		374,137	408,992
Financial liabilities at fair value through profit or loss		83,384	37,940
Interest-bearing bank borrowings		2,475,440	1,714,799
Lease liabilities		7,888	9,291
Tax payable		97,835	100,053
		6,524,315	5,912,702
NET CURRENT ASSETS		3,636,299	3,883,579
TOTAL ASSETS LESS CURRENT LIABILITIES		6,867,586	7,113,353

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

AT 30 JUNE 2023

	30 June 2023	31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	507,974	946,843
Lease liabilities	4,992	4,535
Deferred tax liabilities	32,525	33,499
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Total non-current liabilities	545,491	984,877
	<hr/>	<hr/>
Net assets	6,322,095	6,128,476
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Equity attributable to owners of the parent		
Issued capital	9,906	9,906
Reserves	4,807,532	4,645,998
	<hr/>	<hr/>
	4,817,438	4,655,904
Non-controlling interests	1,504,657	1,472,572
	<hr/>	<hr/>
Total equity	6,322,095	6,128,476
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2023

1. GENERAL INFORMATION, BASIS OF PREPARATION AND ACCOUNTING POLICIES

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 registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and the Company’s principal place of business is located at Unit 2605, 26/F, West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong.

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022. They have been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income and financial assets and financial liabilities at fair value through profit or loss which have been measured at fair value. The interim financial information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) for the first time for the current period’s financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform — Pillar Two Model Rules</i>

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases that occurred on or after 1 January 2022, if any. The amendments did not have a significant impact on the Group's interim condensed consolidated financial information.
- (d) Amendments to HKAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. REVENUE AND OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- Power advanced metering infrastructure segment, which engages in the development, manufacture and sale of smart power meters and provision of respective system solution;
- 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
- Advanced distribution operations segment, which engages in the manufacture and sale of smart power distribution devices and provision of smart power distribution solution and energy efficiency solution.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, non-lease-related finance costs, dividend income, as well as unallocated corporate income, expenses, gains and losses are excluded from such measurement.

Six months ended 30 June 2023 (unaudited)

	Power advanced metering infrastructure RMB'000	Communication and fluid advanced metering infrastructure RMB'000	Advanced distribution operations RMB'000	Total RMB'000
Segment revenue:				
Sales to external customers	1,133,613	979,546	1,112,523	3,225,682
Intersegment sales	<u>10,652</u>	<u>29,071</u>	<u>—</u>	<u>39,723</u>
	1,144,265	1,008,617	1,112,523	3,265,405
<i>Reconciliation:</i>				
Elimination of intersegment sales				<u>(39,723)</u>
				<u><u>3,225,682</u></u>
Segment results	124,684	203,120	64,994	392,798
<i>Reconciliation:</i>				
Interest income				40,493
Finance costs (other than interest on lease liabilities)				(62,076)
Unallocated corporate gains and expenses, net				<u>757</u>
Profit before tax				<u><u>371,972</u></u>

3. REVENUE AND OPERATING SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2022 (unaudited)

	Power advanced metering infrastructure <i>RMB'000</i>	Communication and fluid advanced metering infrastructure <i>RMB'000</i>	Advanced distribution operations <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue:				
Sales to external customers	929,191	897,549	726,003	2,552,743
Intersegment sales	<u>19,427</u>	<u>45,803</u>	<u>—</u>	<u>65,230</u>
	948,618	943,352	726,003	2,617,973
<i>Reconciliation:</i>				
Elimination of intersegment sales				<u>(65,230)</u>
				<u>2,552,743</u>
Segment results	54,895	174,006	69,544	298,445
<i>Reconciliation:</i>				
Interest income				39,629
Finance costs (other than interest on lease liabilities)				(51,504)
Unallocated corporate gains and expenses, net				<u>(7,460)</u>
Profit before tax				<u>279,110</u>

3. REVENUE AND OPERATING SEGMENT INFORMATION (CONTINUED)

An analysis of revenue is as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
<i>Revenue from contracts with customers</i>	<u>3,225,682</u>	<u>2,552,743</u>

Revenue from contracts with customers

(i) Disaggregated revenue information

For the six months ended 30 June 2023 (unaudited)

Segments	Power advanced metering infrastructure RMB'000	Communication and fluid advanced metering infrastructure RMB'000	Advanced distribution operations RMB'000	Total RMB'000
Types of goods or services				
Smart power meters	1,133,613	—	—	1,133,613
Communication terminals, water, gas and heat metering products	—	979,546	—	979,546
Smart power distribution devices	—	—	1,026,351	1,026,351
System solution services	—	—	86,172	86,172
	<u>1,133,613</u>	<u>979,546</u>	<u>1,112,523</u>	<u>3,225,682</u>
Geographic markets				
PRC	491,773	862,882	1,099,165	2,453,820
America	480,814	—	8,011	488,825
Africa	90,585	24,813	1,697	117,095
Asia, except for PRC	53,386	91,851	3,650	148,887
Europe	17,055	—	—	17,055
	<u>1,133,613</u>	<u>979,546</u>	<u>1,112,523</u>	<u>3,225,682</u>
Total revenue from contracts with customers	<u>1,133,613</u>	<u>979,546</u>	<u>1,112,523</u>	<u>3,225,682</u>
Timing of revenue recognition				
Goods transferred at a point in time	1,133,613	979,546	1,026,351	3,139,510
Services rendered over time	—	—	86,172	86,172
	<u>1,133,613</u>	<u>979,546</u>	<u>1,112,523</u>	<u>3,225,682</u>

3. REVENUE AND OPERATING SEGMENT INFORMATION (CONTINUED)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

For the six months ended 30 June 2022 (unaudited)

Segments	Power advanced metering infrastructure RMB'000	Communication and fluid advanced metering infrastructure RMB'000	Advanced distribution operations RMB'000	Total RMB'000
Types of goods or services				
Smart power meters	929,191	—	—	929,191
Communication terminals, water, gas and heat metering products	—	895,028	—	895,028
Smart power distribution devices	—	—	721,097	721,097
System solution services	—	2,521	4,906	7,427
	<u>929,191</u>	<u>897,549</u>	<u>726,003</u>	<u>2,552,743</u>
Geographic markets				
PRC	537,168	774,589	726,003	2,037,760
America	280,180	—	—	280,180
Africa	44,417	85,881	—	130,298
Asia, except for PRC	43,828	37,079	—	80,907
Europe	23,598	—	—	23,598
	<u>929,191</u>	<u>897,549</u>	<u>726,003</u>	<u>2,552,743</u>
Total revenue from contracts with customers	<u>929,191</u>	<u>897,549</u>	<u>726,003</u>	<u>2,552,743</u>
Timing of revenue recognition				
Goods transferred at a point in time	929,191	895,028	721,097	2,545,316
Services rendered over time	—	2,521	4,906	7,427
	<u>929,191</u>	<u>897,549</u>	<u>726,003</u>	<u>2,552,743</u>

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cost of inventories sold	1,962,497	1,671,859
Cost of services rendered	62,368	2,796
Depreciation of property, plant and equipment	47,747	41,569
Depreciation of right-of-use assets	8,189	7,598
Depreciation of investment properties	1,268	529
Amortisation of other intangible assets*	7,577	3,198
Research and development costs:		
Research and development expenses	274,769	241,599
Less: capitalised development costs	(41,776)	(62,516)
	232,993	179,083
Amortisation of capitalised development costs	71,634	68,247
	304,627	247,330
Provision of impairment losses on financial assets and contract assets, net:		
Trade receivables	26,194	27,985
Other receivables	—	5,000
Contract assets	11,265	—
	37,459	32,985
Fair value losses, net:		
Derivative instruments — transactions not qualifying as hedges	46,027	21,250
Gain on disposal of items of property, plant and equipment	(588)	(575)
Write-down of inventories to net realisable value**	24,088	10,154
Foreign exchange gains, net	(8,079)	(15,093)

* Amortisation of other intangible assets (excluding capitalised development costs) for the period is included in “Selling expenses” and “Administrative expenses” in profit or loss.

