ENERGY METERING & ENERGY SAVING EXPERT

Wasion Holdings Limited
威勝控股有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 3393)

Annual Report 2024

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Ji Wei *(Chairman)*
Mr. Kat Chit
Ms. Li Hong
Ms. Zheng Xiao Ping
Mr. Tian Zhongping

NON-EXECUTIVE DIRECTOR

Ms. Cao Zhao Hui

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Cheong Tat
Mr. Luan Wenpeng
Mr. Wang Yaonan

COMPANY SECRETARY

Mr. Choi Wai Lung Edward *FCCA, FCPA*

AUTHORISED REPRESENTATIVES

Mr. Ji Wei
Mr. Choi Wai Lung Edward *FCCA, FCPA*

AUDIT COMMITTEE

Mr. Chan Cheong Tat *(Chairman)*
Mr. Luan Wenpeng
Mr. Wang Yaonan

NOMINATION COMMITTEE

Mr. Ji Wei *(Chairman)*
Mr. Chan Cheong Tat
Mr. Luan Wenpeng

REMUNERATION COMMITTEE

Mr. Chan Cheong Tat *(Chairman)*
Mr. Ji Wei
Mr. Luan Wenpeng

INTERNAL CONTROL AND RISK MANAGEMENT COMMITTEE

Mr. Chan Cheong Tat *(Chairman)*
Mr. Luan Wenpeng
Mr. Wang Yaonan
Mr. Kat Chit
Ms. Li Hong

PRINCIPAL BANKERS

In Hong Kong:

Hang Seng Bank
Fubon Bank (Hong Kong) Limited
Dah Sing Bank, Limited
The Bank of East Asia, Limited
China Construction Bank (Asia) Corporation Limited
Bank of Communications Hong Kong Branch

In the People's Republic of China (the "PRC"):

China Construction Bank
Bank of Communications

LEGAL ADVISER

Sidley Austin
Level 39, Two International Finance Centre
8 Finance Street
Central
Hong Kong

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS

Units 706–7, 7/F, Harcourt House
39 Gloucester Road
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

SMP Partners (Cayman) Limited
Royal Bank House – 3rd Floor
24 Shedden Road
P.O. Box 1586
Grand Cayman
KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Corporate Markets Pty Limited
Suite 1601, 16/F, Central Tower
28 Queen's Road Central
Hong Kong

COMPANY WEBSITE

www.wasion.com

STOCK CODE

3393

CORPORATE PROFILE

LEADING TOTAL SOLUTION PROVIDER OF ADVANCED METERING, ADVANCED DISTRIBUTION AND ENERGY EFFICIENCY MANAGEMENT

Wasion Holdings Limited ("Wasion Holdings" or the "Group") is the leading total solution provider of advanced metering, advanced distribution and energy efficiency management in China, and is committed to becoming an "Energy Metering and Energy Saving Expert" in China and across the world. The Group was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") in December 2005, which was the first professional syndicate engaged in energy metering and energy efficiency management in China listed overseas, as well as the first company in Hunan Province listed on the Main Board overseas.

Wasion Holdings has long been focusing on the research and development, production and sales of total solutions relating to energy metering and energy efficiency management, the products and services of which have been extensively applied in energy supply industries for electricity, water, gas and heat, and large energy-consuming units of large-scale public infrastructure, petroleum and chemical, transportation, 5G communication, machine manufacturing, metallurgical and chemical fields and residents.

The advanced smart metering business of the Group mainly comprises of comprehensive smart meters, smart water meters, smart gas meters and ultrasonic calorimeters; various meters and power quality monitoring devices; comprehensive energy data collection terminals, load management terminals and user management devices; measurement automation systems and various application systems, services and energy data mining. The Group, with more than 20% of the domestic market share of high-end metering products, has built up its leading position in China and is the only professional manufacturer in China which provides various advanced energy metering products, systems and services for electricity, water, gas and heat, as well as satisfies the demand of the whole process from energy production, transmission and distribution to consumers.

The products and solutions of advanced distribution and energy efficiency management business of the Group covers new energy storage system solutions for comprehensive scenarios such as large energy storage, industrial and commercial energy storage, household photovoltaic-storage integration and mobile energy storage, high- and low-voltage complete equipment, primary and secondary integration complete equipment, smart low-voltage components, tower energy and communication products and services, EMS system application, hydrogen production, new energy connection, industrial automation, battery swap and preparation, sales of power and supply-side management, etc. The Group is devoted to becoming the leading total solution provider for advanced distribution system in China.

In January 2020, the Group's "Communication and Fluid AMI" business — Willfar Information Technology Company Limited (Stock Code: 688100), a 59.55% owned subsidiary of the Group — received approval from the China Securities Regulatory Commission to become the first company in Hunan Province to list on the STAR Market, and was included in the "STAR 50 Index" in August 2020. The Communication and Fluid AMI business mainly focuses on reshaping the energy management methods of electricity, water, gas and heat with the IoT technology, and provides a full-level integrated solution for the IoT of energy from data perception, network transmission to application management, with communication technology from basic chip design, data perception and data acquisition to high-speed data transmission and stable connection, as well as the capability to provide users with such digital solutions as software management.

In 2024, the Group made significant achievements in the development of its overseas business. The Group established its international department in 2000 and began to expand overseas markets. After development for more than two decades, the Group has successively set up production lines in Tanzania, Brazil, Mexico and Hungary, and proactively established production bases in Australia, Indonesia and Malaysia, truly realizing “localization” of its business mode, while covering surrounding countries and regions. This layout not only enhances the market competitiveness of Wasion Holdings globally, but also lays a solid foundation for the in-depth promotion of its internationalization strategy.

With green and low-carbon transformation of the global energy structure, the overseas layout of the Group also closely follows the development policies and market changes of various countries, and actively expands into various fields such as power distribution, energy storage, photovoltaic and battery swap. Wasion Holdings diversifies its business segments by exploring and exploiting new business areas, thus to inject new impetus into the Group’s long-term growth.

The goals of “Carbon Neutrality” and “CO2 Emission Peak” are driving substantial changes in energy production and energy consumption mode in China and even the world. Amidst the material social responsibility and development opportunities arisen from energy saving and carbon reduction as well as the substantial demand arisen from the transformation and upgrading of smart power grids to the internet of energy, Wasion Holdings will adhere to its corporate motto “Energy Metering and Energy Saving Expert” while upholding its core value “Perfect Work with Passion, and Success Achieved with Integrity” by continuous innovation and improvement in order to become the pioneer in smart power grids and smart metering in China, one of the major international smart power grids and smart metering provider and a well-known international brand.

In the future, every city, every enterprise and every family will be benefited from the use of the technology, products and services of Wasion.

QUALIFICATIONS, AWARDS AND MILESTONES

February

The "Green Energy Smart Application Data Cloud Platform" (綠色能源智慧化應用數據雲平台) of Wasion Energy Technology Co., Ltd. ("Wasion Energy") was selected as the pilot demonstration project of industrial internet by the Ministry of Industry and Information Technology.

March

Wasion Group Limited ("Wasion Group") has passed the scientific and technological achievement appraisal organized by China Instruments Manufacturers Association for its electric carbon integrated meters (電碳融合計量表) and "Key Technologies for Full-time Electric Carbon Emission Measurement and Interactive Carbon Reduction" (全時態電力碳排放計量及互動減碳關鍵技術) project.

April

Wasion Group's flexible production and manufacturing scenarios of smart energy meters were shortlisted the typical list of the top ten application scenarios of " Empowering Enterprises Intelligently" (智賦萬企) in Hunan Province.

Wasion Energy's "Digital Energy Storage Workshop Construction Project" (數字化儲能車間建設項目) was selected into the list of 100 landmark projects of "Digital New Infrastructure" (數字新基建) in Hunan Province.

July

Wasion's subsidiary in Hungary has been officially put into operation and successfully passed ISO9001 and MID-D certifications. As the sixth production and R&D center of Wasion worldwide, it provides solid support for the European market.

