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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 2026

FINANCIAL HIGHLIGHTS

- Turnover amounted to RMB5,389.39 million (Period 2025: RMB4,390.41 million), representing an increase of 23%.
- Revenue from Smart Grid Solutions increased by 6% to RMB1,994.78 million as compared with Period 2025.
- Revenue from AI-Integrated Energy Efficiency Solutions decreased by 22% to RMB1,006.41 million as compared with Period 2025.
- Revenue from Digital Energy Services increased by 98% to RMB2,388.20 million as compared with Period 2025.
- Net profit for the period attributable to owners of the Company increased by 1% to RMB445.87 million (Period 2025: RMB439.65 million).
- Basic earnings per share for the period amounted to RMB44.4 cents (Period 2025: RMB44.5 cents).
- The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2026 (Period 2025: 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 2026, together with the unaudited comparative figures for the corresponding period in 2025 (“**Period 2025**”), as follows:

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

FOR THE SIX MONTHS ENDED 30 JUNE 2026

		Six months ended 30 June	
	<i>Notes</i>	2026	2025
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue	3	5,389,389	4,390,409
Cost of sales		(3,703,592)	(2,848,131)
Gross profit		1,685,797	1,542,278
Other income, gains and losses, net		117,782	146,396
Administrative expenses		(218,097)	(196,888)
Selling expenses		(409,550)	(358,237)
Research and development expenses		(344,369)	(314,491)
Impairment losses on financial assets and contract assets, net		(35,585)	(70,256)
Finance costs		(46,663)	(59,296)
Share of profits of an associate		60	190
Profit before tax	4	749,375	689,696
Income tax expense	5	(98,492)	(103,949)
PROFIT FOR THE PERIOD		650,883	585,747
Profit for the period attributable to			
— Owners of the parent		445,866	439,649
— Non-controlling interests		205,017	146,098
		650,883	585,747
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	7		
Basic		RMB44.4 cents	RMB44.5 cents
Diluted		RMB44.4 cents	RMB44.4 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
PROFIT FOR THE PERIOD	650,883	585,747
OTHER COMPREHENSIVE INCOME/(LOSS):		
Other comprehensive income/(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	2,660	(121)
Tax effect	(719)	13
	1,941	(108)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	2,423	37,814
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	4,364	37,706
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	655,247	623,453
Attributable to:		
Owners of the parent	449,761	476,906
Non-controlling interests	205,486	146,547
	655,247	623,453

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2026

	<i>Notes</i>	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		2,421,357	2,333,133
Investment properties		4,299	4,353
Right-of-use assets		184,141	186,739
Goodwill		368,694	330,636
Other intangible assets		582,679	519,259
Investment in a joint venture		—	—
Investment in an associate		10,433	10,373
Equity investments designated at fair value through other comprehensive income		73,413	70,786
Financial assets at fair value through profit or loss		50,461	242,461
Loan receivable		84,500	84,500
Prepayments, other receivables and other assets		256,731	257,742
Deposits of acquisition of property, plant and equipment		49,686	61,246
Deferred tax assets		163,703	162,867
		4,250,097	4,264,095
CURRENT ASSETS			
Inventories		2,046,922	1,437,888
Trade and bills receivables	8	8,448,827	7,112,004
Contract assets	9	404,222	424,959
Prepayments, other receivables and other assets		982,924	911,892
Financial assets at fair value through profit or loss		200,000	—
Structured deposits		135,000	—
Pledged deposits		393,496	416,832
Cash and bank balances		3,659,516	3,015,242
		16,270,907	13,318,817
CURRENT LIABILITIES			
Trade and bills payables	10	7,077,435	5,951,994
Other payables and accruals		518,288	596,218
Interest-bearing bank borrowings		1,440,337	1,400,820
Lease liabilities		10,569	9,257
Tax payable		81,215	137,103
		9,127,844	8,095,392
NET CURRENT ASSETS		7,143,063	5,223,425
TOTAL ASSETS LESS CURRENT LIABILITIES		11,393,160	9,487,520

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)

AT 30 JUNE 2026

	30 June 2026 <i>RMB'000</i> (unaudited)	31 December 2025 <i>RMB'000</i> (audited)
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	904,340	1,086,081
Lease liabilities	11,372	12,816
Deferred tax liabilities	54,476	45,686
Other payables and accruals	1,482,669	27,448
	2,452,857	1,172,031
Net assets	8,940,303	8,315,489
EQUITY		
Equity attributable to owners of the parent		
Issued capital	10,344	9,906
Reserves	6,428,342	6,225,852
	6,438,686	6,235,758
Non-controlling interests	2,501,617	2,079,731
Total equity	8,940,303	8,315,489

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2026

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 head office and principal place of business is located at Units 706–707, 7/F Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong.

The interim condensed consolidated financial information for the six months ended 30 June 2026 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 2025. 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 2025, except for the adoption of the following amended HKFRS Accounting Standards for the first time for the current period’s financial information.

Amendments to HKFRS 9 and HKFRS 7

Amendments to HKFRS 9 and HKFRS 7
Annual Improvements to Accounting Standards
— Volume 11

*Amendments to the Classification and Measurement of
Financial Instruments*

Contracts Referencing Nature-dependent Electricity
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10
and HKAS 7

The nature and impact of the amended HKFRS Accounting Standards are described below:

- (a) Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify that a financial asset is derecognised when the entity’s rights to the contractual cash flows expire or are transferred, while a financial liability is derecognised on the settlement date. The amendments introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. Since the Group’s accounting policy for the derecognition of financial assets and liabilities in prior years aligned with the amendments and the Group did not have the financial assets that were addressed by the amendments, the amendments did not have any impact on the interim condensed consolidated financial information. The Group will provide additional disclosures for its equity investments designated at fair value through other comprehensive income in the Group’s consolidated financial statements for the year ending 31 December 2026.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

- (b) Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the “own-use” requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity’s financial performance and future cash flows. As the Group did not have any contracts that are in the scope of the amendments, the amendments did not have any impact on the interim condensed consolidated financial information.
- (c) *Annual Improvements to HKFRS Accounting Standards — Volume 11* set out narrow scope amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. The amendments include clarifications, simplifications, corrections or changes to improve consistency in the corresponding HKFRS Accounting Standards. The amendments did not have any impact on the interim condensed consolidated financial information.

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:

- Smart grid solutions (formerly known as power advanced metering infrastructure) segment, which engages in power metering infrastructure to deepening and expanding into providing full-stack intelligent solutions for power grid planning, operation, monitoring, maintenance, and optimization by leveraging intelligence technologies such as artificial intelligence and machine learning;
- AI-integrated energy efficiency solutions (formerly known as communications and fluid advanced metering infrastructure) segment, which engages in the manufacture, sale of communications and fluid metering products with deeply integrates digitalization and intelligent technologies, incorporates AI algorithms, and provides customers with comprehensive energy efficiency analysis, management, and optimization services; and
- Digital energy services (formerly known as advanced distribution operations) segment, which engages in the manufacture, sale of integrated solutions for data centers, smart distribution network, and new energy storage related — powering digitalization and intelligentization of the energy ecosystem, forming three major business sectors.

In 2025, management has reviewed the development of three segments and considered products manufacturing by the Group have penetrated into artificial intelligence usage.

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.

3. REVENUE AND OPERATING SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2026 (unaudited)

	Smart grid solutions <i>RMB'000</i>	AI-integrated energy efficiency solutions <i>RMB'000</i>	Digital energy services <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue:				
Sales to external customers	1,994,777	1,006,409	2,388,203	5,389,389
Intersegment sales	9,648	52,176	5	61,829
	<u>2,004,425</u>	<u>1,058,585</u>	<u>2,388,208</u>	<u>5,451,218</u>
<i>Reconciliation:</i>				
Elimination of intersegment sales				<u>(61,829)</u>
				<u><u>5,389,389</u></u>
Segment results	247,704	177,384	345,332	770,420
<i>Reconciliation:</i>				
Interest income				50,030
Finance costs (other than interest on lease liabilities)				(46,151)
Unallocated corporate gains and expenses, net				<u>(24,924)</u>
Profit before tax				<u><u>749,375</u></u>

3. REVENUE AND OPERATING SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2025 (unaudited)

	Smart grid solutions <i>RMB'000</i>	AI-integrated energy efficiency solutions <i>RMB'000</i>	Digital energy services <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue:				
Sales to external customers	1,883,569	1,298,502	1,208,338	4,390,409
Intersegment sales	6,469	62,915	33	69,417
	<u>1,890,038</u>	<u>1,361,417</u>	<u>1,208,371</u>	<u>4,459,826</u>
<i>Reconciliation:</i>				
Elimination of intersegment sales				<u>(69,417)</u>
				<u><u>4,390,409</u></u>
Segment results	312,143	281,930	121,199	715,272
<i>Reconciliation:</i>				
Interest income				31,643
Finance costs (other than interest on lease liabilities)				(59,292)
Unallocated corporate gains and expenses, net				<u>2,073</u>
Profit before tax				<u><u>689,696</u></u>

3. REVENUE AND OPERATING SEGMENT INFORMATION (CONTINUED)

Revenue from contracts with customers

An analysis of revenue is as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue from contracts with customers	<u>5,389,389</u>	<u>4,390,409</u>

(i) Disaggregated revenue information

For the six months ended 30 June 2026 (unaudited)

Segments	Smart grid solutions RMB'000	AI-integrated energy efficiency solutions RMB'000	Digital energy services RMB'000	Total RMB'000
Types of goods or services				
Sales of smart grid products	1,994,777	—	—	1,994,777
Sales of communication terminals and fluid metering intelligent products	—	1,006,409	—	1,006,409
Sales of data centers, smart distribution network, and new energy storage related	—	—	2,388,203	2,388,203
	<u>1,994,777</u>	<u>1,006,409</u>	<u>2,388,203</u>	<u>5,389,389</u>
Geographic markets				
PRC	897,599	743,387	1,357,052	2,998,038
America	733,203	564	53,301	787,068
Africa	204,019	140,489	—	344,508
Asia, except for PRC	152,176	121,791	966,940	1,240,907
Europe	7,744	178	—	7,922
Others	36	—	10,910	10,946
	<u>1,994,777</u>	<u>1,006,409</u>	<u>2,388,203</u>	<u>5,389,389</u>
Timing of revenue recognition				
Goods transferred at a point in time	<u>1,994,777</u>	<u>1,006,409</u>	<u>2,388,203</u>	<u>5,389,389</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 2025 (unaudited)