** Included in “Cost of sales”.

5. INCOME TAX

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 the periods ended 30 June 2023 and 2022.

Tax on profits assessable in the People's Republic of China (“**PRC**”) has been calculated at the applicable PRC corporate income tax (“**CIT**”) rate of 25% (30 June 2022: 25%), 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 can continue to enjoy the preferential tax rate of 15% for a consecutive three years from years 2020 to 2023, years 2021 to 2024 or years 2022 to 2025.

In addition, according to relevant laws and regulations promulgated by the State Administration of Tax of the PRC, certain subsidiaries established in the PRC engaging in research and development activities are entitled to claim an additional 100% of their qualified research and development expenses as tax deductible expenses when determining their assessable profits for the period.

Macau Complementary Tax has been provided at the rate of 12% (30 June 2022: 12%) on the assessable profits arising in Macau during the period.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Current		
Charge for the period	69,455	52,067
(Overprovision)/under-provision in prior periods	(1,111)	230
	68,344	52,297
Deferred tax	(11,515)	(10,652)
Total tax charge for the period	56,829	41,645

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

6. DIVIDENDS

Six months ended 30 June	
2023	2022
RMB'000	RMB'000
(unaudited)	(unaudited)

Final declared and paid — HK23 cents (31 December 2022: HK20 cents) per ordinary share	<u>203,696</u>	<u>164,768</u>
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The directors of the Company do not recommend the payment of a dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

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

Six months ended 30 June	
2023	2022
RMB'000	RMB'000
(unaudited)	(unaudited)

Earnings

Profit attributable to owners of the parent, used in the basic earnings per share calculation	<u>213,815</u>	<u>143,315</u>
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Six months ended 30 June	
2023	2022
Number of shares	Number of shares
(unaudited)	(unaudited)

Shares

Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<u>986,246,497</u>	<u>984,985,675</u>
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Note:

The weighted average number of ordinary shares shown above has been arrived at after deducting a pool of shares maintained by a trustee.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2023 and 2022 because the exercise price of those share options was higher than the average market price of the Company's shares during the periods.

8. TRADE AND BILLS RECEIVABLES

	30 June 2023	31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Trade receivables	4,819,806	4,258,163
Bills receivable	335,671	407,886
	<hr/>	<hr/>
Less: Impairment loss on trade receivables	5,155,477	4,666,049
	(297,028)	(270,834)
	<hr/>	<hr/>
	<u>4,858,449</u>	<u>4,395,215</u>

Due to the nature of business, the settlement terms of trade receivables are based on the achievement of certain milestones of each sales transaction. There were no uniform credit terms granted to customers, but the Group allows credit periods ranging from 90 days to 365 days to its customers, except for certain customers, where the credit periods may be beyond 365 days.

Included in the Group's trade receivables are amounts due from the Group's joint venture of RMB64,547,000 (31 December 2022: RMB75,573,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the revenue recognition date and net of loss allowance, is as follows:

	30 June 2023	31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
0–90 days	1,931,185	1,805,130
91–180 days	918,476	1,015,106
181–365 days	1,247,314	827,117
1–2 years	456,893	456,416
Over 2 years	304,581	291,446
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	<u>4,858,449</u>	<u>4,395,215</u>

9. CONTRACT ASSETS

	30 June 2023	31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Contract assets	481,641	557,928
Less: Impairment loss on contract assets	(16,500)	(5,235)
	<u>465,141</u>	<u>552,693</u>

The contract assets primarily relate to the Group's right to consideration for goods delivered and not billed for the sales contracts 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. The balance will be settled in accordance with the terms of the respective contracts. The terms and conditions in relation to the release of retention vary from contract to contract, which is subject to practical completion, the expiry of the defect liability period or a pre-agreed time period.

As at 31 December 2022, included in the Group's contract assets are amounts due from the Group's joint venture of RMB8,112,000, which are repayable on credit terms similar to those offered to the major customers of the Group.

10. TRADE AND BILLS PAYABLES

	30 June 2023	31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Trade payables	2,120,328	2,192,822
Bills payable	1,365,303	1,448,805
	<u>3,485,631</u>	<u>3,641,627</u>

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2023	31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
0–90 days	2,151,766	1,954,308
91–180 days	891,590	1,072,247
181–365 days	326,672	484,563
Over 1 year	115,603	130,509
	<u>3,485,631</u>	<u>3,641,627</u>

The trade payables are non-interest-bearing and are normally settled within terms of 90 days. For some suppliers with long business relationship, a credit term of 181 to 365 days is granted.

Included in the Group's trade payables are amounts due to the Group's joint venture of RMB6,213,000 (31 December 2022: RMB6,780,000), which are repayable on credit terms similar to those offered by the major suppliers of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

Macro Environment

In the first half of 2023 (“**period under review**”), the global economy experienced interval fluctuations due to turmoil in the U.S. banking sector during the first quarter, global inflation, and the tightening of monetary policies worldwide. In the domestic market, it witnessed a continued economic upturn as China has resumed international trade activities with foreign countries following the pandemic as well as its social activities. According to preliminary accounting results released by the National Bureau of Statistics of China, GDP in the first half of the year was RMB59,303.4 billion, representing a 5.5% increase year-on-year (“**YoY**”) at constant prices. Notably, the new energy vehicle industry maintained a robust growth trajectory, registering a 35% YoY surge in vehicle production and an impressive 53.1% surge in electric vehicle charger production during the first half of the year. In the energy sector, clean energy investment saw a 40.5% YoY growth in the first half, with solar power investment soaring by 84.4% and wind power investment by 16%. Furthermore, the installed capacity of photovoltaic power increased by 7,842 kW, accounting for 56% of the new installed capacity of power sources. Photovoltaic power investment exceeded RMB130 billion, accounting for about 50% of the total investment in renewable energy. Overall, despite the intricate global economic landscape, the macroeconomic policies in China are manifesting tangible results and gradually unlocking market demand.

Review of the Power Grid Industry

During the period under review, China’s overall electricity consumption reached 4.308 trillion kWh, reflecting a 5% YoY increase. The China Southern Power Grid Company Limited (“**Southern Grid**”) reported that electricity consumption by Southern Grid in the first half of the year was 723.3 billion kWh across five provinces, marking a 5.4% YoY increase. Within this, electricity consumption by industries such as battery charging and swapping services, wind power generation equipment manufacturing, and photovoltaic equipment and components manufacturing surged by 69.6%, 47.1% and 45.7% respectively. In the same period, there was 22,000 km of grid infrastructure (of 110kV and above) of the State Grid Corporation of China (“**State Grid**”) commenced production, totalling 162 million kVA, achieving 58.2% of its annual plan, while 20,600 km of infrastructure commenced construction, totalling 153 million kVA, marking 52.1% completion of its annual plan. In terms of smart power meter tenders, State Grid invited tenders for the first batch of smart power meters in 2023, totalling 23.92 million units, decreased by 33% YoY. However, with 2023 being a peak year for meter replacement, forecasts from Sealand Securities projected that the tender invitations of this year would reach 82.17 million units, with a market size ranging between RMB20.5 billion to RMB21.0 billion.