September

Wasion Group took the lead in launching the power meters equipped with Power Harmony OS (電力鴻蒙操作系統) in China, successfully bringing them to the market. These devices have been batch deployed in Guangdong Power Grid and Guangxi Power Grid.

Wasion Group's "Typical Application Scenario of AI-empowered AOI Smart Visual Inspection" (AI賦能AOI智能視覺檢測典型應用場景) was on the List of Typical Scenario Application of Artificial Intelligence-empowered New Industrialization (人工智能賦能新型工業化典型場景應用名單) in Hunan Province under "Empowering Enterprises Intelligently" (智賦萬企).

Wasion Energy's lean digital factory construction project was selected as the benchmarking project of digital transformation of manufacturing industry in Hunan Province under Empowering Enterprises Intelligently"(智賦萬企) by the Ministry of Industry and Information Technology in 2024.

Wasion signed the first batch of new energy projects in Latin America, kicking off the expansion of new energy business in the region.

October

The project "Key Technology and Application of Active Protection and Precise Fault Location for New Distribution System" (新型配電系統主動保護和故障精確定位關鍵技術及應用), in which Wasion Group participated, was awarded the first prize of the 2024 Power Science and Technology Progress Award.

Wasion Group's project "Research and Application of Electric Carbon Emission Measurement and Interactive Carbon Reduction Technology" (電力碳排放計量和互動減碳技術研究及應用) was awarded the second prize of the Machinery Industry Science and Technology Progress Award.

November

The project "Digital Mapping Prediction Technology and Industrialization of Critical Transportation Infrastructure Environment" (關鍵交通基礎設施環境數字孿生預測技術及產業化), in which Wasion Group participated, was awarded the Leading Technology Award at the 2024 World Internet Congress (2024年世界互聯網大會領先科技獎).

Wasion Group's single-phase smart power meters and three-phase smart power meters equipped with Power Harmony OS (電力鴻蒙操作系統) have passed the product appraisal of Hunan Provincial Instruments and Meters Association, reaching the leading level in China.

The AI parameter recognition system developed by Wasion Group based on OpenAI Large Language Model (LLM) was officially launched, marking that Wasion has entered the AI era for its smart manufacturing.

The core equipment smart measurement terminal of "Southern Grid Digital Construction" (南網數字化建設), which was independently developed by Willfar Information Technology Co., Ltd. ("Willfar Information") based on "Power Harmony" (電鴻) operating system, was the first to pass the Power Harmony adaptation and Power Harmony certification.

Obtaining the European laboratory certificate for G3 dual-mode communication technology and G3 dual-mode concentrator further validates the advancement and reliability of Wasion's technology.

With its long-term continuous innovation and development of talent management mechanism and practical achievements, Wasion won the 2024 MostIn "Pioneer Award for Learning Organization" (學習型組織先鋒獎) for global enterprises.

December

Wasion Energy was accredited as a "National Green Supply Chain Management Enterprise" (國家綠色供應鏈管理企業) by the Ministry of Industry and Information Technology.

Wasion Energy's "New Technology for Large Capacity and Long Life Liquid Metal Energy Storage Battery" (大容量長壽命液態金屬儲能電池新技術) was awarded the "First Prize of Science and Technology Invention of China Electrotechnical Society" (中國電工技術學會科學技術發明一等獎).

Willfar Information's "Measurement and Control System for Power Distribution Automation Terminal and its Measurement and Control Module" (用於配電自動化終端的測控系統及其測控模組) was awarded the "25th China Patent Excellence Award" (第二十五屆中國專利優秀獎).

CORPORATE SPIRIT:

BE COHESIVE, AMBITIOUS, DOWN-TO-EARTH AND CREATIVE

CHAIRMAN'S STATEMENT

TO ALL SHAREHOLDERS,

On behalf of the board of directors of Wasion Holdings Limited (the "Group"), I am pleased to present the operating results of the Group for the financial year ended 31 December 2024.

During the year under review, the Group achieved good performance with a revenue of approximately RMB8.717 billion recorded, representing a year-on-year ("YoY") increase of 20%. The Group recorded growth in revenue from all three major business segments: a YOY increase of 21% in the Power AMI business, a YOY increase of 24% in the Communication and Fluid AMI business, and a YOY increase of 17% in the ADO business. During the year under review, the international business of the Group experienced further expansion. As a result, revenue from the international business remarkably increased by 50% to approximately RMB2.397 billion. Benefitting from the increase in sales revenue and the implementation of effective cost control measures, the Group's net profit attributable to the owners of the parent for last year increased by 35% to approximately RMB706 million. Basic earnings per share stood at RMB71.4 cents, representing an increase of 35% YoY. The board of directors proposed to pay a final dividend of HK$0.38 per share, representing an increase of 36% over last year.

As we look forward to the future of the three major businesses, in respect of the Power AMI business, for the power grid market, demand from centralized procurement organized by State Grid and Southern Grid remained the primary revenue source for this business. As the State Grid gradually introduced power meters that comply with the new technical standards, the Group will seize this opportunity to maintain its leading position in the industry. Building on its collaboration with Southern Grid in 2024, the Group will also further advance the deep application of the Power Harmony IoT in smart meters, expanding market opportunities. For the non-power grid market, the Group will focus on traditional export industries and the new energy industry, and continue to establish its presence and achieve business breakthroughs in the non-power grid market, with main focus on the telecommunications operators and service providers and petrochemical industries.

In respect of the Communication and Fluid AMI business, with the continuous roll-out of national policies, alongside the electrification of new energy and the increasingly prominent global AMI 2.0 trend, "going global" is crucial to seizing global opportunities. The Group will focus on advancing R&D in "IoT + Chip + AI" and continue to increase investment in the R&D of chips and communication modules. Meanwhile, the Group will also actively participate in economic development and energy internet construction of countries along the "Belt and Road", and seize opportunities brought by the energy infrastructure development in emerging markets such as Latin America, Middle East, and Africa. The Group aims to complete its overseas network expansion by this year to further optimize its global structure.

In respect of the ADO business, for the domestic power grid market, the Group will focus on developing a "New Power System" business and aim to enhance product coverage and market share. In terms of the domestic non-power grid market, the Group will focus on five key industries to concentrate on data centers and distribution products for AIDC operators. It will also develop direct current power supply capability solutions and liquid cooling module products as its core competitive strengths. For the international market, the smart power distribution business will focus on fully expanding into the Southeast Asia, North America and South America regions, while making active efforts to penetrate European and African markets. In the field of smart energy, the Group will focus on various application scenarios such as off-grid, grid-connected/off-grid hybrid systems, PV-storage microgrids and PV-storage-charging integrated systems to achieve a comprehensive capability of "high-quality hardware + high-level application software + professional EPC engineering capabilities + photovoltaic microgrid solutions".

In the international market, the Group will focus on integrated energy management and smart city development to horizontally expand its global business, while vertically strengthening its development in niche segments, so as to continuously consolidate its position in the Latin American, the Asian and African markets, thus actively exploring new markets.

Looking forward to the Group's future development, the Group will seize opportunities brought by the growth of local power companies to maintain its leading position in the power grid industry. In response to the national dual-carbon strategy, the Group advances innovation in power metering and microgrid technology to consolidate its position in the green energy market, with a special focus on the clients' demand for management of carbon emissions. The Group will promote digitalization and intelligentization of power grid to cover multi-energy IoT platform, and apply them in the management of infrastructure in cities for the purpose of digital and low-carbon operation. Meanwhile, by integrating IoT, big data, AI and other technologies and leveraging virtual reality and augmented reality technologies, the Group will provide innovative solutions for smart water services, smart fire protection and other industries.