Segments	Smart grid solutions RMB'000	AI-integrated energy efficiency solutions RMB'000	Digital energy services RMB'000	Total RMB'000
Types of goods or services				
Sales of smart grid products	1,883,569	—	—	1,883,569
Sales of communication terminals and fluid metering intelligent products	—	1,298,502	—	1,298,502
Sales of data centers, smart distribution network, and new energy storage related	—	—	1,198,225	1,198,225
Integrated solutions services	—	—	10,113	10,113
	<u>1,883,569</u>	<u>1,298,502</u>	<u>1,208,338</u>	<u>4,390,409</u>
Geographic markets				
PRC	975,761	1,015,040	1,155,788	3,146,589
America	678,515	—	—	678,515
Africa	135,771	95,900	58	231,729
Asia, except for PRC	54,255	187,562	49,263	291,080
Europe	39,267	—	3,229	42,496
	<u>1,883,569</u>	<u>1,298,502</u>	<u>1,208,338</u>	<u>4,390,409</u>
Timing of revenue recognition				
Goods transferred at a point in time	1,883,569	1,298,502	1,198,225	4,380,296
Services rendered over time	—	—	10,113	10,113
	<u>1,883,569</u>	<u>1,298,502</u>	<u>1,208,338</u>	<u>4,390,409</u>

4. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cost of inventories sold	3,691,801	2,829,085
Cost of services rendered	—	9,824
Depreciation of property, plant and equipment	80,293	70,973
Depreciation of right-of-use assets	8,966	11,746
Depreciation of investment properties	54	54
Amortisation of other intangible assets (excluding the deferred expenditure amortised)*	12,329	14,295
Research and development costs:		
Research and development expenses	356,683	314,812
Less: capitalised development costs	(93,703)	(61,539)
	262,980	253,273
Amortisation of capitalised development costs	81,389	61,218
	344,369	314,491
Provision/(reversal of provision) of impairment losses, net on financial assets and contract assets, net:		
Trade receivables	35,221	69,615
Contract assets	(16)	641
Other receivables	380	—
	35,585	70,256
Fair value losses, net:		
Derivative instruments — transactions not qualifying as hedges	—	1,634
Loss/(gain) on disposal of items of property, plant and equipment	813	(97)
Write-down of inventories to net realisable value**	11,791	9,222
Foreign difference, net	17,827	(34,266)

* 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 inventories sold”.

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 2026 and 2025.

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 2025: 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 2023 to 2026 or years 2024 to 2027 or years 2025 to 2028.

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% (six months ended 30 June 2025: 12%) on the assessable profits arising in Macau during the period.

Mexico Federal Corporate Income Tax has been provided at the rate of 30% (six months ended 30 June 2025: 30%) on the assessable profits arising in Mexico during the year.

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	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current — PRC		
Charge for the period	79,368	133,238
Overprovision in prior periods	(1,179)	(4,302)
Current — Elsewhere		
Charge/(credit) for the period	36,944	(28,971)
Overprovision in prior periods	(8,687)	(71)
	106,446	99,894
Deferred tax	(7,954)	4,055
Total tax charge for the period	98,492	103,949

6. DIVIDENDS

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Final declared and paid — HK48 cents (31 December 2025: HK38 cents) per ordinary share	443,085	348,614

The directors of the Company do not recommend the payment of a dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: 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	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings		
Profit attributable to owners of the parent, used in the basic earnings per share calculation	445,866	439,649
Effect of dilutive potential ordinary shares arising from adjustment to the share of profit of a subsidiary based on dilution of its earnings per share	<u>(163)</u>	<u>(198)</u>
Profit attributable to owners of the parent, used in the diluted earnings per share calculation	<u>445,703</u>	<u>439,451</u>
	Six months ended 30 June	
	2026	2025
	Number of	Number of
	shares	shares
	(unaudited)	(unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	1,003,724,786	988,656,004
Effect of dilutive potential ordinary shares arising from share awarded	<u>797,007</u>	<u>587,746</u>
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	<u>1,004,521,793</u>	<u>989,243,750</u>

Note:

During the periods ended 30 June 2026 and 2025, the weighted average number of ordinary shares for the calculation of basic and diluted earnings per share have been adjusted for the effect of a pool of shares maintained by a trustee.

During the period ended 30 June 2026 and 2025, the calculation of the diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, adjusted for changes in the Group's share of results of a non-wholly-owned subsidiary that was attributable to the increase in the number of ordinary shares of the subsidiary as a result of the restricted share award granted by the subsidiary.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares (denominator) outstanding to assume conversion of all potential dilutive ordinary shares arising from share award granted by the Company.

8. TRADE AND BILLS RECEIVABLES

	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
Trade receivables	8,779,820	7,449,388
Bills receivable	113,397	75,956
	8,893,217	7,525,344
Less: Impairment loss on trade receivables	(444,390)	(413,340)
	8,448,827	7,112,004

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 RMB11,736,000 (31 December 2025: RMB47,050,000), 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 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
0–90 days	3,492,096	3,519,175
91–180 days	1,680,581	1,633,040
181–365 days	2,593,310	1,296,382
1–2 years	571,705	515,277
Over 2 years	111,135	148,130
	8,448,827	7,112,004

9. CONTRACT ASSETS

	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
Contract assets	407,193	428,885
Less: Impairment loss on contract assets	(2,971)	(3,926)
	<u>404,222</u>	<u>424,959</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.

10. TRADE AND BILLS PAYABLES

	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
Trade payables	5,233,484	3,964,346
Bills payable	1,843,951	1,987,648
	<u>7,077,435</u>	<u>5,951,994</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 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
0–90 days	3,866,299	3,516,589
91–180 days	1,868,382	1,507,558
181–365 days	735,067	702,632
Over 1 year	607,687	225,215
	<u>7,077,435</u>	<u>5,951,994</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 RMB7,855,000 (31 December 2025: RMB4,258,000), 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 2026 (“**period under review**”), the global economy continued its restructuring trend amidst the energy transition and geopolitical shifts. Geopolitical conflicts persistently disrupted global energy supply chains, leading to fragmentation in worldwide energy, fertilizer, and chemical supply chains, which drove oil price surges and heightened global stagflation risks. Multiple international economic institutions downgraded their forecasts for global economic growth in 2026 to approximately 3%. In response to inflationary pressures, central banks in multiple countries gradually pivoted from monetary easing toward tightening, with the European Central Bank, the Bank of Japan, and the Reserve Bank of Australia, among others, raising interest rates or pausing rate cuts. The industrialization of emerging-market economies abroad accelerated, opening up new opportunities for exports of China’s high-end manufactured products.

In the domestic market, despite the complex internal and external environments, the national economy demonstrated strong resilience. According to preliminary calculations by the National Bureau of Statistics, China’s GDP for the first half of 2026 was RMB69.6 trillion, representing a year-on-year increase of approximately 5% at constant prices. The structural characteristics of economic operations remained distinct, with an accelerated transition from traditional growth drivers to new ones. During the period under review, China maintained a steady pace in its energy structure transition, with strong development momentum in clean and renewable energy, as well as accelerated progress in green and low-carbon energy. As of the end of June, China’s cumulative installed power generation capacity reached 4.04 billion kW. Of this total, installed solar power capacity stood at 1.27 billion kW with a year-on-year increase of 16%, while installed wind power capacity reached 680 million kW, representing a year-on-year increase of 19%.

In international markets, the global artificial intelligence (“**AI**”) industry experienced rapid expansion, leading to explosive growth in the demand for computing power. From January to May 2026, electricity consumption for internet data services amounted to 40.3 billion kWh, representing a 45% increase year-on-year. In North America and Europe, the expansion of AI computing power caused regional power shortages, further driving a shift in power supply models from reliance on public grids toward a computing-electricity synergy integrated model of “self-built green power generation + integrated energy storage”. As the global energy transition enters an acceleration phase and power demand in emerging markets remains robust, worldwide demand for power equipment and energy storage solutions is experiencing structural growth.

Review of the Power Grid Industry and Major Policies

In the first half of 2026, from January to May, China's cumulative overall electricity consumption reached 4,201.8 billion kWh, representing a year-on-year increase of approximately 6%. Among this, electricity consumption by high-technology and equipment manufacturing industries amounted to 488.7 billion kWh, up nearly 10% year-on-year. During the same period, power generation by industrial enterprises above designated size totalled 3,912.9 billion kWh, an increase of about 4% year-on-year.

In terms of power grid investment, the State Grid Corporation of China ("**State Grid**") completed cumulative fixed asset investment of over RMB310 billion in the first half of 2026, representing a 13% increase year-on-year and reaching a record high for the same period. China Southern Power Grid Company Limited ("**Southern Grid**") completed cumulative fixed asset investment of RMB89.262 billion in the first half of 2026, up 15% year-on-year, also a record high for the same period. The combined fixed asset investment of the two grid giants in the first half of the year approached RMB400 billion. As for key project constructions, during the first half of the year, the "Longdong-Shandong ± 800 kV UHV DC Transmission Project" completed full-line through commissioning, and the "Northern Shaanxi-Anhui ± 800 kV UHV DC Transmission Project" was completed and put into operation.

2026 marks the inaugural year of China's 15th Five-Year Plan (2026–2030). State Grid's fixed asset investment during the 15th Five-Year Plan period is expected to reach RMB4 trillion, an increase of 40% compared with the 14th Five-Year Plan period; while Southern Grid's investment scale during the 15th Five-Year Plan period is expected to exceed the trillion-yuan level. The total investment of the two grid giants during the 15th Five-Year Plan period is projected to exceed RMB5 trillion, with funds primarily directed towards the construction of new power systems, digital and intelligent infrastructure, distribution network upgrades, and UHV interconnections.

During the period under review, a series of top-level national policies were frequently released. "Computing power and electric power coordination" was written into the Government Work Report for the first time and incorporated into the 15th Five-Year Plan Outline, reflecting its increasingly strategic importance. The National Development and Reform Commission ("**NDRC**"), the National Energy Administration ("**NEA**"), and the Ministry of Industry and Information Technology jointly issued the "Guiding Opinions on Deepening the Development of Computing power and Electric power Coordination and High-quality Upgrading of Distribution Networks", formally establishing the development direction of "computing power and electric power coordination" and requiring that, by the end of 2026, the share of green energy used in newly built data centers at national hub nodes must exceed 80%. In February 2026, the NEA announced the first batch of pilot projects for enhancing new power system construction capabilities, with a total of 43 projects and 10 pilot cities selected. In June, five national departments including the NDRC further jointly issued the "Notice on Carrying out a Three-Year Action Plan for Energy Saving and Carbon Reduction Retrofits in Key Industries", focusing on nine major industries, including steel, electrolytic aluminium, cement, flat glass, oil refining, ethylene, synthetic ammonia, methanol, and coal-fired power to promote energy saving and carbon reduction retrofits throughout the year.