Review of Major Policies for the Power Grid Industry

In June 2023, the State Grid officially launched its 100G high-capacity backbone optical transport network, providing high-reliability, low-latency, and high-bandwidth communication network to support the construction of new power systems. In the same month, the Power Demand Response and Load Flexibility Interaction All-Connected Conference was jointly hosted by State Grid and China Electric Power Research Institute, marking the official launch of the Load Interaction Platform.

In February, Southern Grid and Alibaba Cloud jointly released the “Maturity Report on New Technologies for Digital Grid Dispatching”, proposing a pioneering model for assessing the maturity of new technologies in digital grid dispatching. The report highlights the evolution of new dispatching technologies from “cloud” towards “cloud + AI” fusion. Further, in March, Southern Grid published the “White Paper on Power Data Application and Practice of Southern Grid,” outlining a distinct power data application framework featuring elements such as “Central Data Hub, Multi-dimensional Empowerment, Closed-loop Management, Domain-specific Application, and Comprehensive Services”. Subsequently, the “White Paper on Digital Grid Technologies and Equipment” was released by Southern Grid in June at the New Power Systems Development Forum of the International Digital Energy Expo 2023. The document underscores the digitalization of the existing power grid through new-generation digital technologies such as cloud computing, big data, Internet of Things (“IoT”), mobile Internet, and AI. Energy and data play pivotal roles in this transformation, with deep integration of power computing serving as the technical pathway. In July, Southern Grid released the “White Paper on Key Technologies for Large-scale Application of Vehicle-Grid Interaction”, representing China’s first technical specification document for orderly charging and vehicle-to-grid (“V2G”). Additionally, Southern Grid launched China’s first “power charging, storage, and discharging network” in Shenzhen, a platform aggregating power-related resources, namely power charging, storage, and discharging resources, to effectively enhance energy safety, including charging facilities, new-type energy storage, and distributed energy.

In March, the China Electricity Council published the “Electrochemical Energy Storage Power Station Industry Statistics 2022”. As of 31 December, 2022, 19 enterprise members of the National Electricity Safety Production Committee reported a total of 472 stations out of 772 electrochemical energy storage power stations with capacities of 500 kW/500 kWh and above were operational. The cumulative energy generation reached 14.05 GWh, representing an increase of 126.79% YoY.

Review of the Group’s Overall Performance

As an expert in managing energy metering and energy efficiency, the Group recorded a turnover of RMB3,225.68 million (first half of 2022: RMB2,552.74 million) in its three main business segments during the period under review, representing a 26% YoY increase; and a gross profit of RMB1,176.73 million (first half of 2022: RMB867.93 million), representing a 36% YoY increase. The Group’s overall gross profit margin was 36.45% (first half of 2022: 34%), representing a 2.45 percentage point YoY increase. Net profit attributable to the Company’s owners was RMB213.82 million (first half of 2022: RMB143.32 million), representing a 49% YoY increase.

Business Review

Power Advanced Metering Infrastructure (“Power AMI”)

Business Overview

Power AMI focuses on the research and development (“R&D”), production and sales of smart power meters. It also offers energy-efficient management solutions with a product range mainly comprising single-phase and three-phase power meters, and other smart metering devices. Power AMI primarily serves power grid and non-power grid customers, both domestically and overseas. These include State Grid, Southern Grid, Inner Mongolia Power Group, China Three Gorges Corporation, power generation groups and power plants, as well as more than 20 local power companies. Non-power grid customers range from telecommunication operators to large-scale public infrastructures, petroleum & petrochemicals, transportation, machine manufacturing, iron & steel metallurgical industries with high energy-consumption needs, and residential users.

Review of Business

During the period under review, the Group’s Power AMI business recorded a turnover of RMB1,133.61 million (first half of 2022: RMB929.19 million), representing a 22% YoY increase, accounting for 35% of the Group’s total turnover (first half of 2022: 36%). Gross profit margin was 45% (first half of 2022: 36%). The Group’s power grid and non-power grid customers accounted for 33% and 67% of turnover, respectively (first half of 2022: 30% and 70%).

Order Data in the Period under Review

During the period under review, the Group’s Power AMI business secured orders totalling approximately RMB701.70 million (first half of 2022: RMB1,116.74 million), representing a 37% YoY decrease. Of this total, bids from power-grid customers were worth approximately RMB470.20 million (first half of 2022: RMB943.03 million), representing a 50% YoY decrease. This was a result of the decline in tender invitations by domestic power-grid companies due to changes in market regulations. Bids from non-power grid customers were worth approximately RMB231.50 million (first half of 2022: RMB173.71 million), representing a 33% increase YoY, thanks to the rapid development of the new energy industry which stimulates the market demand for metering products. At the same time, the demand of energy management of high energy-consuming enterprises increased steadily, and the Group also achieved a breakthrough in the tendering market of telecommunication industry. During the period under review, the Group won contracts worth RMB207.82 million in centralized tenders organized by State Grid. The Group also won contracts worth RMB125.71 million in centralized tenders from Southern Grid, ranking the first in the industry. The Group’s share in the domestic power grid market remains among the best.

Review of Development of Power AMI Business and Relevant Policies

During the period under review, power grid companies remained the main revenue source for this business. The Group’s revenue from the centralized tenders by State Grid and Southern Grid decreased due to the change in the scale of tender invitations and the division of tender packages, however the

Group continues to maintain its industry leading position by gaining a total value of contracts of about RMB333 million. In addition, the Group's business with provincial power grid companies and local power companies continued to grow steadily, winning contracts worth more than RMB70 million. These successes mainly stem from the procurement of State Grid and Southern Grid in various provinces, as well as local power companies such as Inner Mongolia Power Group and Sichuan local power companies. Leveraging its strengths in comprehensive metering solutions, the Group also experienced consistent growth in industries including telecommunication, high energy-consuming industry, and large-scale properties.

In terms of government policies, in April, the National Energy Administration issued the "Guideline On Energy Work In 2023," which highlighted the rise of China's proportion of China's installed non-fossil fuel power generation capacity to around 51.9%. Wind power and photovoltaic power generation accounted for 15.3% of China's overall electricity consumption, supporting a steady promotion of electrical energy replacement in key areas. These guidelines also call for the drive towards green and low-carbon energy transformation, with a continuous focus on new energy and the "Dual Carbon" economy. Aligned with China's "Dual Carbon" goals, the proportion of non-fossil energy consumption is projected to reach about 25% by 2030 and exceed over 80% by 2060. These targets indicate that renewable energy will dominate China's electricity consumption in the future, gradually replacing traditional energy sources. Moreover, the guidelines also promote full coverage of green electricity certificate issuance, seamless integration with carbon trading, and an enhanced guarantee mechanism for renewable energy power consumption based on green electricity certificates. The transition to renewable electricity is poised to stimulate the market demand for gateway metering products, while carbon trading is anticipated to generate demand for carbon metering products. In February, the State Administration for Market Regulation and the Ministry of Industry and Information Technology jointly issued the "Guideline on Promoting the Improvement of Metering Capabilities of Enterprises." These guidelines emphasize the need for key energy-consuming and carbon-emitting enterprises to be equipped with appropriate and enhanced energy resources and carbon emission metering instruments. They further encourage enterprises to strengthen the construction of online energy consumption monitoring platforms and facilitate reviews of energy metering and demonstration activities such as energy resources metering services. The successive announcement of these government policies can effectively stimulate demand for metering products, bolstering the Group's product sales and overall business development.