Yours faithfully,
Ji Wei
Chairman

Hong Kong, 27 March 2025

MOTTOS OF OPERATION :

PERFECT WORK
WITH PASSION
AND SUCCESS
ACHIEVED WITH
INTEGRITY

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

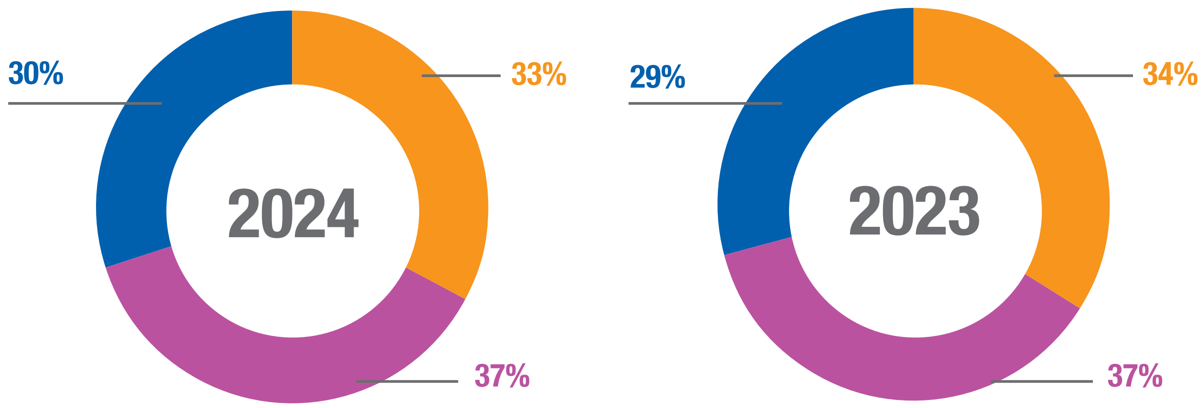
Financial Highlights

	2024 RMB'000	2023 RMB'000
Revenue	**8,716,541**	7,252,272
Gross profit	**3,035,138**	2,580,751
Profit attributable to owners of the Company	**705,612**	521,233
Total assets	**15,726,898**	13,880,119
Equity attributable to owners of the Company	**5,432,607**	5,166,636
Basic earnings per share (RMB)	**0.714**	0.527
Diluted earnings per share (RMB)	**0.712**	0.527

Key Financial Indexes

	2024	2023
Gross profit margin	**35%**	36%
Operating profit margin	**15%**	14%
Net profit margin	**12%**	10%
Return on equity of the shareholders (Note)	**13%**	10%
Current ratio	**1.60**	1.68
Quick ratio (Current assets excluding inventories divided by current liabilities)	**1.42**	1.49
Inventory turnover period (Days)	**80**	89
Trade receivable turnover period (Days)	**218**	225
Trade payable turnover period (Days)	**291**	296
Gearing ratio (Total borrowings divided by total assets)	**16%**	18%
Interest coverage (Operating profit divided by finance costs)	**10.62**	7.54

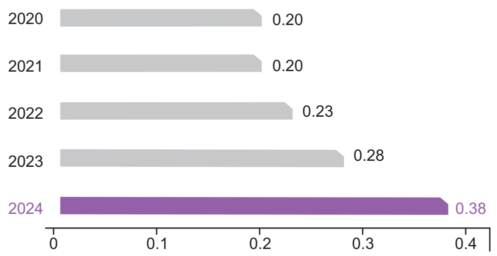
Note: Profit attributable to owners of the parent divided by equity attributable to owners of the parent.



Power Advanced Metering Infrastructure
Communication and Fluid Advanced Metering Infrastructure
Advanced Distribution Operations

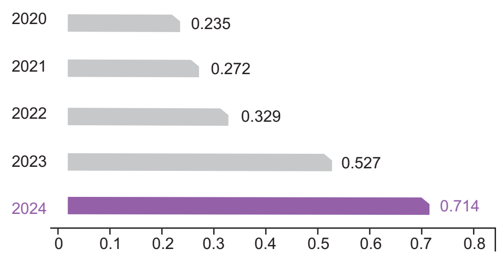
Dividend (HKD)

Year



EPS (RMB)

Year

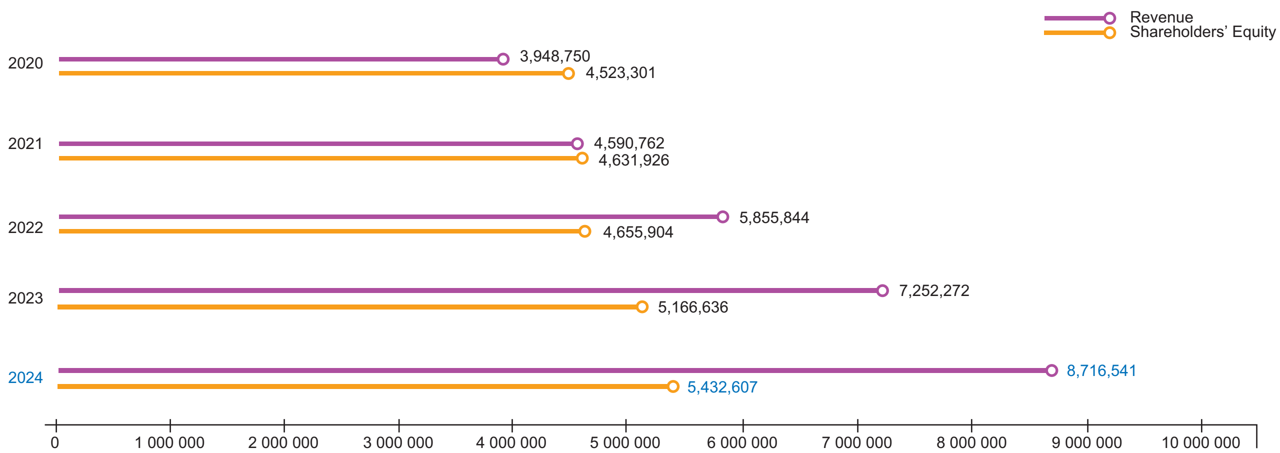


FIVE YEARS' FINANCIAL SUMMARY

Five Years' Financial Information

Year

RMB'000



Revenue Breakdown by Business Segments

	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Revenue	**8,716,541**	7,252,272	5,855,844	4,590,762	3,948,750
Profit for the year attributable to owners of the Company	**705,612**	521,233	323,797	268,084	231,190
Total assets	**15,726,898**	13,880,119	13,026,055	12,672,139	11,270,083
Total liabilities	**8,405,970**	7,103,498	6,897,579	6,592,277	5,593,625
Equity attributable to owners of the Company	**5,432,607**	5,166,636	4,655,904	4,631,926	4,523,301

FINANCIAL REVIEW

Revenue

During the year under review, revenue increased by 20% to RMB8,716.54 million (2023: RMB7,252.27 million).

Gross Profit

The Group's gross profit increased by 18% to RMB3,035.14 million for the year ended 31 December 2024 (2023: RMB2,580.75 million). The overall gross profit margin is 34.8% in 2024 (2023: 35.6%).

Other Income

The other income of the Group amounted to RMB241.73 million (2023: RMB208.51 million) which was mainly comprised of interest income, government grants and refund of value-added tax.

Other gains and losses

Other losses for the year ended 31 December 2024 amounted to RMB8.79 million (2023: RMB66.03 million) which comprised mainly of net foreign exchange gains, fair value losses on forward currency contracts, not designated at hedging and customers penalty paid for delay of product delivery.

Operating Expenses

In 2024, the Group's operating expenses, including selling expenses, administrative expenses and research and development expenses amounted to RMB1,835.84 million (2023: RMB1,658.21 million). Operating expenses accounted for 21% of the Group's revenue in 2024, representing an decrease of 2% as compared with 23% in 2023.

Finance Costs

For the year ended 31 December 2024, the Group's finance costs amounted to RMB125.53 million (2023: RMB131.53 million). The decrease was mainly attributable to the decrease of bank borrowing interest rate during the year.

Operating Profit

Earnings before finance costs and tax for the year ended 31 December 2024 amounted to RMB1,333.12 million (2023: RMB992.26 million), representing an increase of 34% as compared with last year.

Profit Attributable to Equity Shareholders of the Company

The profit attributable to equity shareholders of the Company for the year ended 31 December 2024 increased by 35% to RMB705.61 million (2023: RMB521.23 million) as compared with last year.