As for overseas markets, domestic power equipment enterprises are actively promoting international expansion and global presence. Southern Grid has signed cooperation agreements on smart grids and digital distribution operation and maintenance with multiple countries in the Middle East and Southeast Asia, continuously broadening the international influence of Chinese power equipment. Power grid investment kept rising across all global regions. Global grid investment surpassed USD400 billion in 2025. Aging legacy power grid equipment in Europe and North America requiring renewal and upgrading, paired with infrastructure expansion in emerging markets, has created massive opportunities for Chinese manufacturers. Leveraging their complete industrial chains and cost-effective competitive advantages, Chinese companies have sustained rapid growth in exports of core high-voltage equipment such as transformers.

Market Review of Global Smart Power Systems and Global Energy Management Systems

In the first half of 2026, as the demands placed on power systems by data centers, 5G communication base stations, and AI technologies continued to intensify, the global smart power system and energy management market ushered in unprecedented development opportunities. According to a report by the Zhongshang Industry Research Institute, the global smart power grid market size is projected to grow from USD74.72 billion in 2026 to USD135.43 billion by 2030, representing a compound annual growth rate (“CAGR”) of 16% over the period. China’s smart power grid market size is expected to reach RMB132 billion in 2026 and approach RMB200 billion by 2030. As the installed capacity of renewable energy continues to expand, power grid requirements for flexibility and intelligence have correspondingly increased, further driving the application of smart grid technologies and market expansion. In this context, China’s smart grid construction is entering a critical phase of comprehensive acceleration.

The global energy management system market is also on track for rapid growth. Multiple research institutions forecast that its market size will expand from USD46.58 billion in 2026 to USD141.64 billion by 2034, at a CAGR of approximately 15%. With the continuously increasing grid integration of renewable energy and the growing adoption of IoT and AI technologies in the energy sector, the role of energy management systems has gradually evolved from a traditional monitoring tool into key infrastructure enabling enterprises to achieve energy optimization, carbon footprint management, and sustainable development goals.

Benefiting from the global emphasis on energy conservation and carbon reduction, as well as the accelerating pace of intelligent retrofitting of conventional power grids, the smart distribution and distribution automation market is expanding steadily, driven by the dual demand for AI and new energy. The distribution automation market size is projected to grow from approximately USD15.46 billion in 2025 to USD16.61 billion in 2026, with related infrastructure investment and distribution demand spurred by AI data centers both maintaining robust growth.

In the domestic market, continuously driven by the reinforcement, digital transformation, and intelligent upgrades of distribution networks, demand for smart distribution and metering equipment was steadily unleashed. During the first half of the year, State Grid and Southern Grid continued to increase their investment in distribution networks and digitalization upgrades, and the bidding dividends for core product categories, such as primary-secondary integrated pole-mounted circuit breakers and transformer packages, gradually materialized. Driven by the “computing power and electric power coordination” strategy, the application of smart distribution equipment in downstream sectors such as power grids, AIDC, third-party data centers, and communication base stations continued to deepen. As solid-state transformers and 800V high-voltage DC power supply and distribution systems are viewed as a transformative direction for data center power architectures, the related market is rapidly moving from a transitional phase toward a multi-hundred-billion-RMB scale.

Review of the Group’s Overall Performance

As an expert in managing energy metering and energy efficiency with operations across multiple regions worldwide, the Group recorded a total turnover of RMB5,389.39 million (first half of 2025: RMB4,390.41 million) in its three main business segments during the period under review, representing a 23% increase year-on-year; and a gross profit of RMB1,685.80 million (first half of 2025: RMB1,542.28 million), representing a 9% increase year-on-year. The Group’s overall gross profit margin was 31.28% (first half of 2025: 35.13%). Net profit attributable to the Company’s owners was RMB445.87 million (first half of 2025: RMB439.65 million), representing a 1% increase year-on-year.

BUSINESS REVIEW

Smart Grid Solutions

Business Overview

Smart Grid Solutions (formerly known as “Power Advanced Metering Infrastructure”) business focuses on providing full stack intelligent solutions for power grid planning, operation, monitoring, maintenance, and optimization by leveraging cutting-edge technologies such as artificial intelligence and machine learning. The business not only continues the research and development (“R&D”), production and sale of high-quality smart power meters (including single-phase, three-phase, and high-end smart power meters), power transformers, online monitoring and other smart metering devices, but also deeply integrates AI algorithms and big data analytics to help customers build safe, reliable, and green modern power grids. Smart Grid Solutions business primarily serves power grid and non-power grid industrial customers, both domestically and overseas. Power customers include State Grid, Southern Grid, Inner Mongolia Power Group, China Three Gorges Power Corporation, local power companies, five major power generation groups, new energy power generation units, overseas power companies and overseas engineering, procurement and construction (“EPC”) general contractors. Non-power grid industrial customers range from telecommunication operators to large-scale public infrastructures, petroleum & petrochemicals, transportation, machine manufacturing, iron and steel metallurgical industries, and residential users.

Review of Business

During the period under review, the Group's Smart Grid Solutions business recorded a turnover of RMB1,994.78 million (first half of 2025: RMB1,883.57 million), representing an increase of 6% over the same period last year, accounting for 37% of the Group's total turnover (first half of 2025: 43%). The revenue contribution from domestic and overseas customers is 45% and 55% respectively (first half of 2025: 52% and 48%).

Order Data in the Period under Review

During the period under review, Smart Grid Solutions business secured domestic orders amounting to approximately RMB1,130.77 million (first half of 2025: RMB776.37 million), representing a significant year-on-year increase of 46% . Among these, the value of bids won from grid customers increased by 53% year-on-year to over RMB635.19 million (first half of 2025: RMB415.31million), primarily attributable to the Group's successful bids in two centralized procurement rounds of State Grid during the first half of the year, which led to a substantial increase in contract value. Meanwhile, benefiting from the significant growth in domestic trading business, the value of bids won from non grid customers during the period exceeded RMB495.58 million (first half of 2025: RMB361.05 million), also recording a significant increase of 37%. During the period under review, in the centralized tenders organized by State Grid, the Group's subsidiary, Wasion Group Limited ("**Wasion Group**"), won contracts worth RMB309 million by virtue of its outstanding capabilities, ranking first in the industry in terms of market share.

Review of Smart Grid Solutions Business Development and Relevant Policies

In the first half of 2026, driven by both the national initiative to build a new energy system and policies on energy conservation and carbon reduction, the Group's smart grid solutions business achieved breakthrough growth across multiple market segments, providing strong momentum for its future development.

During the period under review, State Grid completed two centralized procurement tenders. Leveraging its outstanding performance in power meters and steady technological improvement in sensor products, the Group secured contracts and supplementary awards amounting to RMB309 million, representing a year-on-year increase of 67%, and ranked first among bidders. In the Inner Mongolia local power company's centralized procurement, the Group won contracts worth RMB84 million, also ranking first in the industry. In the non-power grid sector, drawing on its years of technological expertise in the R&D and manufacturing of power meters, the Group completed domestic business contracts exceeding RMB300 million, achieving rapid growth in related business and contract value. In addition, the Group's communications business, underpinned by its R&D advantages in base station photovoltaic integration and power supply products, maintained a stable market share and continued to serve as a steady source of revenue for the Group.

As for market policies, in June 2026, the NDRC and the NEA jointly issued the “15th Five-Year Plan for Building a New Energy System”, which sets the goal of “preliminarily establishing a clean, low-carbon, safe, and efficient new energy system by 2030”. The Plan calls for the development of a unified national energy market system, promotes the coordination of inter-provincial and intra-provincial power trading, and rationally expands the scale of market-based power transmission between provinces. Driven by continued investment in new energy and the growth of cross-regional power trading, the Group’s gateway meter business is expected to continue benefiting from these trends. In the same month, the NDRC and other relevant departments issued the “Notice on Launching a Three-Year Action for Energy-Saving and Carbon-Reduction Transformation in Key Industries” (Fagai Huanzi [2026] No. 698), which explicitly sets forth the objective of “deepening the energy-saving and carbon-reduction transformation in key industries, and intensifying efforts to strongly support the achievement of the 15th Five-Year Plan’s energy-saving and carbon-reduction targets”. This initiative will directly stimulate demand for carbon measurement and carbon management across various industries, and is expected to bring significant benefits to the Group’s non-power grid business.

Prospects for Smart Grid Solutions Business

Looking ahead to the second half of 2026, as for the power grid market, China continues to advance the construction of a new power system and has explicitly stated that fixed-asset investment in the national power grid during the 15th Five-Year Plan period (2026–2030) is expected to exceed RMB5 trillion. In the international markets, as the worldwide construction of smart power grids accelerates and the global smart power meter market size reached between USD29 billion and USD36 billion in 2025, overseas power markets are expected to continue experiencing substantial growth. The Group will further deepen its presence in the power grid market, strengthen R&D in key electricity metering technologies, and expand its business into magnetic latching relays, instrument transformers, online monitoring, and high-end smart metering, building on its core foundation in power metering. It will closely monitor policy trends and industry investment directions to seize opportunities arising from power grid upgrades and equipment retrofits. In addition, due to a low-base effect as 2025 centralized procurement volumes from State Grid and Southern Grid fell below historical averages, the Company’s contract value in the power grid market is expected to grow by over 30% in 2026.

In the non-power grid market, as the national strategy for achieving peak carbon and carbon neutrality has entered a decisive execution window ahead of the 2030 carbon peaking target, the inelastic demand from industrial enterprises and industrial parks for energy consumption control and carbon emission auditing will directly drive market demand for energy-consumption monitoring meters, carbon metering devices, energy-carbon solutions, and zero-carbon park solutions, which is expected to generate a market worth hundreds of billions of RMB. Meanwhile, the rapid expansion of new energy industries such as wind, solar, storage, and charging will drive demand for renewable energy metering products through related project construction, while demand for microgrid solutions will increase substantially. Leveraging its deep technological expertise and leading market position in gateway power meters, the Group is well-positioned to fully capitalize on these industry tailwinds. The Company has proactively positioned itself in products such as magnetic latching relays and high-voltage DC contactors to meet non-grid market needs, aiming to capture market share in core power control components and high-voltage DC circuit control. Moreover, traditional metering scenarios such as commercial real estate and educational institutions also generate ongoing annual demand for bulk replacements and smart meter-reading upgrades. In summary, the power meter industry in the non-power grid market is trending toward vertical, industry-specific applications and diversified product portfolios, and market demand is expected to grow continuously.