Prospects for Power AMI Business

In the power grid market, the procurement needs of State Grid and Southern Grid will remain the main revenue sources for the Group's Power AMI business in the second half of the year. The procurement needs of these two power grid companies in the second half of the year are expected to remain steady compared to the corresponding period of the previous year, demonstrating a significant increase from the first half of this year. Moreover, the Group's well-received smart power equipment products are projected to attract increased demand from power grid companies, potentially leading to further contract wins from provincial power grid companies and local power companies. The ongoing reforms in spot electricity trading and the shift to renewable electricity will be harnessed as catalysts for business growth, and the market need for high-end products will further increase. The Group also seizes opportunities in providing engineering, procurement, and construction ("EPC") services, operation and maintenance services for power companies, and supplemental procurement of State Grid and Southern Grid, further diversifying its revenue streams.

In the non-power grid market, the Group's commitment to independent R&D of IoT-related products has won several successful bids in the communications industry. Tailoring its approach to the unique "hardware + system sales" characteristic of the non-power grid market, the Group is providing customers with complete solutions to meet the needs of different industries. This includes commercial complexes, schools, hospitals, logistics parks, high energy-consuming industries, and rail stations. The Group expects to achieve substantial business breakthroughs and growth in the non-power grid market during the second half of the year. In the traditional complete set manufacturing field, the Group will continuously increase its market share in the high-end meter market through advanced technology and high brand recognition.

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

Business Overview

The Group's Communication and Fluid AMI business, which specializes in energy and information flows, mainly focuses on digital power grids and smart cities. The Company is committed to developing energy digitalization technology and applications, providing integrated solutions of energy AIoT platform technologies and products, and helping traditional power systems to transform and develop with source, network, load, and storage all interacting to serve cities, parks, and enterprises. It delivers more efficient energy management to electricity, charging, water services, water conservation, gas, heat, fire protection, buildings, and other applications and promotes their digital upgrading, while systematically developing digital energy systems that can be sensed, observed, measured, and controlled. Through smart energy and data interconnectivity, the Group works with customers to use energy more efficiently and pioneers low-carbon urban development. The Group provides government, enterprises, and parks with data entry into the energy IoT and smart city IoT and consolidates the energy management base and urban security management of smart cities, enterprises, and parks. It also facilitates the digital transformation of government, enterprises, and parks to achieve "Carbon Neutrality" and realize their low-carbon and zero-carbon development goals. Driven by the "Dual Carbon" policy and virtual power plants, the Group is conducting comprehensive research on source-network-load-storage interactive technology and developing core devices.

The Group's Communication and Fluid AMI business, Willfar Information Technology Company Limited (stock code: 688100, a 58.59% shareholding subsidiary of the Group), is Hunan Province's first company to list on the STAR Market of the Shanghai Stock Exchange. It is also a constituent stock of the STAR Market New Generation Information Technology Index.

Review of Business

During the period under review, the Group's Communication and Fluid AMI business recorded a turnover of RMB979.55 million (first half of 2022: RMB897.55 million), representing a 9% YoY increase, and accounting for 30% of the Group's total turnover (first half of 2022: 35%). Gross profit margin was 41% (first half of 2022: 37%).

Order Data in the Period under Review

As of 30 June 2023, the value of signed contracts on hand for the Communication and Fluid AMI business reached RMB3,002 million, representing a 34% YoY increase, strongly underpinning the Group's future performance.

Review of Development of Communication and Fluid AMI Business and Relevant Policies

During the period under review, the National Development and Reform Commission issued its “Power Demand-Side Management Measures (Consultation Draft)” and “Power Load Management Measures (Consultation Draft)” in May, highlighting demand response as a pivotal approach in utilizing demand-side resources and facilitating source-load interaction in the construction of new power systems. In July, the Central Committee for Deepening Reform reviewed and passed the “Guiding Opinions on Deepening Power System Reform and Accelerating the Building of a New Power Industry”, which proposes deepening the power system reform and expediting the construction of new power systems that are clean and low-carbon, safe and adequate, economical and efficient, and flexible and intelligent with supply-demand synergy. These systems are envisioned to better promote change in energy production and consumption, underscoring the prevailing trend of power-energy integration. Furthermore, in March, the National Energy Administration introduced its “Several Opinions on Accelerating the Development of Digitalization and Intelligentization in Energy”, outlining core principles of “demand-driven approach, digital empowerment, synergetic efficiency, and integrated innovation”. These opinions emphasize the significance of undertaking systematic digitalization and intelligence pilot tasks across key application scenarios in demonstration projects. These scenarios include smart power plants, integration of new energy and storage with power grids, intelligent patrol inspection and disaster monitoring of power transmission lines, intelligent substations, self-healing distribution networks, intelligent micro-grids, intelligent regulation of distributed energy, virtual power plants, power-carbon data real-time monitoring, comprehensive energy services, the industry big data center, and creation of comprehensive service platforms. In June, the “Blue Book on the Development of New Power Systems” was published, which was jointly formulated by 11 research institutions under the coordination of the National Energy Administration. This publication contributes to shared understanding of new power systems within and beyond the industry, signifying the official transition of new power systems construction to a crucial phase of overall activation and accelerated advancement.

In view of the above, the Group continued to expand its presence within its leading sectors, intensified efforts in innovation and R&D, and consistently improved the business operating environment. Noteworthy developments include: (I) New-type power systems: The Group provides all-level integrated solutions for energy Internet, spanning from data sensing and communication networking to data management. Leveraging its fully-fledged industrial chain and technological advantages, the Group has introduced solutions for new management systems for power load, comprehensive management systems of advanced distribution, and management systems of new energy connected to grids. (II) Digital-intelligent cities: The Group actively supports the national “digital economy” policies by promoting the construction and intelligent management of new-type energy systems and offering solutions for comprehensive energy management systems, smart streetlamps, smart fire protection, smart parks, and smart water services. This approach empowers clients to enhance energy utilization efficiency.

The NB-IoT water meter has been selected into the key industrial new product recommendation list of Hunan Province. (III) Overseas markets: The Group has been actively participating in construction projects in countries and regions along the Belt and Road. Its overseas sales network has extended its footprint across markets in Asia, Africa, and South America. During the first half of the year, the Group strengthened collaborations with the Middle East, Bangladesh, the Asia Pacific region, and African nations. It signed a cooperation memorandum with the Ministry of Investment of Saudi Arabia, representing its full participation in smart energy and smart city construction and investment.

Prospects for Communication and Fluid AMI Business

The consistent rollout of policies governing power and energy demonstrates China's strong commitment to advancing new power systems and intelligent digitization within the energy sector. This commitment extends to enhancing the quality of basic public facilities. The "Report on the Work of the Government 2023" proposes an accelerated development of a new energy system and digital economy, the Industrial Internet, and digital and smart manufacturing. The Group anticipates that its Communication and Fluid AMI businesses will benefit from these policies. The Group will also address both energy consumption and supply sides simultaneously to establish a multi-energy source and multi-level energy IoT platform, capitalizing on the IoT's leading advantages including ubiquitous sensing, reliable communication, flexible information interaction, and intelligent control.