Liquidity and Financial Resources

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

As at 31 December 2024, the Group's current assets amounted to approximately RMB11,774.07 million (2023: RMB10,489.50 million), with cash and cash equivalents totaling approximately RMB2,790.30 million (2023: RMB2,644.90 million).

As at 31 December 2024, the Group's total borrowings amounted to approximately RMB2,587.20 million (2023: RMB2,514.45 million), of which RMB1,615.72 million (2023: RMB1,679.30 million) will be due to repay within one year and the remaining RMB971.47 million (2023: RMB835.14 million) will be due after one year. In 2024, the interest rate for the Group's bank borrowings ranged from 1.00% to 12.12% per annum (2023: 0.90% to 8.59% per annum).

The gearing ratio (total borrowings divided by total assets) decreased by 2% from 18% in 2023 to 16% in 2024.

Emolument Policy

As at 31 December 2024, the Group had 5,280 (2023: 4,929) staff members. The staff costs (including other benefits and contributions to defined contribution retirement plan) amounted to RMB1,124.55 million (2023: RMB846.53 million) in 2024. Employee remuneration is determined on performance, experience and prevailing market conditions of the employees, with compensation policies being reviewed on a regular basis. The aggregate amount of the emoluments of the Company's directors was RMB8.65 million (2023: RMB6.41 million) in 2024.

The Group's employees in the PRC have enrolled in the mandatory central pension scheme operated by the State. The Group also provides housing allowances and benefits for medicine, employment injury and retirement for its staff in the PRC in accordance with the relevant PRC rules and regulations. The directors of the Company (the "Directors") confirm that the Group has fulfilled its obligations under the relevant PRC employment laws. The Group also set up the Mandatory Provident Fund Scheme for the employees in Hong Kong.

Share Option Scheme

The Company has adopted a share option scheme (the "Share Option Scheme") on 16 May 2016 whereby the Directors are authorised, at their discretion, to invite eligible participants, including directors of any company in the Group, to take up options to subscribe for ordinary shares in the Company.

The exercise price of options granted, as specified in the rules governing the Share Option Scheme, is to be not less than the highest of the official closing price of the ordinary shares of the Company on the Stock Exchange on the date of the offer of grant of the options, the average of the official closing price of the ordinary shares on the Stock Exchange for the five trading days immediately preceding the date of the offer of grant of the options and the nominal value of an ordinary share of the Company. For acceptance of options granted by the Company, an eligible participant is required to duly sign the duplicate offer document constituting acceptance of the options and remit HK$1 to the company within 30 days from the date of receiving the offer of the options.

The movements in the Company's share options during the year are as follows:

Name and category of participants	Number of share options: As at 1 January 2024	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	As at 31 December 2024	Date of grant of share options	Vesting period of share options	Exercise period of share options	Exercise price of share options* HK$	Share price of the Company as at the date of the grant of share options** HK$
Other employees	9,000,000	—	—	(9,000,000)	—	10 February 2014	10 February 2014 to 9 February 2016	10 February 2016 to 9 February 2024	4.680	4.680
Other employees	9,000,000	—	—	(9,000,000)	—	10 February 2014	10 February 2014 to 9 February 2017	10 February 2017 to 9 February 2024	4.680	4.680
Total	18,000,000	—	—	(18,000,000)	—					

* The exercise price of share options is subject to adjustment made in respect of the alteration in capital structure of the Company.

** The share price of the Company as at the date of the grant of share options was the closing price as quoted on the Stock Exchange of the trading day on the date of the grant of share options.

The valuation was conducted based on the binomial model with the following data and assumptions:

Grant date	10 February 2014	10 February 2014
Fair value per share option	HK$1.846	HK$1.927
Expected volatility	52% per annum	52% per annum
Expected life	6.14 years	6.93 years
Expected dividend	3.3% per annum	3.3% per annum
Risk-free rate of interest	2.23% per annum	2.23% per annum
Rate of leaving service	8% per annum	8% per annum

The binomial model was developed to value option plans which contain vesting and performance conditions. Such option pricing model requires input of highly subjective assumptions, including the expected volatility of the Company's share price which was determined with reference to the historical movements of the share prices of the Company and its comparators. Changes in subjective input assumptions could materially affect the fair value estimate. The binomial model does not necessarily provide a reliable measure of the fair value of share options.

Share Award Scheme

The Company adopted a share award scheme (the "Share Award Scheme") on 3 May 2016. The purpose of the Share Award Scheme is to recognise the contribution 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. The Share Award Scheme became effective on 3 May 2016 and, unless otherwise terminated or amended, will remain in force for 10 years.

The Share Award Scheme is administered by a trustee which is independent of the Group and its connected persons through the purchase of secondary shares. The maximum number of shares subject to the Share Award Scheme shall not exceed 10% of the total number of shares in issue. The maximum number of shares that may be awarded to a selected participant under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

No new shares would be allotted and issued to satisfy the awards granted under the Share Award Scheme. As at 31 December 2024, 8,346,000 (2023: 9,694,000) ordinary shares of the Company were held by the trustee for the Share Award Scheme.

Details of movements of awarded shares of the Group ("Awarded Shares") during the year ended 31 December 2024 are as follows:

				Number of Awarded Shares				
Name and category of participants	Number of Awarded Shares granted	Grant date	Vesting period	As at 1 January 2024	Granted during the year	Vested during the year	Lapsed/ forfeited during the year	As at 31 December 2024
Tian Zhongping	300,000	20 March 2024	12 months from date of grant	—	300,000	—	—	300,000
Employees	2,700,000	16 February 2023	12 months from date of grant	2,700,000	—	(2,700,000)	—	—
	270,000	31 August 2023	12 months from date of grant	270,000	—	—	—	270,000
	2,750,000	20 March 2024	12 months from date of grant	—	2,750,000	—	—	2,750,000
	120,000	19 September 2024	12 months from date of grant	—	120,000	—	—	120,000
Total				2,970,000	3,170,000	(2,700,000)	—	3,440,000

Notes:

(i) Tian Zhongping is an executive director of the Company.

(ii) The purchase price of all Awarded Shares in the above table is nil with no performance target attached.

(iii) For employees of the Group, the weighted average closing price of the Shares immediately before the date on which the Awarded Shares were vested during the year was HK$6.82 per Share.

(iv) No Awarded Shares granted were cancelled or lapsed in accordance with the terms of the Share Award Scheme during the year ended 31 December 2024.

The following grants were made during the year ended 31 December 2024:

Date of grant:	20 March 2024
Grantees:	Tian Zhongping, who is an executive director of the Company and 74 employees of the Group, being eligible participants under the Share Award Scheme
Number of Awarded Shares granted:	3,050,000 share awards ("Awards")
Purchase price:	Each Award represents a conditional right upon vesting to obtain one share of the Company ("Share") at nil purchase price
Closing price of the Shares immediately before date of grant:	HK$5.75 per Share
Vesting period:	Twelve months from date of grant
Performance target:	There is no performance target attached to the Awards granted
The fair value of the Awards at the date of grant:	HK$18,269,500

Date of grant:	19 September 2024
Grantees:	2 employees of the Group, being eligible participants under the Share Award Scheme
Number of Awarded Shares granted:	120,000 Awards
Purchase price:	Each Award represents a conditional right upon vesting to obtain one Share at nil purchase price
Closing price of the Shares immediately before date of grant:	HK$5.54 per Share
Vesting period:	Twelve months from date of grant
Performance target:	There is no performance target attached to the Awards granted
The fair value of the Awards at the date of grant:	HK$681,600

The fair value of services received in return for a share award granted is measured by reference to the fair value of the share award granted by the Group. The fair value of the share award granted is measured as the market value at the grant date and expensed over the relevant vesting period. The expected dividends during the vesting period had been taken into account when assessing the fair value of these awarded shares.

The number of Shares available for grant under the Share Award Scheme as at 1 January 2024 and 31 December 2024 were 92,317,968 and 89,147,968 respectively. The number of Shares that may be granted under the Share Award Scheme during the year ended 31 December 2024 divided by the weighted average number of shares in issue for the year ended 31 December 2024 was 8.95%.