AI-Integrated Energy Efficiency Solutions

Business Overview

As a leading comprehensive solution provider in energy digitalization, the Group takes “Connecting the World with Internet of Things (“**IoT**”), Linking the Future with Chips” as its development strategy and leverages the core competitive advantage of “IoT + Chips + AI” to drive industry advancement. It deeply integrates digitalization and intelligent technologies, incorporates AI algorithms, and provides customers with comprehensive energy efficiency analysis, management, and optimization services. Driven by opportunities presented by the “Dual Carbon” goals, new power systems, and global energy transformation, the Group is committed to co-developing digital power grids and smart cities, promoting green low carbon energy transition and continuous upgrades of the global energy IoT ecosystem.

AI-Integrated Energy Efficiency Solutions (formerly known as the “Communication and Fluid Advanced Metering Infrastructure”) business is operated by Willfar Information Technology Co., Ltd. (stock code: 688100, a 59.55% shareholding subsidiary of the Group, hereinafter referred to as “**Willfar Information**”), which is the first company in Hunan Province listed on the STAR Market of the Shanghai Stock Exchange (“**SSE**”). To date, Willfar Information has been shortlisted as a constituent of several heavyweight indexes including SSE 100 Index, SSE STAR 100 Index, SSE STAR Composite Index, SSE 380 Index, SSE STAR SRDI (Specialized, Refined, Differential, and Innovative) Enterprises Index, SSE STAR ESG Index, SSE SRDI Enterprises Index, SSE STAR Private Enterprises Index, CSI 1000 Index and Hunan 50 Index.

Review of Business

During the period under review, the Group's AI-Integrated Energy Efficiency Solutions business recorded a turnover of RMB1,006.41 million (first half of 2025: RMB1,298.50 million), representing a 22% decrease year-on-year and accounting for 19% of the Group's total turnover (first half of 2025: 30%). The revenue contribution from domestic and overseas customers is 74% and 26% respectively (first half of 2025: 78% and 22%).

Order Data in the Period under Review

As of 30 June 2026, the total value of signed contracts on hand for the AI-Integrated Energy Efficiency Solutions business reached RMB3,823 million while the total value of newly signed contracts reached RMB 1,306 million.

Review of AI-Integrated Energy Efficiency Solutions Business Development and Relevant Policies

In the first half of 2026, as the opening year for China's "15th Five-Year Plan", policy incentives and industry opportunities in energy digitalization were unlocked at the same time. To seize this window of industrial development, the Group followed its "6th Five-Year Plan" and adhered to the core strategy of "IoT + chips + AI". While continuously building a full-scenario energy digitalization solution system covering multiple sectors, the Group accelerated its global market layout and achieved positive progress in every business.

During the period under review, according to recent tender results from State Grid and Southern Grid, the Group's core products ranked among the top, firmly maintaining a leading position in the industry. As a Vice-Chair Unit of the Power Industry AI Alliance, the Group participated deeply in the formulation of industry AI application standards. In the first half of the year, the Group achieved outstanding results in transformer area governance and transmission line online monitoring of the distribution network digitalization business. With cumulative contract awards exceeding RMB300 million, the Group secured a leading industry position, while continuing to expand its presence in regional markets nationwide. In addition, the Group's global expansion also entered a harvest period. The Indonesian factory continued to serve as a core production base for the Southeast Asian market. The technology center in Saudi Arabia was positioned as a technology service and project hub for the Middle East region. The newly established subsidiary in Morocco further refined the operational system in the Middle East region.

During the period under review, overseas mass shipments of communication modules exceeded RMB50 million in value, representing a more than 18-fold year-on-year increase. As the Group's laboratory obtained CNAS accreditation, its test reports are globally recognized, effectively lowering barriers to overseas markets. During the period, the Group secured consecutive tenders for smart water meter projects from water utilities in the Middle East and water governance upgrade projects in Comoros, Africa, further unleashing the regional demonstration effect and replicability of its smart water meters, AMI platforms, and integrated digital water solutions. China's two major power grid operators continued to increase their medium- and long-term infrastructure investment. State Grid plans fixed-asset investment of RMB4 trillion during the 15th Five-Year Plan period, representing a 40% increase over the 14th Five-Year Plan period. State Grid has upgraded its strategic positioning to a core architecture of "main grid-distribution grid-microgrid coordination", focusing on building a new distribution system that integrates "generation, grid, load, and storage". Southern Grid's fixed-asset investment for 2026 is RMB180 billion, marking a record high for five consecutive years. Its investment priorities would tilt toward the distribution and consumption side, including the flexible and intelligent transformation of distribution networks, equipment renewal, and adaptation to distributed new energy and charging facility access, thereby strengthening terminal power supply security.

As for market policies, in April 2026, the Political Bureau of the CPC Central Committee systematically deployed for the first time the planning and construction of the "Six Networks" initiative, namely water networks, new-type power grids, computing power networks, next-generation communication networks, urban underground pipeline networks, and logistics networks. These networks are designated as core infrastructure projects for the 15th Five-Year Plan, and the related investment for the year is specified to exceed RMB7 trillion. In May, the State Council executive meeting outlined the implementation arrangements for the "Six Networks" initiative. The meeting called for accelerating the launch of major projects and enhancing financial support through ultra-long-term special treasury bonds, with priority given to intelligent transformation of distribution networks for new-type power grids, water network digitalization, and the renovation of urban underground pipelines. In the same month, the NDRC, the NEA, the Ministry of Industry and Information Technology, and the National Data Administration jointly issued the "Action Plan for Promoting Bidirectional Empowerment of Artificial Intelligence and Energy". The document called for the coordinated development of computing capacity and electricity supply, increasing the proportion of green power for computing facilities, and promoting the large-scale deployment of AI in grid operations, distribution dispatch, and fault prediction, thereby driving the deep integration of "AI+" energy in the construction of the six major areas, namely new-type power grids, computing networks, water networks, next-generation communication networks, urban underground pipeline networks, and logistics networks.

In July, the State Council issued the "15th Five-Year Plan Carbon Peaking Action Plan". The document explicitly called for accelerating the construction of a new-type power system and promoting the intelligent upgrading of distribution networks. It also emphasized aligning computing infrastructure with renewable energy and promoting direct green power supply for new computing facilities, thereby further consolidating the policy foundation for the coordinated development of computing capacity and electricity supply. The steady momentum driven by these policies on distribution network intelligentization and the coordinated development of computing capacity and electricity supply is expected to deliver significant benefits to the Group's subsequent expansion of distribution network digitalization products and AI-integrated energy efficiency solutions.

Prospects for AI-Integrated Energy Efficiency Solutions Business

Looking ahead to the second half of 2026 and the foreseeable future, China's 15th Five-Year Plan and its strategy to transition the nation from a major energy country into an energy powerhouse will continue to provide clear policy guidance for the industry's development. These policies focus on deepening the Digital China initiative, accelerating the construction of a new-type energy system, developing a new-type power system, and building China into an energy powerhouse; vigorously developing new-type energy storage and accelerating the construction of smart grids and microgrids; advancing and achieving carbon peaking, implementing a dual control system over total carbon emissions and carbon intensity, and deepening energy-saving and carbon-reduction retrofits; developing distributed energy resources and building zero-carbon factories and industrial parks. Meanwhile, they call for fostering emerging pillar industries and accelerating the development of strategic emerging industrial clusters such as renewable energy, new materials, and the low-altitude economy. The Central Economic Work Conference has listed "upholding the guidance of the dual-carbon goals and promoting a comprehensive green transition" as one of the eight key tasks for economic work in 2026.

At the market level, the global energy transition is becoming deeply integrated with the digital economy, while the electrification of new energy systems and the global evolution toward AMI 2.0 grow increasingly prominent, which drive a shift in market demand from stand-alone products such as power meters and communication modules toward integrated hardware-and-software solutions encompassing sensing, communications, edge computing, AI analytics, dispatching, and operations and maintenance. Computing power networks are becoming deeply synergistic with new-type power grids. The coordinated development of computing capacity and electricity supply and the bidirectional empowerment of AI and energy are emerging as core industry directions. Digitalization scenarios in public utilities are further extending. In addition, expanding globally represents a critical pathway for seizing opportunities in the global energy transition and accelerating development. The growth of strategic emerging industrial clusters such as renewable energy, new materials, and the low-altitude economy will also give rise to several related markets worth trillions of yuan, or even more.

In light of these market opportunities, the Group will pursue international expansion and technological innovation as its two core growth drivers, while capitalizing on multi-trillion-yuan market opportunities in three fields: dual-carbon goals, smart power grids, and domestic and global data centers. Adhering to a dual-drive strategy encompassing both domestic and international markets, the Group will continue to increase R&D investment, advance technological innovation and market expansion, and steadily improve its four business pillars: smart power grids, smart water management, AI-driven intelligent computing, and satellite communications. The Group is committed to becoming a leading enterprise in the global energy digitalization sector and contributing to the development of a new-type power system and the achievement of the dual-carbon goals.

Digital Energy Services

Business Overview

The Group's Digital Energy Services business (formerly known as the "Advanced Distribution Operations"), operated by its subsidiary Wayon Energy Technology Co., Ltd. ("**Wayon Energy**") , focuses on three major business sectors of smart distribution networks, data centers and new energy storage, collectively building a digital energy solution system that covers the entire chain of "generation, grid, load, and storage". The focus is on the synergistic development of power and computing capabilities. In the sector of smart distribution networks, it offers a range of products including smart switchgear and high-efficiency transformers, as well as smart distribution solutions, helping customers achieve reliable and efficient power distribution. In the sector of data centers, it provides products such as distribution prefabricated cabins and modules, IT prefabricated cabins and skids, distribution equipment, and high-voltage direct current ("**HVDC**") power supply systems, offering continuous and stable power infrastructure guarantees for data center facilities. In the sector of new energy storage, it provides new energy storage systems, photovoltaic-storage microgrids, and charging and swapping solutions, promoting the efficient utilization of new energy. Wayon Energy's products and solutions are applied in various scenarios, including AIDC, IDC, power grids, power generation, public utilities, and industrial and commercial facilities.

Review of Business

The Group's Digital Energy Services business recorded a turnover of RMB2,388.20 million (first half of 2025: RMB1,208.34 million) during the period under review, representing a year-on-year increase of 98% and accounting for 44% of the Group's total turnover (first half of 2025: 27%). The revenue contribution from domestic and overseas customers were 57% and 43% respectively (first half of 2025: 96% and 4%).