The "Blue Book on the Development of New Power Systems" further deepens the "Dual Carbon" strategic goals and proposes significant milestones and development pathways. The integration of "power energy + digital technologies" is anticipated to engender new forms of power and energy, new market operation mechanisms, and multi-tiered power network structures. The Group is committed to investing in innovative R&D of cutting-edge technologies, thereby enhancing its market competitiveness and facilitating the industry's digital transformation. Additionally, the international market remains a pivotal direction for the Group's development. The Group is also well-positioned to seize opportunities arising from Belt and Road Initiative's policies. With a specific focus on integrated energy management and smart city development, the Group aims to broaden the coverage of its overseas businesses and product varieties while elevating its products and services' quality.

Advanced Distribution Operations ("ADO")

Business Overview

In February 2023, Wasion Electric Limited, a subsidiary of the Group officially changed its name to Wasion Energy Technology Co., Ltd. In addition to continuous focus on advanced distribution products and solutions, the Group also accelerates the expansion of ADO business into new energy, energy storage, and green travel products and solutions in four areas, namely clean energy, smart grids, electric transportation and energy storage industrialization. Together, they form an integrated solution for energy sourcing, networking, loading and storage in different scenarios and sectors, providing advanced technologies, products and solutions to meet the "Peak Emissions" and "Carbon Neutrality" national goals. Customers primarily fall into three categories: power grids (including State Grid and Southern Grid), key industries (including data centers, electronic chips manufacturers and rail transport) and renewable energy and energy storage (including major power generation groups and other new energy investors).

Review of Business

The Group's ADO business recorded a turnover of RMB1,112.52 million (first half of 2022: RMB726.00 million) during the period under review, representing an increase of 53% YoY, and accounting for 35% of the Group's total turnover (first half of 2022: 29%). Gross profit margin was 24% (first half of 2022: 27%). The Group's power grid customers and non-power grid customers accounted for 29% and 71% of turnover, respectively (first half of 2022: 34% and 66%).

Order Data in the Period under Review

During the period under review, the Group's ADO business secured orders worth RMB1,698 million (first half of 2022: RMB1,270 million), representing a 34% YoY increase. Of these, contracts won from the power grid market had a combined value of RMB734 million (first half of 2022: RMB621 million), an 18% YoY increase. This upswing in orders was mainly due to: (I) the remarkable tender results in the inventory agreement from the State Grid headquarters and provincial power grid companies, showing a steady growth in volume, scope and product diversities of contracts won and the success of entering the emerging markets such as Sichuan, Fujian and Jilin provinces; (II) the Group achieved breakthroughs in the sales of new products, including box-type transformers and measurement switches.

Contracts won from power generation groups, industrial entities and commercial enterprises were worth more than RMB964 million (first half of 2022: RMB649 million), representing a 49% YoY increase. This growth was mainly attributable to multiple drivers: (I) The rapid growth of new energy and energy storage business, such as the Group's successful inclusion in the energy storage framework of Xinhua Water Resources Holding Group headquarters and its winning bid for the first source-network-load-storage integration project of State Power Investment Corporation Limited ("SPIC") in Hunan Province during the period under review. The Group also expanded the business scope and scale with key customers such as China Power, CHN Energy and SPIC. (II) The robust sales performance in the industrial and commercial energy storage business in key markets such as Zhejiang, Hunan and Guangdong provinces and select overseas markets.

Review of Development of ADO Business and Relevant Policies

During the period under review, the strategic transformation of State Grid's power IoT and Southern Grid's digital power grid business further deepened. To meet the increasing distribution demand from new power systems, the Group continued to launch intelligent power distribution products for primary, secondary, and integrated primary and secondary distribution, as well as intelligent power distribution solutions. The Group witnessed steady growth in terms of the number of winning bids, scope, and product variety. Presently, the proportion of contracts from the power-grid primary market continues to increase, the business structure continues to improve, and the Group is actively developing high-margin business models such as provincial management and e-commerce. The Group will also continuously deepen its efforts to engage in key industries, with customers from the data center industry becoming more diverse. Chindata Group stands as a newly developed head customer, engaging the Group for a range of products and services. The period under review saw the Group initiated cooperation with Global Data Solutions in overseas markets, actively participating in overseas project bids. The Group won the bid for the Malaysian market project, officially starting its global expansion. Additionally, the Group's

cooperation with telecom operators expanded from China Mobile to China Telecom, securing orders worth more than RMB100 million through national and provincial centralized procurement projects across multiple provinces. This indicates outstanding market development results.

During the period under review, the “Blue Book on the Development of New Power Systems” proposes a technology roadmap and a “three-step” development pathway for constructing new power systems. It underscores four key characteristics, namely safety and efficiency, cleanness and low carbon, flexibility, and intelligence and integration, and that the primary task of this development is to construct a connection and consumption system with a high proportion of new energy. The “Guideline On Energy Work In 2023” reiterates China’s commitment to vigorously developing wind and solar power, accelerating construction of intelligent and active distribution networks, enhancing the flexibility for taking in new energy and the bearing capacity of multiple loads. Furthermore, increasing the electricity utilization level across production and household energy consumption and focusing on driving clean and low-carbon transformation within industries such as the industrial sector, buildings, and transportation. The year 2023 is projected to witness growth in the installed energy storage capacity on the user side of the industrial and commercial sectors in China. In January this year, the General Office of the National Development and Reform Commission issued its “Notice on Further Improving the Purchase of Electricity with Power Grid Enterprises Acting as Purchasing Agents”, which encourages and supports for the direct participation of industrial and commercial users with 10 kV and above in the electricity market, gradually narrowing the scope of users relying on agent purchase. When industrial and commercial users who have signed medium- to long-term power purchase agreements fully participate in the market, the price difference between peak and valley periods on the user side is expected to further expand, benefitting the installed energy storage capacity for industrial and commercial users. As peak-valley price discrepancies increase across various regions and the price of upstream raw materials for energy storage power stations declines, the construction of user-side energy storage power stations could gain momentum. During the period under review, the Group has focused on expanding the industrial and commercial energy storage business. It has successfully sold products in provinces such as Zhejiang, Hunan, and Guangdong, as well as in international markets including Brazil, Australia, and Hungary. The industrial and commercial energy storage and source-network-load-storage integration business is rapidly emerging as a focal point for business development.

Prospects for ADO Business

In the second half of the year, the Group’s focus within the power grid market, will center on State Grid’s and Southern Grid’s centralized procurement, agreement inventory/annual framework bidding, and procurement for provincial power grid companies. The objective is to attain full market and product coverage. The Group’s focus will be on refining primary and secondary integration products, securing a leading position in contracts won from Southern Grid. Efforts will extend to optimizing the business layout and channel screening standards within State Grid’s centralized procurement projects to improve the bid-winning success rate. Following the trend of digital and intelligent energy, the Group will deepen its commitment in product R&D and improving product usability and maintenance technologies. By connecting massive distributed energy resources to the grid, the Group is also developing core products for low-voltage distribution networks, aiming to create two or hot-sale products. Within key industries, the Group will provide more comprehensive products and services, improve cost advantages, and upgrade from conventional distribution devices to digital power distribution and integrated

energy-efficiency solutions. In terms of business cooperation, the Group aims to establish an industry cooperation ecosystem, introduce innovative cooperation mechanisms, improve project operation quality, and augment market share within key industries.