Exchange Rate Risk

Most of the businesses of the Group are settled in Renminbi while businesses in foreign currencies are mainly settled in USD and EUR. 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 year under review, the Group has entered into foreign exchange forward contracts with notional amount of USD10.45 million with a commercial bank to minimise the exposure to fluctuations in foreign currency exchange rates of USD revenue received from overseas customers.

Charge on Assets

As at 31 December 2024, the pledged deposits are denominated in Renminbi and are pledged to banks as security for bills facilities granted to the Group. In addition, the Group's certain buildings and leasehold land are pledged to banks as security for bank loans to the Group.

Capital Commitments

As at 31 December 2024, 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 consolidated financial information amounted to RMB61.29 million (2023: RMB113.45 million) and RMB56.00 million (2023: RMB64.00 million), respectively.

Contingent Liabilities

As at 31 December 2024, the Group had no material contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

MARKET REVIEW

Macro Environment

In 2024 ("year under review"), as monetary policy constraints eased and global trade trends strengthened, the global economy showed moderate growth. However, geopolitical tensions remained one of the significant factors driving market volatility. In the domestic market, China actively addressed and overcame difficulties and challenges posed by complex internal and external environments, successfully driving socioeconomic development upward, which demonstrated societal resilience and highlighted future growth potential and direction. Overall, the domestic economy operated stably, with new progress made in high-quality development. According to the National Bureau of Statistics, China's GDP in 2024 was RMB134.9 trillion, a 5.0% increase year-on-year ("YoY") at constant prices. In 2024, production of new energy vehicles, integrated circuits, and industrial robots increased by 38.7%, 22.2%, and 14.2%, respectively. Clean energy generation, including hydropower, nuclear, wind, and solar, from large-scale industrial facilities reached 3.1 trillion kWh, representing an 11.6% increase YoY. The proportion of non-fossil energy in total energy consumption also rose steadily, representing an increase of 1.8 percentage points YoY.

Review of the Power Grid Industry

During the year under review, China's overall electricity consumption was 9.85 trillion kWh, representing a 6.8% increase YoY. Electricity consumption by the China Southern Power Grid Company Limited ("Southern Grid") was 1.70 trillion kWh across five provinces, marking a 7.5% increase YoY. As the growth rate of electricity consumption was 0.7 percentage points higher than the national average, both electricity consumption and its growth rate hit a three-year high. The volume of electricity traded in the market within the operational zones of the State Grid Corporation of China ("State Grid") reached 5.02 trillion kWh, representing a 7.3% increase YoY. During the year, the State Grid commenced the construction of 55,700 km of power transmission and transformation projects ranging from 110kV to 750kV, totalling 361 million kVA and achieving 100.5% of its annual plan, while 40,800 km of power transmission and transformation projects commenced production, totalling 267 million kVA and marking 101.9% completion of its annual plan. In terms of smart power meter tenders, State Grid invited tenders for a total of 89.33 million meters during the year, representing a 25% increase YoY. Southern Grid invited tenders for a total value of RMB8.839 billion in two batches during 2024. Since the start of the "14th Five-Year Plan", the newly installed photovoltaic power generation capacity in the southern region has exceeded 75 million kW, with an average annual growth rate of 46%, which is 11.6 percentage points higher than the national average. In 2025, while State Grid is expected to invest over RMB650 billion for the first time, Southern Grid plans to invest RMB175 billion in fixed assets, setting a new record high.

Review of Major Policies for the Power Grid Industry

During the year under review, State Grid and Southern Grid continued to prioritize the construction of new power systems and the application of clean energy, releasing multiple policies and development strategies to further refine the industry's transformation goals.

In December, State Grid launched the Guangming Power Large Model, a hundred-billion-parameter multimodal industry large model, which is the most comprehensive in power knowledge, largest in parameter scale, and strongest in professional capability. This model can be applied to over 600 scenarios, including grid planning and operation, equipment maintenance, and power supply services, enabling synergy between power and computing capabilities. In energy system transformation, State Grid actively aligned with the going- global trend by signing a green hydrogen project with a local enterprise in Brazil during the year. Once completed, the project will achieve a green hydrogen production capacity of 200 standard cubic meters per hour, injecting new momentum into the local energy transition. In July, State Grid and Southern Grid jointly established a Central Enterprise New Energy Storage Innovation Consortium, with members including 33 central enterprises, 104 local state-owned enterprises, as well as private companies, higher education institutions, research institutes, and social associations.

During the year, Southern Grid fully completed 35 demonstration zones for new power systems, covering seven application scenarios: mega-city comprehensive demonstrations, new urbanization grids, modern rural grids, micro energy grids, large-scale new energy integration, distributed new energy integration, and virtual power plants. In July, Southern Grid proposed to advance its high-quality artificial intelligence ("AI") development, aiming to create 50 "AI + Power" demonstration scenarios by 2025 and achieve at least a 90% rate of AI inspection substitution by 2026, by which then AI will be integrated across production, operations, and management. In August, Southern Grid released the "Power-Computing Synergy Action Plan" to accelerate the construction of a new infrastructure model integrating power and computing in planning, construction, dispatching, and trading. In August, Southern Grid also released the "Southern Grid Company New Power System Construction Evaluation Standards" to vigorously drive the construction of new energy systems and new power systems through digitalization and green transition, helping the southern five provinces achieve the "Dual Carbon" goals. In December, Southern Grid announced that it will oversee the ±800 kV ultra-high voltage direct current ("UHVDC") transmission project from southeastern Tibet to the Guangdong-Hong Kong-Macao Greater Bay Area. This project, the first four-terminal flexible UHVDC transmission project jointly invested in and operated by State Grid and Southern Grid, is expected to deliver over 20 billion kWh of green power annually to Guangzhou, contributing an estimated annual output value of RMB18 billion. In overseas markets, Southern Grid remained committed to its going global strategy. During the year, Southern Grid did not just acquire a Peruvian distribution company serving 1.6 million customers but also invested in Uzbekistan's largest wind power project and held equity in Luxembourg-based Encevo Group.

Review of the Group's Overall Performance

As an expert in managing energy metering and energy efficiency, the Group recorded a total turnover of RMB8,716.54 million (2023: RMB7,252.27 million) in its three main business segments during the year under review, representing a 20% increase YoY; and a gross profit of RMB3,035.14 million (2023: RMB2,580.75 million), representing a 18% increase YoY. The Group's overall gross profit margin was 34.8% (2023: 35.6%). Net profit attributable to the Company's owners was RMB705.61 million (2023: RMB521.23 million), representing a 35% increase YoY.

BUSINESS REVIEW

Power Advanced Metering Infrastructure ("Power AMI")

Business Overview

Power AMI focuses on the research and development ("R&D"), production and sale of smart power meters while also offering energy-efficient management solutions with a product range mainly comprising single-phase and three-phase power meters, high-end smart power meters, power transformers, online monitoring and other smart metering devices. Power AMI 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, power plants, overseas power companies and overseas engineering, procurement and construction ("EPC") general contractors. Non-power grid industrial customers range from telecommunication operators and service providers to large-scale public infrastructures, petroleum & petrochemicals, transportation, machine manufacturing, iron and steel metallurgical industries, and residential users.

Review of Business

During the year under review, the Group's Power AMI business recorded a turnover of RMB3,198.76 million (2023: RMB2,650.36 million), representing an increase of 21% YoY and accounting for 37% of the Group's total turnover (2023: 37%). The revenue contribution from domestic and overseas customers is 49% and 51% respectively (2023: 50% and 50%).

Order Data in the Year under Review

During the year under review, the Group's Power AMI business secured domestic orders totalling approximately RMB2,040 million (2023: RMB1,672 million), representing a 22% increase YoY. Of this total, bids from power-grid customers were worth over RMB1,561 million (2023: RMB1,206 million), representing a 29% increase YoY due to not just strong bid performance in State Grid and Southern Grid but also a doubling of revenue from local power companies. Bids from non-power grid customers were worth over RMB479 million (2023: RMB466 million), representing a 3% increase YoY, mainly due to the growth of performance in the traditional package business. During the year under review, the Group's subsidiary Wasion Group Limited ("Wasion Group") won contracts worth RMB597 million in centralized tenders organized by State Grid, ranking ahead in the industry. Wasion Group also won contracts worth RMB444 million in centralized tenders from Southern Grid.