Order Data in the Year under Review

During the period under review, the Group's Digital Energy Services business secured orders worth RMB4,469 million (first half of 2025: RMB2,227 million), representing a significant increase of 101% over the same period last year. This upswing in orders was mainly attributed to: (I) contracts won from smart distribution networks had a combined value exceeding RMB2,147 million, representing a substantial increase of 96% year-on-year, primarily driven by the rapid growth of overseas distribution network equipment business; (II) benefiting from the gradual realization of the Group's internationalization strategy, the accelerated demand for data center construction driven by AI, and the rapid development of overseas data center business, the value of contracts won in relation to data centers exceeded RMB1,892 million during the period under review (first half of 2025: RMB747 million), representing a surge of 153% year-on-year; and (III) the value of orders related to new energy storage was over RMB 430 million (first half of 2025: RMB387 million), representing an increase of 11% year-on-year.

Review of Digital Energy Services Business Development and Relevant Policies

During the period under review, all business segments at Wayon Energy delivered rapid development, with domestic market share steadily increasing and multiple strategic breakthroughs achieved in key overseas regions, leading to the continuous expansion of its international business.

In the smart distribution network segment, benefiting from the positive impact of tender reforms, the Group's core product categories, such as primary and secondary integration pole-mounted circuit breakers and transformer packages, recorded impressive growth, with brand value and market share steadily rising. In the non-power grid sector, the Group continued to deepen its presence in diversified business segments, targeting strategic customers and major projects in key industries and core regions, resulting in steady growth in contract wins that provided solid support for overall business growth. In overseas markets, the Group focused on North and South America as core growth regions, achieving rapid growth in the transformer and recloser businesses. Key breakthroughs were successively made in transformers in Europe, ring-main units and pole-mounted circuit breakers in the Asia-Pacific region, and transformers in South Africa, continuously broadening the Group's overseas market footprint.

In the first half of 2026, the data center-related business achieved multiple breakthroughs. In the domestic market, on the basis of consolidating the position with the three major telecommunications operators and continuously increasing market share, the Group deepened cooperation with leading internet enterprises and became a strategic partner to these companies, while completing benchmark projects for multiple third-party data centers (COLO operators), thereby securing longer-term business cooperation. In overseas markets, leveraging the core customer resources, the Group successfully expanded into several markets including Malaysia, Thailand, and Indonesia, and was shortlisted in the supplier system of major overseas AIDC service providers, making positive progress in multiple key project developments. The Group continuously optimized the customer structure and regional layout, steadily broadening its business coverage.

As for the new energy storage-related business, during the period under review, the Group focused on the charging and swapping segment in the domestic market and launched lithium-ion battery-swapping cabinet projects in multiple provinces, further consolidating its market position as a core supplier. Meanwhile, the Group continued to deepen cooperation with leading telecommunications service providers and upgraded the provincial-level local supporting delivery service system. In overseas markets, the Group deeply cultivated key global regions and successfully established a presence in North America, Australia, Europe and Africa. The Group built a standardized and replicable development model for multiple scenarios, steadily laying a solid foundation for its overseas market footprint.

As for industry policies, the first half of 2026 was a critical window during which the coordinated development of computing capacity and electricity supply transitioned from top-level design to binding constraints. Both domestically and internationally, quantitative targets and rigid standards were intensively introduced around power grid upgrades and AI infrastructure. This multi-dimensional convergence of favorable policies is unleashing new momentum.

In the domestic power grid industry, in January 2026, State Grid announced that fixed-asset investment during the 15th Five-Year Plan period would reach RMB4 trillion, representing a 40% increase compared with the 14th Five-Year Plan period and an average annual growth rate of 8%. This figure is significantly higher than the 4.85% during the 13th Five-Year Plan period, exceeding market expectations. State Grid's capital expenditure for 2026 is expected to exceed RMB720 billion, a year-on-year increase of 10.77%. Southern Grid's fixed-asset investment arrangement for 2026 is RMB180 billion, with total investment during the 15th Five-Year Plan period estimated at approximately RMB1 trillion, representing a 49% increase compared with the RMB670 billion during the 14th Five-Year Plan period and an average annual growth rate of 9.5%.

In the domestic data center sector, 2026 marked a critical inflection point where the computing power and electric power coordination moved from pilot exploration to systematic advancement. This development was upgraded to a new infrastructure system featuring the coordinated construction and bidirectional empowerment of computing power and electric power coordination. In March, the "Report on the Work of the Government 2026" included the computing power and electric power coordination in the national new infrastructure sector for the first time, proposing to create a new form of intelligent economy and implement new infrastructure projects such as hyperscale intelligent computing clusters and the computing power and electric power coordination. In May, the NEA issued the "Action Plan for Promoting Bidirectional Empowerment of Artificial Intelligence and Energy", proposing to initially build an AI energy security system by 2027.

In the overseas power grid industry, according to International Energy Agency (IEA) statistics, power-related investment would emerge as the core trend in global energy spending for 2026. Global investment in power supply and grid infrastructure for 2026 is projected to approach USD1.6 trillion, a figure that would expand to USD2 trillion when factoring in end-use electrification sectors. The global grid investment alone is expected to approach USD550 billion, representing a nearly 20% year-on-year increase.

In the overseas data center industry, in June, the European Commission published the proposal for the "Cloud and AI Development Act", aiming to triple Europe's data center capacity within the next five to seven years by establishing "Data Center Acceleration Zones" in EU Member States to streamline zoning, environmental impact assessments, and grid approvals, while introducing a "European Cloud Tier Certification" framework. In the first half of 2026, several U.S. states in the North American market, including New York, Maine, Vermont, Virginia, and California, successively introduced core restrictive policies specifically targeting electricity capacity and energy consumption issues.

Prospects for Digital Energy Services Business

In the second half of 2026, within the domestic smart distribution network business, Wayon Energy will maintain its stronghold in the core grid market, dynamically optimize its bidding system to adapt to market changes, make forward-looking deployments in 35 kV and above products, and continuously advance toward the dual goals of “core product iteration + market capability enhancement”, thereby achieving a comprehensive leap in overall competitiveness. In the non-power grid market, it will target high-value segments and core regions, explore deeply the demands posed by its strategic customer and key projects, and drive steady expansion in order scale, thereby achieving growth in both volume and efficiency of its businesses. In overseas markets, Wayon Energy will seize growth opportunities in North and South America to consolidate its market base and expand deeply into emerging markets such as Europe, the Asia-Pacific region, and South Africa, driving order volume growth across regions and steadily increasing market share.

The data center business will adhere to a globalization strategy, focusing on the dual priorities of performance growth and capability upgrades. On the one hand, the Group will capitalize on the strategic opportunity of “computing power and electric power coordination”. It will leverage power modules and IT prefabricated cabins to drive rapid business growth, accelerate the R&D and mass production of new products such as liquid cooling CDUs, HVDC, and solid-state transformers, and build an integrated “equipment supply + electromechanical general contracting” service system, thereby forming a full-chain supply advantage for computing capacity infrastructure. On the other hand, the Group will reinforce long-term competitive barriers around the three core directions of localized manufacturing, agile delivery, and green solutions, while continuously optimizing its regional presence and customer structure to enhance global competitiveness.

As for the new energy storage business, Wayon Energy will continue to advance centralized procurement tenders with leading telecommunications service providers and participate in battery-swapping cabinet project bids in multiple provinces in the domestic market, actively expanding cooperation with regional swapping operators to broaden the swapping ecosystem. In overseas markets, it will focus on key countries and key customers and launch standardized energy storage products tailored to diverse scenarios to cultivate new growth drivers. It will iterate liquid-cooled commercial and industrial energy storage systems and lithium-ion UPS products for data centers, introduce lithium-ion battery cabinets that meet the integrated backup and storage needs of data centers, optimize the modular design of PV-storage and off-grid systems, place special emphasis on the diesel-replacement and high-reliability hybrid power supply markets, and refine regional EMS adaptation algorithms, thereby continuously consolidating its market and technological competitiveness.

International Markets

Global Smart Power Meter Information

In the first half of 2026, the global energy transition continued to deepen, with power grid modernization and new power system construction accelerating in multiple countries. The global smart power grid and smart power meter markets maintained steady growth, while the industry as a whole evolved from standalone equipment sales toward integrated “hardware + software + service” solutions, creating broad market opportunities for the Group’s international business development.

During the period under review, total global power grid investment sustained the growth trend seen in 2025, with the full-year figure expected to exceed USD450 billion. Of this total, smart power grid investment accounted for a stable 35%–40%, with the full-year scale expected to reach USD150–180 billion. In terms of investment structure, digital and intelligent transformation emerged as the core focus, with rising shares of investment in distribution automation, advanced metering infrastructure (AMI), grid cybersecurity, and distributed energy resource grid-connection management. Among these, investment in software and digital technologies grew by over 15% year-on-year, becoming the primary driver of power grid investment growth. In addition, the cumulative global installed base of smart meters surpassed 1.25 billion units, with penetration rising from 41% in 2022 to 56%, and projected to exceed 70% by 2030. In terms of market revenue, total revenue of the global smart meter industry in 2026 is projected to reach USD26.8 billion, of which hardware sales revenue will account for 62%, while revenue from data services, system platforms, and value-added solutions will increase to 28%, reflecting a significant shift toward service-oriented business models.

The global smart power meter market exhibited pronounced regional divergence. The Asia-Pacific region remained the largest smart power meter market globally, with an estimated market size of USD17.63 billion in 2026, accounting for 57.5% of the global market, driven primarily by large-scale replacements of current meters, accelerated new power system construction, and the unlocking of power grid modernization demand in emerging markets such as Southeast Asia and the Middle East. The North American market was estimated at USD6.93 billion in 2026, representing 22.9% of the global market, with demand stemming from the replacement of obsolete meters, AMI system upgrades, and supporting metering equipment for distributed energy resources and electric vehicle charging facilities. Driven by EU energy efficiency directives and power grid digitalization policies, the European smart power meter market maintained steady growth, with three-phase multifunctional meters accounting for over 35% of new orders. The replacement demand for second-generation smart metering devices continued to materialize, with over 10 million new units expected to be installed in 2026. Latin America, the Middle East, and Africa have constituted the core growth segments of the global smart power meter market, with a CAGR of over 10% expected from 2026 to 2028. Demand in these regions has been driven by expanding electricity access, power grid infrastructure upgrades, and energy investment funding from international financial institutions, alongside parallel growth in demand for low-cost, high-reliability basic metering equipment and AMI system solutions.

Review of Business

During the period under review, the Group's turnover from overseas business was RMB2,391.35 million (first half of 2025: RMB1,243.83 million), representing a 92% increase over the same period last year.