The energy storage and new energy market will emerge as a vital sphere of growth in the second half of the year and beyond. The Group will actively pursue industry development opportunities with regular assessment and adaptation in response to evolving market rules and development trends. Driven by the accelerated penetration in the new energy users market which mainly dominated by distributed photovoltaic systems, the continuous maturity of energy storage products and technology, and the cost reduction, the demand for industrial and commercial energy storage on the user side and the energy source-network-load-storage integration system, photovoltaic-storage integration system, and photovoltaic-storage-charging integration system within parks and industrial enterprises will surge. This favorable environment sets the stage for the Group's active promotion of a "hardware + software", "product + engineering" development model, along with multi-business integration and diversified sales channels. With the strong development momentum of the industry, the Group's overseas new energy business, especially the energy storage business, achieved commendable breakthroughs in the first half of the year, and the Group will channel its efforts into delivering optimized products and further optimizing operations in the second half of the year to consolidate its foundation for future substantial growth.

International Markets

Global Smart Power Meter Information

Research and Markets' data reveals that the global smart power meter market will increase from 134.26 million units in 2023 to 186.82 million units in 2028 with compound annual growth of 6.83%. The U.S. Energy Information Administration predicts that a more than double increase in global electricity generation over the next 30 years, potentially reaching 14.7 MW by 2050. The forecasts indicate that the Asia-Pacific will account for the majority of the global smart power meter market. Countries are proactively venturing into the Asian market to prevent monopolies and ensure sufficient supply of smart power meters. As urbanization and smart home technology adoption continues to rise globally, the increasing demand for precise energy control among residents to mitigate resource wastage is expected to fuel the development and sales of smart power meters.

Review of Business

During the period under review, overseas business turnover was RMB771.86 million (first half of 2022: RMB514.98 million), representing a 50% YoY increase.

Order Data in the Period under Review

During the period under review, the Group secured approximately RMB1,138 million worth of overseas orders, representing an increase of 29% YoY.

Market Developments in Each Country

In Asian markets, as among Bangladesh's three main suppliers, the Group continued to engage in intelligent system integration, pilot and delivery projects of intelligent transformation for the country's four major power distribution companies. In Indonesia, the Group remains as a leading supplier of meters in the industrial, commercial, and residential markets, and continues to have large-scale project deliveries completing in the pipeline. The Group also secured orders exceeding USD10 million from the Indonesia Representative Office of China Electric Power Equipment and Technology Co., Ltd. As one of Malaysia's main suppliers, the Group continued working with Tenaga Nasional Berhad ("TNB") to deliver projects and steadily expand its market share. In Southeast Asian countries such as Singapore, Vietnam, and the Philippines, the Group successively won numerous smart meter contracts from important partners, actively developed new market and expanded its business scope, completed key market certification procedures, and participated in important tenders as major suppliers. The Group's ventures in the Middle East, particularly Saudi Arabia, have resulted in significant strategic cooperation during the period under review and made positive progress in technology promotion and product certification in the region.

In Africa, the Group's Tanzanian factories, with improved efficiency and quality, continuously secure procurement orders from power companies. Completed deliveries of power meters worth more than RMB100 million during the period under review and was added to the list of qualified local suppliers for smart meters. Beyond Tanzania, the Group has also worked hard to expand into other East African markets, expanding its business scope. As among Egypt's main suppliers of power metering, the Group continued to deliver products while acquiring customer recognition for its intelligent transformation pilot projects, laying a foundation for accelerating future development in this market. Turning to West Africa, the Group maintained stable delivery of products in its key target market Côte d'Ivoire, where it is one of the three main suppliers, and has significantly increased its market share. Additionally, the Group has steadily secured power meter orders in major adjoining markets such as Morocco, Ghana and Cameroon where it has expanded into new product sectors such as water meters. The Group is relentlessly penetrating the South African market, securing its first bulk order for smart meters and conducting product promotion and increasing its market share in the future. The Group has also participated in important bidding as one of the smart meter suppliers during the period under review.

In South America, the Group's Brazilian subsidiary continued strengthening its productive, operational and delivery capabilities during the period under review, and is well prepared for further expansion of its market share in Brazil, hoping to achieve a market breakthrough in new energy products. During the period under review, products delivered in the Brazilian market were worth more than RMB120 million. In Ecuador, another key market in South America, the Group delivered power meters worth more than RMB15 million. In Colombia, the Group continued to promote its AMI products and technologies and carry out pilot projects. In Chile, Peru, Argentina and other South American countries, the Group were actively developing local markets and seeking cooperation opportunities. In North America, the Group's Mexican subsidiary has completed the capacity expansion of its plant which is now put into operation, further enhancing its output and delivery capabilities. During the period under review, the Mexican subsidiary delivered power meters worth more than RMB450 million and commenced the delivery of energy storage products and expansion of business coverage systematically.

In Europe, the Group maintained its partnerships with Siemens in the Austrian market and delivered power meters worth more than RMB20 million. The Group also completed the registration of its European subsidiary and will actively explore new market opportunities in the future.

Future Development of International Markets

The Group will focus on stabilizing its market share in key markets and pursue a strategy of building factories with local subsidiaries, enhancing its on-the-ground capabilities and infrastructure to access adjacent markets. To better understand customer needs in existing markets and improve product quality and service levels, the Group will actively explore new markets.

In Southeast Asia, the Group still focuses on Indonesia as a base from where it can develop new markets, including Malaysia, Singapore, Vietnam, Thailand and the Philippines, while Bangladesh as another base for expanding to Pakistan and India. In the Middle East, with Saudi Arabia as its hub, the Group aims to steadily penetrate markets in the UAE, Kuwait, Iraq, Oman, and Yemen.

Tanzania will continue to be the Group's East Africa base from where it can access Uganda, Kenya, Mozambique, and other neighboring countries. From its base in Egypt, the Group has steadily expanded its business into neighboring North African countries. In West Africa, the Group will focus on Côte d'Ivoire, Guinea, Nigeria, and Ghana, gradually expanding into neighboring countries such as Benin, Niger, Mali, Mauritania, and Sierra Leone. In Southern Africa, with South Africa as its hub, the Group aims to expand into Botswana and other neighboring markets. The Group will continue to closely follow the technological development of the DLMS/COSEM protocol and develop smart prepaid power meters that meet the requirements of the STS protocol and DLMS protocol, taking into account the market demand for STS-based prepaid meters and AMI intelligent system integration.

In South America, the Group's Brazilian subsidiary will continue to consolidate and further expand its operations to serve the local market while actively developing the neighboring markets of Ecuador, Colombia, Chile, Peru, Argentina, and other countries. According to the market demand, the Group will develop low-cost simple power meters, with self-developed data reading software to be compatible with metering products of different brands in the local market, to enhance the market competitiveness of the Group. In North America, the products of the Group's Mexican subsidiary have entered the stage of stable mass production and will be optimized and upgraded according to the local market demand, maintaining stable operation while enhancing production capacity.

In Europe, the Group will utilize its European subsidiary for laying its regional footprint. In addition to stabilizing the existing market, the Group will actively expand into new markets and provide smart metering products to meet the European market needs, laying a solid foundation for the business development of its European subsidiary.