In addition, the Group's subsidiary, Hunan Shenghe Intelligent Control Technology Co., Ltd., has successfully expanded its telecommunication power supply business into the secondary market of telecommunication operators, securing orders totalling approximately RMB69.96 million.

Review of Development of Power AMI Business and Relevant Policies

During the year under review, the power grid clients remained the primary revenue source for this business, with Wasion Group achieving RMB1,041 million in procurement from the centralized tenders organized by State Grid and Southern Grid, ranking first in the industry. Additionally, local power companies saw significant growth, with total contract value from provincial power grid companies and local power companies exceeding RMB527 million, primarily due to: (I) the large-scale application of R46 power meters by Inner Mongolia's local power companies that boosted the procurement quantity and revenue growth; (II) increased procurement quantities of high-end power meters, intelligent equipment, and online monitoring devices for transformers by provincial power companies within the coverage areas of State Grid and Southern Grid; and (III) Group's expansion into telecommunications operators and service providers and petrochemical sectors, launching photovoltaic products for communication base stations and oilfield microgrid management solutions to support clients in energy conservation, carbon reduction, and additional revenue from new energy, which stems from the needs for new energy development and energy efficiency management in the "Dual Carbon" context.

In terms of government policies, in February, the National Development and Reform Commission and the National Energy Administration issued the "Guidance on High-Quality Development of Distribution Networks under New Circumstances", advocating the transformation of distribution networks from traditional "passive" single-directional radial networks to "active" bidirectional interactive systems. It also suggests evolving from a singular service provider of power supply and distribution to an efficient resource allocation platform integrating source, network, load, and storage. This will impose new technical requirements on metering products, and adapting to the distribution networks under new paradigms will be the development direction for future power metering products. In June, the National Development and Reform Commission and other state departments released a series of plans, including the "Special Action Plan for Energy Conservation and Carbon Reduction in the Steel Industry", the "Special Action Plan for Energy Conservation and Carbon Reduction in the Refining Industry", the "Special Action Plan for Energy Conservation and Carbon Reduction in the Synthetic Ammonia Industry", and the "Special Action Plan for Energy Conservation and Carbon Reduction in the Cement Industry". These plans set forth energy conservation and carbon reduction requirements for major energy-consuming industries and may promote the development of the non-grid market. In August, the General Office of the State Council issued the "Work Plan for Accelerating the Establishment of a Dual-Control System for Carbon Emissions", which mandates the establishment of a product carbon footprint management system and a product carbon labelling certification system tailored to China's national conditions to ensure timely achievement of carbon peaking goals. This initiative will increase the demand for carbon measurement across various industries.

Prospects for Power AMI Business

For the power grid market, State Grid is expected to invest over RMB650 billion in 2025, with a focus on the construction of smart grids, the replacement of large-scale equipment, and the construction of supporting facilities for new energy. Three rounds of bidding for marketing project metering equipment will be held in April, July, and October, presenting strong opportunities for the upgrade and iteration of smart meters and transformer equipment. During the year under review, State Grid promoted digital transformation and intelligent upgrading across all links of power grids, while gradually introducing power meters that comply with the new technical standards. The Group will seize this opportunity to maintain its leading position in the industry. Southern Grid's fixed asset investment plan for 2025 is expected to be RMB175 billion, likely to continuously stimulate demand for main grid primary and secondary equipment, distribution network equipment, and metering products. Building on its collaboration with Southern Grid in 2024, the Group will also further advance the deep application of the Power Harmony IoT operating system in smart meters, expanding market opportunities. In addition to revenue from the two major grid companies, benefiting from the growing procurement demand of Inner Mongolia Power Group and the gradual market penetration of its smart power equipment products due to customer recognition, the Group is expected to achieve strong results in tenders from provincial grid companies and local power companies.

For the non-power grid market, domestic and international economic conditions may slow down traditional export industries this year, causing multiple domestic industries to undergo market adjustments. However, China is anticipated to adopt a more proactive fiscal policy this year, potentially issuing additional government bonds to increase investment in infrastructure construction, livelihood projects, and key industries. In light of this, the Group will focus on the above-mentioned areas and the new energy industry, and continue to establish its presence and achieve business breakthroughs in the non-power grid market. With a focus on the telecommunications operators and service providers and petrochemical industries, the Group will address the pain points in the industries, and leverage energy metering and energy efficiency management services as entry points for business expansion and product R&D.

Communication and Fluid Advanced Metering Infrastructure (“Communication and Fluid AMI”)

Business Overview

The Group’s Communication and Fluid AMI business, specializing in energy and information flows, focuses on digital power grids and smart cities, is committed to developing energy digitalization technology and applications, providing integrated solutions of energy AIoT platform technologies and products, and helping traditional power systems to transform through source-network-load-storage interaction. These solutions serve cities, parks, and enterprises by delivering more efficient energy management to electricity, charging, water services, water conservation, gas, heat, fire protection, buildings, and other applications and promote their digital upgrading, while systematically developing digital energy systems that can be sensed, observed, measured, and controlled. Through smart energy and data interconnectivity, the Group works with customers to use energy more efficiently and pioneers low-carbon urban development.

This 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”). Willfar Information is a constituent stock of the STAR Market New Generation Information Technology Index and has been shortlisted as a constituent of the SSE 380 Index, SSE STAR 100 Index, SSE STAR ESG Index, SSE STAR Artificial Intelligence Index, and other heavyweight indexes.

Review of Business

During the year under review, the Group’s Communication and Fluid AMI business recorded a turnover of RMB2,614.80 million (2023: RMB2,116.98 million), representing a 24% increase YoY and accounting for 30% of the Group’s total turnover (2023: 29%). The revenue contribution from domestic and overseas customers is 84% and 16% respectively (2023: 89% and 11%).

Order Data in the Year under Review

As of 31 December 2024, the value of signed contracts on hand for the Communication and Fluid AMI business reached RMB4,017 million, representing a 15% YoY increase. Newly signed contracts reached RMB3,718 million, representing an 8% YoY increase and strongly underpinning the Group’s future performance.

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

During the year under review, China introduced major policies shaping the industry. In August, the National Development and Reform Commission, the National Energy Administration, and the National Data Administration jointly released the “Action Plan for Accelerating the New Type Power System (2024–2027)”. The plan proposed nine special actions for ensuring power system stability, achieving large-scale new energy transmission, promoting high-quality distribution network development, developing an intelligent dispatch system, enhancing renewable energy system performance, upgrading coal power modernization, optimizing regulatory capabilities of the power system, expanding electric vehicle charging infrastructure, and improving demand-side coordination. In December, the National Development and Reform Commission, the National Data Administration, and the Ministry of Industry and Information Technology issued the “Guidelines for the Construction of National Data Infrastructure”. These guidelines proposed to establish a ubiquitous data access system for achieving extensive data collection and aggregation, to promote data circulation and utilization for creating a secure and trustworthy environment for data exchanges, and to build an industry-specific data application system for facilitating deep integration of data across various fields. These initiatives aim to lay a solid foundation for unlocking the value of data elements and driving the development of the digital economy. In addition, the International Energy Agency’s “Net Zero by 2050: A Roadmap for the Global Energy Sector” targeted the power industry to achieve net-zero emissions by 2040, with the share of renewable energy in total power generation projected to increase from 29% in 2020 to over 60% by 2030 and to nearly 90% by 2050.