Order Data in the Period under Review

During the period under review, the Group secured approximately RMB4,435 million (first half of 2025: RMB2,130 million) worth of overseas orders, representing an increase of 108% year-on-year.

Market Developments in Each Country

In the South American market during the first half of 2026, the Group took Brazil as its core strategic pivot, extending business coverage across South and Central America. Among these, the bid value for the Brazilian recloser project approached RMB260 million, which propelled the total contract value in the South American market to a remarkable year-on-year surge of 287%. Driven by local grid assessment policies in Brazil, reclosers have shifted from optional purchases to rigid demand. The Group signed large new contracts for reclosers in the first half of the year and established an exclusive supply barrier, making reclosers the core growth engine for this market. Meanwhile, the Group's local manufacturing facility enabled domestic production in Brazil, effectively avoiding cross-border tariff costs and logistics delays, and fully meeting mass delivery requirements for large-scale Brazilian AMI projects. In addition, the Group deepened market penetration across the region. Cooperation with key established customers including CPFL in Brazil advanced steadily, with annual supplementary orders rolled out as scheduled. Tendering for power meter projects in emerging markets such as Colombia, Argentina and Chile was underway, while initial layout planning for Central America also kicked off in the period.

In the North American market, the Group positioned Mexico as its strategic hub to cover the United States and Canada, achieving a 43% year-on-year increase in newly signed contracts. During the period under review, both core businesses and new product lines delivered outstanding results. The value of bids won for power meters reached RMB690 million, while contracts and deliveries for reclosers and transformers both hit record highs. High-margin power distribution products have become the primary growth driver for the region. At the same time, the Group's new businesses, including energy storage, water utility services and smart city solutions, achieved breakthrough implementations during the period. The foundation of localized manufacturing continued to be reinforced, with the Mexico factory establishing core competitive advantages in terms of compliance, cost and delivery. Concurrently, the Group built supporting high-end qualifications, successfully opening access to the high-end market and achieving steady progress, laying a solid foundation for subsequent large-scale development.

In the African market, the Group relied on dual production bases in Tanzania and South Africa as core growth drivers, covering East Africa, Southern Africa, West Africa and Central-East Africa, and achieved a 52% year-on-year increase in newly signed contracts. Tanzania, a long-established deep-rooted market for the Group, posted robust performance in retaining existing customers and developing new ones, consistently generating stable revenue contributions. Kenya, an emerging market, delivered initial fruitful results, further consolidating the Group's footprint across East Africa. In South Africa, the Group has successfully been shortlisted by Eskom Holdings SOC Ltd as a major supplier, with local factory production capacity continuously optimized to match regional market demand. For emerging markets, the Group is advancing projects in Côte d'Ivoire, Nigeria, Uganda and other West African and Central-East African regions in a phased manner, with regional market coverage continuing to expand. At the same time, the dual localized manufacturing bases formed core advantages for regional order fulfillment, capable of meeting the delivery requirements of investment projects from international financial institutions such as the World Bank and African Development Bank. Furthermore, the EPC system solutions business has begun to gain initial momentum, with the business model continuing to upgrade.

In the European market, the Group took the Hungarian manufacturing base as its core, covering Western and Eastern Europe, Northern Europe and Turkey, and achieved a 59% year-on-year increase in newly signed contracts. Notably, the high-end power distribution business made significant progress, with transformer, eco-friendly switchgear projects and system software contracts successfully concluded. This drove the business structure to comprehensively upgrade from single power meters to distribution network equipment and digital software services, with the proportion of high-margin products increasing markedly. At the same time, the Group's capacity to access high-end markets continued to strengthen. Certification work for cooperation projects in Germany and Turkey was progressing steadily, while existing cooperation in Hungary was also deepening continuously, laying a solid foundation for large-scale expansion in the high-end markets of Western Europe and Central and Eastern Europe.

In the Asian market, the Group identified the Middle East and Southeast Asia as key markets, with business already extending to South Asia and Oceania, achieving a year-on-year increase of 578% in new contract value. Large-scale framework orders were secured in a concentrated manner, with ample order reserves for channel business, and the pulling effect of EPC new products and major projects was significant, with relevant orders expected to be delivered gradually over the next year. Market layout continued to deepen, with a solid channel foundation in the Middle East and steadily increasing market shares in mature markets such as Malaysia, Singapore and Indonesia. First orders were also achieved in emerging markets such as Myanmar and Fiji, with regional coverage and market penetration depth expanding simultaneously.

Future Development of International Markets

Regarding the South American market, the Group will take Brazil as its core pivot in the future, deepen its presence in mature South American markets and target incremental opportunities across Central America. It aims to build a second growth curve for power distribution equipment and evolve into a leading integrated energy solutions service provider across Latin America. The Group will continue to deepen strategic cooperation with core customers in Brazil, execute major contracts for smart meters, reclosers and other products, facilitate annual supplementary power meter orders, and consolidate its foundational market position in Brazil. Leveraging the local factory in Brazil, it will optimize localized R&D, production and delivery systems to achieve cost reduction and efficiency enhancement. The Group will push full steam ahead to launch new projects in Colombia, Argentina, Chile, Costa Rica and other markets, gradually filling gaps in Central American market development and promoting regional synergistic growth. It will also actively expand market reach for transformers, inverters and other products to refine its integrated product matrix and lift overall regional profitability.

Regarding the North American market, the Group will take Mexico as its core manufacturing base, stabilize existing foundational businesses such as power meters, reclosers and transformers, continue to strengthen and expand its power distribution business, and focus on breaking into the high-end market. It will target the renewal of power meter contracts and transformer centralized procurement projects in Mexico, accelerate the market launch and batch delivery of high-end power meters, and continuously consolidate its market share in the North American power meter market. At the same time, the Group will actively promote bidding for projects in industrial and commercial energy storage, water AMI, smart cities and other areas, establishing a new growth engine for the energy storage business. It will also continue to expand the market scale of power distribution products such as reclosers and transformers, consolidate the core of regional profitability, and promote the high-quality development of the North American business.

Regarding the African market, the Group will implement the strategic policy of “deepening the foundation in mature markets and capturing high-potential emerging markets”. Relying on the dual production bases in Tanzania and South Africa as core pillars, it will solidify the mature markets in East Africa and Southern Africa, vigorously expand into high-potential markets in West Africa and Central-East Africa, and strengthen EPC turnkey solution capabilities, striving to make the African market an important growth pole for the Group’s international business. The Group will ensure the performance of existing contracts in Tanzania on schedule, continuously consolidating the regional foundation. It will make every effort to penetrate the South African market, complete full certifications such as NRCS and SABS, and achieve mass supply, establishing South Africa as a dual center for regional production and business growth. At the same time, it will vigorously expand AMI projects in Nigeria and Côte d’Ivoire, gradually addressing the shortcomings in West African market development. It will also steadily advance the deepening layout in the Central-East African markets such as Uganda and Kenya, promoting multiple growth drivers and synergistic development across regional markets.

Regarding the European market, the Group will continue to consolidate its established market share in Hungary, and focus on developing high-end markets in Germany, Turkey and Northwest Europe. It will improve the high-end product certification system, expand the sales scale of system software, and strive to make the European market a core strength of the Group's high-end products and digital services. In Hungary, the Group will make every effort to promote project implementation, ensure the timely delivery of new contracts, and reinforce the local development foundation. In Germany, it will accelerate the market batch certification process and production ramp-up, while in Turkey it will expedite project implementation, promoting synergistic growth momentum between the German and Turkish markets. At the same time, in the European market, the Group will continue to ensure the stable delivery of power distribution equipment, gradually expand its coverage of high-end markets in Northwest Europe and Central and Eastern Europe, and actively increase the sales scale of system software such as HES and MDM, driving the business transformation from hardware supply to digital services, thereby comprehensively enhancing value-added services and long-term customer value.

Regarding the Asian market, the Group will accelerate the strategic shift from “broad coverage” to “deep localized rooting”. While consolidating the base in mature markets, it will actively seize major project opportunities in emerging markets, and simultaneously improve the risk control system to promote steady and sustainable development of regional business. In terms of channel business, the Group will make every effort to increase contract orders in the second half of the year, ensure the timely delivery of all EPC projects as scheduled, and consolidate and expand its core order advantages in the regional market. In mature markets, it will deepen cooperative relationships with existing customers in Singapore, Malaysia, Indonesia and other places, through contract renewals and expanded cooperation scale, to consolidate existing market shares and drive steady growth. In emerging markets, it will focus on improving localized cooperation systems in Myanmar, Fiji and other areas, establishing long-term cooperation frameworks with local partners to effectively diversify and mitigate market expansion risks. At the same time, the Group will build a local integrated service system covering sales, technical support and after-sales service, comprehensively improving project conversion efficiency and customer service levels, thereby laying a solid foundation for the long-term sustainable development of regional businesses.

Research and Development (“R&D”)

The Group has consistently adhered to R&D-driven approach and technological innovation, aligning with the national “Dual Carbon” development policy while adapting to the market transformation of digital grids. It vigorously develops digital smart city initiatives and new energy businesses, addressing customer needs while proactively advancing its own technological revolution. During the period under review, the Group was granted 74 patents, including 25 patents of invention, and authored 56 software copyrights, boosting the total number of valid patents to 2,209, software copyrights to 2,102, and intellectual property rights to 4,311 as of 30 June 2026.

Smart Grid Solutions Business

During the period under review, in terms of core technology and product iteration, and in response to the development of a new power system and the demands of market-based electricity trading, the Group successfully developed a new-generation power meter compliant with State Grid's 2025 technical standards. This meter significantly enhances overload capacity and measurement range and supports spot electricity trading and flexible tariff applications, while its communication capability meets the requirements for second-level data acquisition and control in specialized scenarios. It also incorporates fault self-diagnosis technology, thereby improving operation and maintenance troubleshooting efficiency and equipment reliability. Leveraging its deep expertise in metering software technology, the Group took the lead in drafting the national standard "Embedded Software Reliability for Power Energy Measuring Equipment", which has unified industry-wide design specifications for embedded software. With a focus on AI power meters, the Group built edge AI and cloud-edge collaboration capabilities, deploying algorithms for load identification, abnormal electricity consumption monitoring, power safety early warnings, and energy efficiency analysis directly on the meter side. This upgrade transformed the power meter from a mere metering terminal into an intelligent energy gateway that is perceptive, analytical, and capable of continuous evolution. Based on tunnel magnetoresistance (TMR) current sensing technology, the Group developed a high-precision three-phase smart power meter adapted to the new power system, which, as appraised by experts from the Guizhou Society for Electrical Engineering, has achieved internationally leading overall technical performance. To address the difficulties of outage maintenance in high-voltage substations, the Group developed an online monitoring instrument for power metering devices, which has been deployed across multiple high-voltage substations in China, facilitating the transition from periodic maintenance to condition-based maintenance for metering equipment. In addition, the Group closely followed the 2025 technical specifications of State Grid and launched the 2025-version single-phase and three-phase magnetic latching relays that conform to the new standards. These relays have passed all type tests at the State Grid Electric Power Research Institute and received official qualification reports, making them suitable for scenarios such as smart power meters, power grid retrofits, and power metering. The Group also participated in the drafting of the industry standard "Magnetic Latching Relays for Power Meters", continuously enhancing its influence in standardization.