Research and Development (“R&D”)

To drive innovation, the Group invests substantially in R&D, cooperating with the national “Dual Carbon” development policy, and harnessing new technologies to construct digital power grids, digital smart cities and new energy businesses. While focusing on customer needs, the Group also champions

new technologies. During the period under review, the Group was granted 144 patents and authored 43 software copyrights, boosting the total number of valid patents to 1,917 and software copyrights to 1,650.

Power AMI Business

During the period under review, the Group participated in the key technology and application project for Southern Grid’s “Fuxi” — China’s self-developed power-dedicated chip that won the Grand Prize of Southern Grid Science and Technology Progress Award and the First Prize for Power Technology Innovation. This project also spearheaded the mass commercial production of China’s first main control chip based on domestic instruction set architecture and domestic core architecture for power metering devices. During the period under review, the “Key Technologies for Reliable Operation and Cooperative Optimization of Complex Electrical Systems”, a project in which the Group participated, received the Gold Medal at the 48th International Exhibition of Inventions Geneva. The Group conducted research and development for domestically produced gateway power meters (Class E), carrying out technical research on the domestically produced high-precision Analog Digital Convert (ADC) chips, algorithms for new energy applications, and device reliability. Through continuous optimization and iterations, domestic gateway power meters have surpassed international standards, fully achieving domestic substitution. To address the needs of high-energy consumption enterprises and manufacturing companies, the Group has launched a new management solution for production energy consumption. This solution effectively manages energy consumption during the production process, including classification, itemization, and zonal metering and monitoring of energy usages in factories, as well as product carbon footprint management, intelligent analysis and diagnosis of energy usages, and production environment monitoring. Based on their production process and actual energy consumption, the Group has assisted clients in energy-saving potential analysis and impact assessment to support high-energy consumption enterprises in achieving “Dual Carbon” energy saving and emission reduction goals. This method has already been applied in the cement and steel industries.

Communication and Fluid AMI Business

During the period under review, the Group achieved breakthroughs in the development of smart cloud platform technologies. Regarding the communication gateway in the network layer, the Group developed a new intelligent communication gateway with the following technologies as the core: an embedded software real-time operating system, edge computing and intelligent monitoring technologies, substation topology recognition technologies, technologies of fault analysis and troubleshooting through big data, and comprehensive energy management terminal design technologies. In the field of new power systems, the Group carried out the electricity information collection management business and the advanced power distribution comprehensive management business. The “Project of Constructing Smart Manufacturing Workshops for Industrial Internet-Based IoT Products” was included into the “Key Projects of the 2023 Digital Hunan Construction Plan for Ten Application Scenarios”. The WTZ30 dual-mode communication chip developed by the Group is a dedicated SoC communication chip that meets the requirements of the power grid IoT business. Complying with State Grid’s dual-mode communication series protocol, the WTZ30 chip can be widely used in different fields of smart cities. The Group’s virtual power plant solution, powered by the world-leading intelligent metering technology in the perception layer, can obtain operation information of distributed “source-network-load-storage”, thus realizing the transition from “source following load” to “source-load interaction”. In addition, the Group

participated in the R&D of the “Key Technologies and Applications for New-Generation Electricity Information Collection System” which can achieve perception from automatic meter reading to energy interconnection. The Group’s self-developed “Power Edge Monitoring Platform Based on Cloud-Edge Collaboration” is a lightweight platform that supports efficient coordinated processing between cloud-edge collaboration, edge-edge collaboration, and edge-side multitasking. The platform employs blockchain technologies to put key data of power grids on the chain. This technology has reached the leading level in China. In addition, the Group once again secured the ML5 certification, the highest level in the international software maturity model CMMI, which provides technical assurance for the Group’s expansion into overseas markets.

During the period under review, the Group continued to advance the development of the industries including digital power grids, communication and chips, and smart cities. It further explored the potential of advanced power distribution and intelligent energy business, and established presence in new areas such as virtual power plants and new energy storage. While actively building a comprehensive ecology spanning from digital power grids to overall solutions of Energy Internet in smart cities, the Group strived to develop digital energy systems that can be sensed, observed, measured, and controlled.

ADO Business

The Group continuously innovates its products and technologies. For medium-voltage power distribution, the Group developed a new generation of primary and secondary integrated environmentally-friendly gas-insulated ring network cabinets and normal-pressure sealed ring network cabinets, as well as miniature smart box-type transformer, integrated intelligent sensor, edge computing, data analysis and other technologies. In terms of overhead line of medium-voltage distribution network, the Group developed integrated pole-mounted circuit breakers, with low power, high precision, miniaturization, and other characteristics, and conducted in-depth research on single-phase grounding and traveling wave ranging technologies. For low-voltage power distribution, the Group provides digital distribution zone solutions with intelligent measurement terminal (integrated terminal) + HPLC/RF dual-mode communication + low-voltage intelligent switch/intelligent sensor as the core. They can monitor and manage a variety of primary and secondary equipment such as power meters, charging piles, distributed photovoltaic inverters, and energy routers in real time, test power quality and effectively solve problems such as new energy grid connection and island operation. In the digital power distribution sector, to meet the needs of power grid customers in their tender invitation, the Group provides product solution with integrated holographic-sensing application for power grids offering one-button sequential control, intelligent five-prevention and double-confirmation of circuit breaker positions. The Group has integrated intelligent low-voltage cabinets and digital information collection platforms, representing complete solutions for the intelligent power distribution industry. In the industrial sector, the Group took important measures towards high-quality operation, including development of low-power universal multifunctional frequency converters, production of 5.5/3.7/2.2/1.5/0.75 kW frequency converters, and in-depth research on VF algorithm, SVC algorithm, and FVC algorithm.

In the field of new energy, the Group focuses on overseas markets for new energy grid connections and puts emphasis on power conversion and control technologies and has independently developed 3-15 kW photovoltaic-storage integrated machines, as well as core devices including photovoltaic-storage inverters and battery management systems (“**BMS**”). Smart new energy is the current development focus

of the Group. In the domestic market, the Group is actively developing source-network-load-storage integration solutions and relevant new energy and energy storage products. In the overseas market, the Group provides application solutions for wind-photovoltaic-diesel-storage power supply microgrids for industrial, commercial, and residential use. The Group is committed to consolidating the overall design and project delivery capabilities in the field of new energy, focusing on the introduction of photovoltaic-storage solutions to achieve low-carbon energy use in parks and enterprises. For its energy storage business, the Group developed a series of products and key components for multi-scenario applications. These embrace technologies such as energy storage battery PACKs, battery energy storage cabins, BMS, power conversion systems (“PCS”), and energy management systems (“EMS”). Battery energy storage cabins cover 1000 volts, 1500 volts, air cooling, and liquid cooling, which have been applied in many projects at home and abroad. The Group independently developed a source-network-load-storage integration EMS to achieve flexible and reliable power control and coordination in various application scenarios including on-grid energy storage, off-grid energy storage, on-grid and off-grid energy storage, and on-grid and off-grid photovoltaic-storage integration, fully realizing the layout of a full series of local EMS control systems, EMS cloud platforms, and mobile EMS.