Given the above market demands, the Group continued to expand its presence within its leading sectors, intensify efforts in innovation and R&D, and consistently improve the business operating environment. Noteworthy developments include: (I) Energy IoT and digital power grids: During the year, the Group collaborated with a nationally approved and managed energy-focused laboratory on “Chip + AI” to industrialize research outcomes and promote power digitalization and intelligentization, injecting new productive forces into the energy IoT sector. The Group’s independently developed lightweight real-time operating system for power IoT, WillfarOS-Things, passed scientific and technological achievement evaluations, with its technology reaching an internationally advanced level. (II) Smart cities: The Group developed an AI edge computing gateway and smart security management platform, significantly enhancing edge computing and security management capabilities. Collaborating with the National Supercomputing Center in Changsha, the Group gained access to computational power and algorithmic research capacities in high-performance computing, supporting the application of cutting-edge technologies in power grids and smart cities. (III) Overseas markets: By the end of last year, Willfar Information had established over ten overseas subsidiaries and sales offices, with factories under construction in Saudi Arabia and Indonesia, further advancing the Group’s internationalization strategy. Willfar Information has obtained product certifications in Asia, the European Union (“EU”), and North America, including the newly acquired FCC certification in the U.S., the CE-RED certification for radio equipment in the EU, the MID/OIML metering certification, and the STS prepaid product certification. Overseas business has become the “second engine” of performance growth during the year, empowering the digital energy transformation of countries along the “Belt and Road” through localized operations and customized solutions.

Prospects for Communication and Fluid AMI Business

With the continuous roll-out of national policies, the development trend of the new power system is moving toward “clean sources of energy, flexible power grids, and electrified energy consumption” and smart cities continue to drive digital economy development. Alongside the electrification of new energy and the increasingly prominent global AMI 2.0 trend, going global is crucial to seizing global opportunities.

Against the backdrop of global smart city construction and green, low-carbon development, the Group will focus on advancing R&D in "IoT + Chip + AI" and expediting the commercialization of innovative achievements. The Group will continue to increase investment in the R&D of chips and communication modules and further optimize the key technologies and communication modules of the Wi-SUN local routing and self-organizing network, aiming to become a leading AMI supplier in overseas markets. Additionally, the Group is to strengthen software innovation, rapidly shifting towards networked, platform-based, and intelligent development. IoT application-layer software systems and platforms will also continue to focus on serving digital power grids and intelligent water management. Given the deepening application of AI across industries, the Group will strengthen the R&D in key technologies such as big data analytics, edge computing, and topology recognition to better serve the construction of new power systems and smart cities.

Meanwhile, the Group will further implement its internationalization strategy, actively participating in economic development and energy internet construction of countries along the "Belt and Road", and seizing opportunities brought by the energy infrastructure development in emerging markets such as Latin America, Middle East, and Africa. The Group aims to complete its overseas network expansion plan by 2025 to further optimize its global organizational structure.

Advanced Distribution Operations ("ADO")

Business Overview

The Group's ADO business, operated by its subsidiary Wasion Energy Technology Co., Ltd. (hereinafter referred to as "Wasion Energy"), focuses on advanced distribution products, new energy, energy storage, green travel, and artificial intelligence data centre ("AIDC") products and solutions. The business revolves around four main directions, namely clean energy, smart grids, electric transportation and energy storage industrialization. Together, they form an integrated solution for energy sourcing, networking, loading and storage in different scenarios and sectors, providing advanced technologies, products and solutions to meet the "Peak Emissions" and "Carbon Neutrality" national goals. The business' customers primarily fall into three categories: domestic power grids (including State Grid and Southern Grid), domestic non-power grids (including telecommunication operators and service providers, data centres, rail transport, petroleum & petrochemicals, power generation groups, other new energy investors, etc.) and overseas customers.

Review of Business

The Group's ADO business recorded a turnover of RMB2,902.99 million (2023: RMB2,484.93 million) during the year under review, representing an increase of 17% YoY and accounting for 33% of the Group's total turnover (2023: 34%). The revenue contribution from domestic and overseas customers is 88% and 12% respectively (2023: 99% and 1%).

Order Data in the Year under Review

During the year under review, the Group's ADO business secured orders worth RMB4,293 million (2023: RMB3,539 million), representing a 21% YoY increase. Of these, contracts won from the power grid market had a combined value of RMB1,655 million (2023: RMB1,544 million), representing a 7% YoY increase. This upswing in orders was mainly due to the stable development of the centralized procurement business with the number of contracts won increased. Moreover, continuous breakthroughs have been made in new products and new markets, successfully creating performance growth drivers.

Contracts won from the non-power grid market had a combined value of RMB2,164 million (2023: RMB1,861 million), representing a 16% YoY increase which is mainly attributable to the Group's performance breakthroughs and steady growth in key industries, such as telecommunication operators, petroleum & petrochemicals, data centers, rail transport, etc.

Contracts won from the overseas market had a combined value of over RMB474 million (2023: RMB134 million), marking a 253% YoY increase, mainly due to the Group's significant breakthroughs in North America, South America, and Southeast Asia.

Review of Development of ADO Business and Relevant Policies

In the domestic power grid market, the structure of centralized bidding and procurement operations has been continuously optimized. Contract value with Southern Grid surged by 59% year-on-year, achieving full-series product coverage. Throughout the year, the Group consistently won bids for substation projects at the State Grid headquarters. Provincial grid procurement achieved breakthroughs in six new markets. In addition to key products such as primary and secondary integrated equipment, new products like smart low-voltage switchgear and box transformers also secured their first bids in key provinces. Furthermore, the retail business successfully expanded into the northwest market of China, while collaboration with e-commerce and industrial groups continued to deepen.

In the domestic non-power grid market, the Group secured contracts in the telecommunications industry, including projects for China Mobile and China Telecom headquarters, as well as five provincial markets under China Mobile, expanding its business into smart integrated power solutions. The Group's green mobility solutions have built a strong reputation at the headquarters of China Tower and several provincial companies, leading to recurring contracts. In the data center industry, the Group provided complete solutions and prefabricated products for IDC operators such as GDS, becoming a strategic supplier based on high-quality products and services, further deepening its layout in the data center market. In other key industries, the rail transit sector successfully won projects such as Beijing Metro and Changsha Huanghua Airport; the oil and petrochemical sector successfully secured projects in Guangxi Liquefied Natural Gas (LNG), Jinao Technology, and Sanning Chemical.

In the overseas market, the Group has established multiple overseas subsidiaries and obtained product certifications in several markets, including North America, South America, Southeast Asia, and Australia. Its smart power distribution business deepened partnerships with key clients across North America, South America, and Southeast Asia. Breakthroughs were achieved in energy storage markets in Australia and Europe, with standardized energy storage cabinets and modular containerized solutions successfully deployed.

As for industry policies, in March, the National Development and Reform Commission and the National Energy Administration issued the "Guidance on High-Quality Development of Distribution Networks under New Circumstances". By 2025, the structure of distribution networks is expected to become more robust and clearer, with significantly enhanced load capacity and flexibility, enabling it to accommodate approximately 500 million kW of distributed new energy and 12 million charging piles. By 2030, the distribution networks are expected to completely transform into a flexible, intelligent, and digitalized system. In July, the "Action Plan for Accelerating the Construction of New Power Systems (2024–2027)" outlined several objectives: improving the grid's capacity for clean energy integration, allocation, and regulation; carrying out the collaborative planning of power and computing infrastructure; enhancing the operational synergy between power and computing resources; and increasing the proportion of green electricity used in IDC. In October, the National Development and Reform Commission and other state departments released the "Guiding Opinions on Vigorously Implementing Renewable Energy Substitution Actions", supporting the development of green electricity direct supply and integrated source-network-load-storage projects in new infrastructure. It aims to promote the integration of the photovoltaic-storage-terminal-information industry and explore pilot projects for integrated photovoltaic-storage-charging-discharging systems. During the year, the global energy storage market experienced rapid growth, with Chinese companies "going global" becoming a significant trend. According to predictions by GGII, new global energy storage installations are expected to exceed 250 GWh by 2025, during which the European market will lead the growth and the Middle East as an emerging market is expected to become the fourth-largest region for new energy storage installations. Overall, the industrial and commercial energy storage is projected to grow by over 50%, with explosive growth in overseas markets. The residential energy storage market is expected to return to rationality, with steady growth in demand.