As for application scenarios and delivery capabilities, the Group launched a multi-circuit distribution monitoring solution for high-energy-consumption scenarios such as data centers, providing precise end-device metering coordination for data center dynamic environment systems. This enables cabinet-level energy consumption collection, dynamic data monitoring, and safety status monitoring, supporting energy saving, carbon reduction, load regulation, and safe operations with robust data. In terms of new energy and power supply products, the Group introduced wall-mounted solar controllers suitable for base station photovoltaic integration (with a power range of 4-16 kW), completed the development of 4 kW low-voltage and high-voltage string photovoltaic modules, and gradually developed delivery capabilities for various string photovoltaic module models. Based on integrated base station power supplies, the Group launched an independently controllable 4G communication module and established an integrated power supply IoT monitoring system covering mobile apps and cloud platforms, enabling remote monitoring, one-click diagnosis, and one-click upgrades. The Group launched a provincial-procurement version 2 kW integrated power supply and an overseas version 3 kW integrated power supply. The former offers distinct cost advantages, while the latter is optimized for anti-interference and high-temperature adaptability specifically for the Indonesian and Vietnamese markets. Meanwhile, the Group introduced minimalist power supply products for macro and micro base stations. Furthermore, addressing the digital and intelligent energy-carbon management needs under the national dual-carbon strategy, the Group launched an energy-carbon management platform that covers core functions such as energy consumption queries, carbon emission accounting, and product carbon footprint tracking. This platform also meets the functional requirements across 12 dimensions set forth in the “Guidelines for the Construction of Digital Energy-Carbon Management Centers in Industrial Enterprises and Parks” and the relevant digital intelligence specifications in the “Guiding Opinions on the Construction of Zero-Carbon Factories”.

As for market applications and overseas expansion, the Group launched a new-generation 0.1S-class IEC-standard gateway power meter, which leverages its proprietary high-end metering algorithms to achieve millisecond-level precision metering and integrates real-time edge computing, line-loss analysis, and intelligent fault diagnosis. This product has already achieved large-scale application and volume supply in core overseas markets such as Africa and the Middle East. Moreover, the Group continued to expand the market for new products, including minimalist power supplies and integrated power supplies. The minimalist power supply has already achieved project breakthroughs and contributed revenue, while the integrated power supply maintains a strong market share. In terms of overseas business, leveraging its own distribution channels and overseas teams, the Group completed client engagements and demand surveys in Southeast Asia and Europe. A phased breakthrough was achieved in the Southeast Asian market, with the initial batch of orders scheduled for delivery within the year.

As for technological achievements and authoritative certifications, in the first half of 2026, the Group was successfully included in the “List of Candidates for National Intellectual Property Demonstration Enterprises”. Three of the Group’s products/technologies, namely AI Power Meter, AI Load Forecasting and Integrated Energy Economic Optimization Dispatch Intelligent Module, and Distributed Photovoltaic Power Ultra-Short-Term Forecasting System Based on Ground-Based Cloud Maps, were included in the AI Supply Capability List. In addition, the Group’s smart gateway power meter received the Green Energy Star Award in the cutting-edge technology product category. The project “Building a Closed-Loop Reliability Management Practice Path Covering the Entire Product Life Cycle” was selected as a typical case in the Ministry of Industry and Information Technology’s “2025 Industrial and Information Technology Quality Improvement and Brand Building Cases”. The smart gateway power meter was included in the “Catalogue of Encouraged Green, Low-Carbon, Advanced, and Applicable New Technologies, Equipment, and Products in Hunan Province’s Industry and Information Technology Sectors”.

As for smart manufacturing and brand building, leveraging its brand strength and industry influence, the Group was honored with the title of 2026 Advanced-Level Smart Factory in Hunan Province. With a brand strength score of 911 and a brand value of RMB2.885 billion, the Group ranked 43rd on the 2026 China Brand Value List (Machinery Equipment Manufacturing). Meanwhile, with revenue of RMB5.192 billion, the Group ranked 53rd on the 2025 Top 100 Manufacturing Enterprises in Hunan Province, reflecting the Group’s comprehensive competitiveness in R&D innovation, product reliability, smart manufacturing, brand quality, and market delivery.

AI-Integrated Energy Efficiency Solutions Business

The Group carries out its R&D activities under a model that features “independent R&D as the mainstay, collaborative R&D as a complement, and innovation platforms as support”. It has established a three-tier R&D organizational structure that serves the respective functions of “strategic R&D planning + basic research incubation + product development and application”. In addition, the Group has set up two provincial-level engineering technology research centers, two provincial-level enterprise technology centers, one provincial key laboratory, one provincial-level industrial design center, three specialized technical laboratories, four applied technology and product development platforms, an academician and expert workstation, and a postdoctoral innovation and entrepreneurship practice base.

During the period under review, the Group continued to strengthen its core competitiveness in “IoT + chips + AI”. As for chip and underlying communication technologies, the Group’s self-developed chips continued to expand the advantages in both domestic and international markets. The high-speed broadband carrier communication technology and chips received a scientific and technological achievement appraisal from an international panel of academicians and experts, confirming the industry-leading performance. The new-generation dual-mode communication chips passed the testing certification by both State Grid and Southern Grid, driving a continuous increase in market share. The new-type SoC chips with an embedded NPU, co-developed with a national laboratory, would soon be applied in core scenarios such as smart power distribution and transparent power grids. The power IoT Wi-SUN communication modules developed based on the Group’s self-developed RISC-V architecture Wi-SUN communication chips obtained multiple international authoritative certifications and secured overseas orders exceeding RMB10 million. The IEEE Std 2815™-2024 Guide for the Technical Specification of the Smart Distribution Transformer Terminal, an international standard that the Group contributed significantly to formulating, was officially released. As a Contributor Member of the Wi-SUN Alliance, the Group’s proprietary chips cover the power AMI communication standards in over 70% of countries worldwide. In the optical module segment, the Group introduced prototype optical modules spanning 10G to 1.6T for mainstream data center applications, while offering solutions for telecom optical networks, with products obtaining multiple market access certifications.

As for power grid digitalization products, the Group’s “Low-Voltage Distribution Network Digitalization Construction Project Based on Intelligent Fusion Terminals” was selected as one of the 100 landmark projects of Hunan Province’s 2026 “Digital New Infrastructure” initiative. The project “Key Technologies for Whole-Domain Collection, Sensing, and Aggregated Dispatch and Control of Massive Distributed Resources” won the First Prize of the State Grid Hunan Power Science and Technology Progress Award. The project led by the Group, “Key Technologies and Applications for Integrated Sensing-Communication and Hierarchical Control of 10-GW-Scale Distributed Resources”, received the First Prize of the Hunan Provincial Science and Technology Progress Award. In terms of overseas product certifications, the RTU passed the IEC60870-5-101/104 certification at the European KEMA laboratory. The overseas DCU and communication module obtained multiple international authoritative certifications, including SGS Wi-SUN, DLMS, and G3-PLC. In the smart water management sector, the full series of smart ultrasonic water meters secured three major international certifications, namely OIML (International Organization of Legal Metrology), MID (EU Measuring Instruments Directive), and WRAS (Water Regulations Advisory Scheme in the UK), laying a solid foundation for the global promotion of smart water management. Furthermore, the Group’s “Low-Orbit Satellite Fishing Vessel Positioning and Supervision Solution” builds an integrated closed-loop system encompassing “onboard terminals — satellite transmission — cloud-based supervision”, complementing its capabilities in overseas utility digitalization and satellite communication scenarios.

Digital Energy Services Business

In the data center business, with the rapid worldwide development of AI and computing power infrastructure, data centers have become the core engine of growth for the Group's digital energy business. Guided by the technological direction of intelligentization, integration, and prefabrication, and centered on the strategy of integrated "power management + thermal management" comprehensive solutions, the Group continued to increase R&D investment, focused on core areas such as liquid cooling, high-voltage direct current (HVDC), and solid-state transformers (SST), and accelerated breakthroughs in key technologies and the upgrading of its product portfolio to build core capabilities for next-generation data centers. In the field of liquid cooling, in response to the cooling challenges posed by the rising power density of AI computing chips, the Group established liquid cooling as a core strategic direction within its "thermal management" segment. In the first half of the year, the Group prioritized the R&D and rollout of new products including coolant distribution units (CDU) and secondary piping systems. Meanwhile, the Group focused on the R&D of 800V/400V HVDC power supply systems and core SST modules, aiming to significantly enhance power supply efficiency and system reliability by reducing AC-DC conversion links and increasing voltage levels, thereby meeting the high-power-density requirements of intelligent computing centers. In addition, the Group continued to refine the R&D of core products such as power distribution prefabricated cabins and IT prefabricated cabins. By aligning with the regional construction demands of data centers, the Group enhanced product adaptability and reliability and optimized its product matrix for data center power management. Looking ahead, the Group will continue to strengthen deep collaboration with leading customers and the industrial ecosystem, striving to become a leading provider of digital energy solutions for global data centers.

In the smart distribution network sector, during the period under review, the Group closely aligned its domestic market strategy with the development direction of digital distribution networks under the new power system framework. It continued to enrich its core distribution product portfolio, deepened R&D efforts in core technologies for distribution business, and accelerated the iterative upgrade and performance enhancement of its full range of safe and controllable products, which have been widely recognized by market customers. Positive progress was also achieved in overseas markets. In the distribution switchgear segment, the recloser product line completed the R&D of a 38kV model, forming a complete product spectrum covering 10kV to 38kV. In environmentally friendly gas-insulated ring main units, the Group continued to advance the R&D and rollout of 12kV and 24kV series products and developed parallel vacuum interrupter technology for load switch cabinets, creating a differentiated competitive advantage. In the transformer business, twelve distribution transformer products obtained authoritative certifications such as LAPEM and UL for the North American market, further strengthening the Group's overseas product access capabilities and full-scenario adaptability. In the second half of 2026, the Group will focus on core distribution network equipment such as transformers and primary and secondary integration devices, continuously sharpening product competitiveness. It will also address key demands including grid power supply reliability, new energy consumption and absorption, and power energy quality improvement, striving to build flexible interconnection solutions and further promoting the green, low-carbon, and intelligent upgrades of the power grid. In overseas markets, the Group will continue to drive iterative upgrades and market expansion around its core product lines, steadily reinforcing the sustainable development capacity of its international business.