For intelligent charging and battery swapping, the Group has launched products with independent intellectual property, including charging and battery swapping cabinets, charging and battery swapping power supplies, cabinet control systems, and intelligent management platforms. The Group hopes to create standardized charging and battery swapping products to achieve cost reduction and efficiency increase. The Group will start from Kenya to fully promote the Wephon brand charging and battery swapping products to overseas markets, and give priority to the Wephon brand products for power grids, the Internet and other markets. It will strive to meet the requirements of the application scenarios of battery swap solutions for takeaway and express delivery markets, shared delivery personnel and residential users while maintaining the advantage of sustainable iteration of innovative technologies. In addition, the Group will accelerate the R&D of core charging and battery swapping devices and strive to create smart power supply products from scratch within the year. The Group aims to enrich its product offering of 5G integrated power supplies, portable power supplies, and charging-storage integration products, to maintain its leadership position in the intelligent charging and battery swapping ecological chain.

International Markets

During the period under review, the Group were closely following the national strategy of the Belt and Road Initiative, actively seizing the development opportunities of smart power grid in overseas markets and promoting its own technological innovation according to customer needs, achieving a win-win situation. In the future, smart power meters will continue to be the dominant products in the Asian market, together with diversified product needs from different countries. Taking into account the market demand for STS-based prepaid meters and AMI intelligent system integration, the Group developed smart prepaid power meters that meet the requirements of the STS protocol and DLMS protocol in the African market, and continued to closely follow the technological development of the DLMS/COSEM protocol. The Group’s Brazilian subsidiary is mainly responsible for the development of the South American market. During the period under review, the subsidiary developed the OE series of low-cost power meters to meet the application needs of the Brazilian market, laying a more solid foundation for the Group to further penetrate the market. The Group’s Mexican subsidiary and European subsidiary will

also continue to develop more diversified products in response to different market needs and strive to enhance the Group's competitive advantage in overseas markets.

Financial Review

Revenue

During the period under review, revenue increased by 26% to RMB3,225.68 million (Period 2022: RMB2,552.74 million).

Gross Profit

The Group's gross profit increased by 36% to RMB1,176.73 million for the six months ended 30 June 2023 (Period 2022: RMB867.93 million). The overall gross profit margin is 36.45% in the first half of 2023 (Period 2022: 34%).

Other Income

The other income of the Group amounted to RMB100.25 million (Period 2022: RMB93.40 million) which was mainly comprised of interest income, government grants and refund of value-added tax.

Other gains and losses

Other losses for the six months ended 30 June 2023 amounted to RMB58.59 million (Period 2022: RMB5.58 million) which comprised mainly of net foreign exchange gains, fair value losses on forward currency contracts, net designated at hedging and customer penalty paid for delay of product delivery.

Operating Expenses

In the first half of 2023, the Group's operating expenses amounted to RMB746.54 million (Period 2022: RMB591.82 million). Operating expenses accounted for 23% of the Group's revenue in the first half of 2023, which is same as that in the first half of 2022.

Finance Costs

For the six months ended 30 June 2023, the Group's finance costs amounted to RMB62.42 million (Period 2022: RMB51.84 million). The increase was mainly attributable to the increase of bank borrowings interest rate during the period.

Operating Profit

Earnings before finance costs and tax for the six months ended 30 June 2023 amounted to RMB434.39 million (Period 2022: RMB330.95 million), representing an increase of 31% 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 2023 increased by 49% to RMB213.82 million (Period 2022: RMB143.32 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 2023, the Group's current assets amounted to approximately RMB10,160.61 million (31 December 2022: RMB9,796.28 million), with cash and cash equivalents totaling approximately RMB2,077.25 million (31 December 2022: RMB2,027.93 million).

As at 30 June 2023, the Group's total bank and other borrowings amounted to approximately RMB2,983.41 million (31 December 2022: RMB2,661.64 million), of which RMB2,475.44 million (31 December 2022: RMB1,714.80 million) will be due to repay within one year and the remaining RMB507.97 million (31 December 2022: RMB946.84 million) will be due after one year. In the first half of 2023, the interest rate for the Group's bank borrowings ranged from 1.70% to 7.97% per annum (31 December 2022: 1.55% to 4.80% per annum).

The gearing ratio (total borrowings divided by total assets) increased from 20% on 31 December 2022 to 22% on 30 June 2023.

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. As far as possible, the Group aims to achieve natural hedging by investing and borrowing in the functional currencies. Where a natural hedge is not possible, the Group will mitigate foreign exchange risks via appropriate foreign exchange contracts. During the period under review, the Group has entered into foreign exchange forward contracts with notional amount of USD105.85 million with a commercial bank to minimise the exposure to fluctuations in foreign currency exchange rates of USD revenue received from overseas customers.

Charge on Assets

As at 30 June 2023, 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 2023, the capital commitments in respect of the acquisition of property, plant and equipment and investments in financial instruments contracted for but not provided in the condensed consolidated financial information amounted to RMB111.06 million (31 December 2022: RMB63.37 million) and RMB74.40 million (31 December 2022: RMB74.40 million), respectively.

Contingent Liabilities

As at 30 June 2023, the Group had no material contingent liabilities.

OTHER INFORMATION

Utilisation of Net Proceeds from the IPO of Willfar Information Technology on the STAR Market

The net proceeds from the initial public offering (“**IPO**”) of shares of Willfar Information Technology Company Limited (“**Willfar Information Technology**”) on the STAR Market of Shanghai Stock Exchange (“**STAR Market**”) on 21 January 2020 amounted to approximately RMB610.83 million and the below table sets out the use of the net proceeds from the listing date up to 30 June 2023:

Intended use of net proceeds	Net proceeds RMB'000	Amount utilised from date of listing to	Amount utilised during the six months ended	Unused proceeds RMB'000
		31 December 2022 RMB'000	30 June 2023 RMB'000	
(1) Expansion of production capacity and technological upgrade of monitoring equipment applied in the perception layer of IoT	60,292	32,703	15,303	12,286
(2) Expansion of production capacity and technological upgrade of fluid sensing equipment applied in the perception layer of IoT	62,940	20,909	12,300	29,731
(3) Expansion of production capacity and technological upgrade of products applied in the network layer of IoT	204,873	157,940	42,138	4,795
(4) Construction of comprehensive research and development centre for IoT	146,951	67,207	38,440	41,304
(5) Replenishment of working capital	135,778	133,864	—	1,914
	<u>610,834</u>	<u>412,623</u>	<u>108,181</u>	<u>90,030</u>

The net proceeds were used in accordance with the intentions previously disclosed by Willfar Information Technology.

Employees and Remuneration Policies

As at 30 June 2023, the Group had 4,448 (31 December 2022: 4,521) 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 recognise 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 do not recommend the payment of an interim dividend for the six months ended 30 June 2023 (Period 2022: Nil).

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2023, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

Compliance with the Corporate Governance Code of the Listing Rules

During the six months ended 30 June 2023, the Company has applied the principles of and has complied with all code provisions of the Corporate Governance Code as set out in Part 2 of Appendix 14 of the Listing Rules.

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 months ended 30 June 2023.

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 2023.

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 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 2023 have been reviewed by the auditors of the Company, Ernst & Young, 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 2023 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
Kat Chit
Li Hong
Zheng Xiao Ping
Tian Zhongping

Independent non-executive Directors

Chan Cheong Tat
Luan Wenpeng
Wang Yaonan

Non-executive Director

Cao Zhao Hui

By order of the Board
Wasion Holdings Limited
Ji Wei
Chairman

Hong Kong, 28 August 2023