As for the new energy storage-related business, the Group completed the design of a new-generation battery-swapping product for the domestic market, effectively expanding application scenarios and further enhancing swapping reliability. In the second half of 2026, the Group will accelerate product iteration and system development to enable multi-scenario applications. In overseas markets, during the period under review, the Group completed the R&D, certification, and commercialization of three new products: lithium-ion UPS energy storage cabinets/prefabricated containers for data centers, PV-storage-diesel hybrid microgrids, and integrated off-grid PV-storage systems, with a focus on developing markets in Mexico, Australia, and overseas computing power infrastructure. In the future, the Group will prioritize the upgrade of liquid-cooled industrial and commercial energy storage systems and data center lithium-ion UPS products, optimize the modular design of PV-storage and off-grid systems, refine regional EMS algorithm adaptation, and continue expanding into overseas markets such as Europe and Latin America.

International Markets

Among products shipped in the first half of 2026, smart meters accounted for a significantly higher proportion than other products, reflecting the continuous conversion of global power grid intelligentization demand into incremental orders. The Group completed product finalization and production line transitions for its new-generation cost-reduction process platform, and it is expected that the cost benefits from process optimization will become more apparent in the second half of the year as new-platform power meters enter mass production in multiple key markets. Based on the HLS Suite2 high-security strategy, the Group completed the design and practical verification of a full-chain security solution covering meter terminals, data transmission, production configuration, and system distribution, significantly enhancing the overall security of the AMI solution. The AMI 2.0 product line was steadily enriched, with relevant products obtaining certifications from the Wi-SUN Alliance, the DLMS Association, CPFL, and other general and market-specific certification bodies, further strengthening product competitiveness. System software, including the Meter Data Recorder (MDR), Network Management System (NMS), and Prepayment Management System (PVMS), was continuously improved.

In addition, the Group also explored the application of advanced technologies, such as AI and quantum time-frequency, in its metering products and low-voltage power distribution management, while the comprehensive capabilities of its R&D center were steadily enhanced. As for market expansion, in the North American market, the Group made steady progress. In the Mexican market, the Group successfully won a CFE project through its Mexican factory, with a contract value exceeding RMB690 million. In the European market, the Group's products developed for Europe obtained six product certifications, including TUV and MID, while production and delivery were effectively secured through the Hungarian factory. In the African market, the Group's business grew steadily. In the Asian market, the newly developed products, such as the 0.2S CT meter, G3PLC outdoor meter, and APMS, continued to be delivered. As for brand influence, the global reach of the Wasion brand continued to expand. The Group has submitted its "'Terminal + Communication + Platform' Three-Layer AMI Solution" to the State Administration for Market Regulation as a typical case of metering services under the Belt and Road Initiative.

FINANCIAL REVIEW

Revenue

During the period under review, revenue increased by 23% to RMB5,389.39 million (Period 2025: RMB4,390.41 million).

Gross Profit

The Group's gross profit increased by 9% to RMB1,685.80 million for the six months ended 30 June 2026 (Period 2025: RMB1,542.28 million). The overall gross profit margin is 31.28% in the first half of 2026 (Period 2025: 35.13%).

Other Income

Other income of the Group amounted to RMB147.95 million (Period 2025: RMB125.21 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 2026 amounted to RMB30.16 million (Period 2025: other gains of RMB21.18 million) which comprised mainly of net foreign exchange losses, changes of expected redemption amounts and customer penalty paid for delay of product delivery.

Operating Expenses

In the first half of 2026, the Group's operating expenses amounted to RMB972.02 million (Period 2025: RMB869.62 million). Operating expenses accounted for 18% of the Group's revenue in the first half of 2026 (Period 2025: 20%).

Finance Costs

For the six months ended 30 June 2026, the Group's finance costs amounted to RMB46.66 million (Period 2025: RMB59.30 million). The decrease was mainly to the decrease of bank borrowings and bank borrowings interest rate during the period.

Operating Profit

Earnings before finance costs and tax for the six months ended 30 June 2026 amounted to RMB796.04 million (Period 2025: RMB748.99 million), representing an increase of 6% 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 2026 increased by 1% to RMB445.87 million (Period 2025: RMB439.65 million) as compared with the corresponding period of last year.

Capital Structure

Top-up Placing of Existing Shares and Subscription of New Shares under General Mandate

On 21 April 2026, the Company, Star Treasure Investments Holdings Limited (the “**Vendor**”) and China International Capital Corporation Hong Kong Securities Limited and Citigroup Global Markets Limited (the “**Placing Agents**”) entered into a placing and subscription agreement, pursuant to which the Placing Agents agreed to act as the agents of the Vendor and to procure placees (being not less than six independent professionals, institutional and/or other investors) (as purchasers) to purchase on a best efforts basis, up to 50,000,000 existing Shares at the price of HK\$30.00 per Share on behalf of the Vendor, and the Vendor conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, up to 50,000,000 new Shares at the price of HK\$30.00 per Share (the “**Subscription**”). The Subscription was completed on 27 April 2026 and 50,000,000 new Shares were allotted and issued to the Vendor, with a nominal value of the top-up subscription shares will be HK\$500,000 based on the nominal value of HK\$0.01 per Share and a market value of approximately HK\$1,597 million based on the closing price of HK\$31.94 as quoted on the Stock Exchange on 20 April 2026. The net proceeds from the issuance of top-up subscription shares were approximately HK\$1,474 million after deduction of related costs, fees and expenses. Accordingly, the net price of the Subscription was approximately HK\$29.48 per Share.

As the Group’s business has entered a new stage of empowering comprehensive upgrades of the energy system with advanced digital intelligence technologies and the Group is committed to creating sustainable value for shareholders, customers, and society through technological innovation, the Company raised additional funds to support (i) development of magnetic latching and HVDC business; (ii) domestic research and development and investment in smart manufacturing; (iii) expansion of overseas markets; (iv) acquisition of a company engaged in the provision of digital system solutions and services for energy management; (v) repayment of bank borrowings; and (vi) general working capital and general corporate purposes.

The below table sets out the details of the intended allocation, actual utilisation and remaining proceeds from the Subscription:

Use of net proceeds		Approximate % of the total net proceeds	Net proceeds HK\$'000	Utilised proceeds as at 30 June 2026 HK\$'000	Unutilised proceeds as at 30 June 2026 HK\$'000	Expected timeline for full utilisation of the balance (Note)
(1)	Development of magnetic latching and HVDC business	14.93%	220,000	—	220,000	Before 31/12/2027
(2)	Domestic research and development and smart manufacturing	13.57%	200,000	—	200,000	Before 31/12/2028
(3)	Overseas market expansion	33.92%	500,000	128,243	371,757	Before 31/12/2028
(4)	Acquisition of a company engaged in digital energy management solutions	13.57%	200,000	82,286	117,714	Before 31/12/2027
(5)	Repayment of bank borrowings	13.57%	200,000	200,000	—	—
(6)	General working capital purposes	10.44%	154,000	25,816	128,184	Before 31/12/2027
		100.00%	1,474,000	436,345	1,037,655	

The net proceeds were used in accordance with the intended use as previously disclosed by the Company in the announcement dated 21 April 2026. For details, please refer to the Company's announcement dated 21 April 2026. As at the date of this interim results announcement, the Company does not anticipate any change to its plan on the use of proceeds from the Subscription.

Note: The expected timetable for full utilisation of the balance is set based on the best estimation of the Company taking into account, among other factors, prevailing and future market conditions and business developments and needs, and therefore is subject to change.

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 2026, the Group's current assets amounted to approximately RMB16,270.91 million (31 December 2025: RMB13,318.82 million), with cash and cash equivalents totaling approximately RMB3,659.52 million (31 December 2025: RMB3,015.24 million).

As at 30 June 2026, the Group's total bank borrowings amounted to approximately RMB2,344.68 million (31 December 2025: RMB2,486.90 million), of which RMB1,440.34 million (31 December 2025: RMB1,400.82 million) will be due to repay within one year and the remaining RMB904.34 million (31 December 2025: RMB1,086.08 million) will be due after one year. In the first half of 2026, the interest rate for the Group's bank borrowings ranged from 0.75% to 8.87% per annum (31 December 2025: 1.23% to 9.40% per annum).

The gearing ratio (total borrowings divided by total assets) decreased from 14% on 31 December 2025 to 11% on 30 June 2026.

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 did not entered into any foreign exchange forward contracts or other hedging instruments to hedge against exchange rate fluctuation risks.

Charge on Assets

As at 30 June 2026, 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 2026, 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 RMB79.86 million (31 December 2025: RMB115.69 million) and RMB40.40 million (31 December 2025: RMB48.40 million), respectively.

Contingent Liabilities

As at 30 June 2026, the Group had no material contingent liabilities.

OTHER INFORMATION

Employees and Remuneration Policies

As at 30 June 2026, the Group had 5,442 (31 December 2025: 5,448) 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 new share scheme on 15 May 2026 to recognise and acknowledge the contributions made or will be made to the Group by the eligible participants. The purposes of the share scheme 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 2026 (Period 2025: Nil).

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2026, 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 HK\$	Lowest price per share HK\$	Total Consideration Paid HK\$
June 2026	960,000	20.00	19.50	18,983,660
	<u>960,000</u>			<u>18,983,660</u>

Amongst 960,000 shares repurchased during the period, 960,000 shares were held as treasury shares for future resale on the market or grant to eligible employees under the share scheme adopted pursuant to a resolution passed on 15 May 2026.

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 2026.

Compliance with the Corporate Governance Code of the Listing Rules

During the six months ended 30 June 2026, 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 C1 of the Listing Rules.

There has been no deviation from the code provisions of the Corporate Governance Code as set forth in the Appendix C1 of the Listing Rules for the six months ended 30 June 2026.

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 C3 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 2026.

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 2026 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 2026 containing all the information required by Appendix D2 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

Jiang Xinjian

Zhang Libin

Non-executive Director

Cao Zhao Hui

By order of the Board
Wasion Holdings Limited
Ji Wei
Chairman

Hong Kong, 27 August 2026