Prospects for ADO Business

For the domestic power grid market, the Group will focus on developing a comprehensive "New Power System" business and aim to enhance product coverage and market share, committed to building a new power system business that provides comprehensive services for power grid transformation across transmission, generation, distribution, and consumption. The Group will also seize development opportunities in the digital low-voltage distribution network sector while continuously strengthen the construction of brand influence.

In terms of the domestic non-power grid market, the Group will focus on five key industries to continuously expand key markets. The Group will concentrate on data centers and distribution products for AIDC operators. It will also develop high-performance direct current power supply solutions and liquid cooling module products as its core competitive strengths. In the green mobility business, the Group will focus on two-wheel charging and swapping cabinets, charging power supplies, and cabinet control core components for electric mobility and target the huge market demand opportunities both domestically and internationally.

In 2025, the Group will take "Internationalized Thinking, Internationalized Strategy, Internationalized Organization" as its guiding principles, closely following the global energy transition trends and seizing market opportunities arising from the surge in global demand for power distribution devices. The smart power distribution business will focus on fully expanding into the Southeast Asia, North America and South America regions, while making active efforts to penetrate European and African markets. In the field of smart energy, the Group will focus on various application scenarios such as off-grid, grid-connected/off-grid hybrid systems, PV-storage microgrids and PV-storage-charging integrated systems to achieve a comprehensive capability of "high-quality hardware + high-level application software + professional EPC engineering capabilities + photovoltaic microgrid solutions".

International Markets

Global Smart Power Meter Information

According to data from the International Energy Agency, global power grid investment is expected to reach USD600 billion by 2030. Influenced by factors such as potential shortages of raw materials, a lack of engineers/assemblers, and extended investment payback periods, major international power equipment manufacturers are exhibiting prudence in expanding production capacity. In 2025, overseas demand is projected to accelerate, with the smart meter export market maintaining a robust growth trajectory.

Review of Business

During the year under review, overseas business turnover was RMB2,396.80 million (2023: RMB1,599.26 million), representing a 50% YoY increase.

Order Data in the Year under Review

During the year under review, the Group secured approximately RMB3,471 million worth of overseas orders (2023: RMB2,758 million), representing an increase of 26% YoY.

Market Developments in Each Country

Up to now, the Group has established the Changsha R&D Center and the Hangzhou R&D Department, as well as R&D branches of its overseas subsidiaries in Hungary, Mexico, Tanzania and Brazil. At the same time, the Group is committed to building its Changsha headquarters into a global R&D center.

In the Latin American market, the Group's subsidiary in Mexico remained a leading supplier of power meters in the local market, continuously advancing the delivery of various projects by virtue of its solid market foundation and actively expanding into other business areas. During the year under review, the Group achieved significant breakthroughs in distribution network products, winning contracts for multiple projects and further consolidating its position as a market leader. In the Brazilian market, the supply of power meters remained stable and the Group achieved major breakthroughs in the business operation of new energy and power distribution devices, successfully creating new performance growth drivers. The organizational and operational capabilities of the Brazilian subsidiary have been continuously enhanced, laying the foundation for further expanding its business share in the local market. In other South American countries, the Group also achieved outstanding performance in the power meter sector. In other Latin American regions, the Group has successfully secured multiple project bids and ensured stable delivery.

In the African market, the local factory of the Group's subsidiary in Tanzania has achieved a dual enhancement in operational efficiency and product quality and has consolidated its long-term procurement cooperation relationship with local power companies. During the year under review, the Group has completed the delivery of power meters with a combined value exceeding both the contract value and the bid-winning value and has successfully been shortlisted as a major supplier of smart power meters. In the Egyptian market, the Group has continued to participate as a major supplier in the local power metering market and has also gained user recognition in smart transformation pilot projects, which paves the way for future market expansion. In the South African market, the Group has achieved breakthroughs in both market penetration and operational efficiency, where it won large-scale orders for smart power meters and water meters, marking the in-depth layout and strong growth momentum of its metering products in South Africa. In the West African market, the Group's performance in the Ghanaian market has experienced explosive growth during the year under review. In Côte d'Ivoire, the Group has continued to be one of the three main suppliers, ensuring stable supply, successfully increasing its market share during the year under review and is expected to maintain this growth momentum into 2025. In Nigeria, the Group has continued to deliver metering products as one of the main suppliers. It has also performed remarkably in Kenya, winning the recognition of partners and customers.

In the Asian market, as one of the top three suppliers in Bangladesh, the Group has steadily promoted and successfully implemented the intelligent transformation pilot projects for four major local power distribution companies, as well as subsequent deliveries. This has further enhanced the Group's brand influence in the field of intelligent distribution solutions. In Indonesia, the Group retained its dominance as the leading supplier in both the industrial-commercial and residential smart power meter sectors, actively expanding its market share. Through continuous market penetration and sound customer relationship management, the Group has effectively increased the market share of its smart power meters. The Group has also maintained its position as a major supplier in Southeast Asian countries such as Malaysia and Singapore. In other Southeast Asian countries such as Malaysia and Singapore, the Group has maintained its position as a major supplier and delivered more than 200,000 power meters within the year under review, demonstrating the Group's production capacity and high efficiency of the supply chain and further consolidated the Group's position in these markets. Furthermore, in Middle East, including Saudi Arabia and United Arab Emirates, the Group actively pursued market development and formed strategic partnerships with key customers and partners while focusing on brand and technology promotion and completing product certifications.

In the European market, the Group has continuously deepened its business layout in Austria, efficiently advanced its large-scale delivery plans, and successfully secured two key market power meter projects, with the combined contract value exceeding RMB200 million. Meanwhile, the Group has been actively exploring other European markets and new energy businesses. Notably, the Group's local factory in Hungary has successfully commenced operations, providing a more robust foundation for the implementation of the Group's business expansion strategy in the European market.

Future Development of International Markets

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

Regarding the Latin American market, the Group continues to deepen its strategic layout in the Americas, with its Mexican subsidiary maintaining a robust development trend as a regional operational hub. Relying on excellent product quality and technological advantages, the company has identified power metering and new energy sector as strategic focal points. While consolidating its leading position in key regional markets, it is expanding into related fields such as smart grids and integrated energy services to build a diversified product portfolio. For core strategic markets, the Group continuously enhances customer value through localized operations and precise services in Mexico and Brazil. For emerging markets with growth potential in Latin America, business breakthroughs are achieved through channel optimization and customized solutions. The Group has successfully extended smart grid and new energy applications across multiple Latin American countries, demonstrating the strategic effectiveness of synergistic multi-market development.

Regarding the African market, the Group is committed to strengthening the foundation of its smart metering business and accelerating the commercialization of strategic reserve projects such as energy management solutions. In the African market, it implements a dual-track strategy of deepening core markets while pioneering breakthroughs in emerging regions, diversifying product offerings, and establishing a multi-pillar market structure. In East Africa, Tanzania serves as a strategic pivot to access neighboring markets; in West Africa, Nigeria and Côte d'Ivoire act as key hubs to strengthen the layout of key cooperative networks; in Southern Africa, South Africa is positioned as a strategic stronghold, deeply integrating industrial chain resources to drive development.

Regarding the Asian market, the Group focuses on Indonesia as a base from where it can develop adjacent markets. It maintains stable operations in Malaysia and Singapore and further expands its layout in Thailand and Philippines. With Bangladesh as another base, the Group further expands to South Asian markets, including Pakistan, Nepal, Sri Lanka, etc. The Group aims to expand its market share and enhance performance in core markets, while promoting market layouts and expanding its business scope.

Regarding the European market, the Group will utilize its Hungarian subsidiary as the core base for deeper business layout in key European markets, enhance its production efficiency and operational management, and ensure simultaneous improvement of production efficiency and service quality. For the existing power meter markets, the Group will adopt a consolidation strategy, including providing timely technical support and high-quality customer service, to solidify its market position. Regarding emerging markets, the Group will gradually expand its market share through meticulous market analysis and customized product solutions.

Regarding other markets, the Group is committed to enhancing cooperation with Australian local companies in the field of new energy and product promotion to scale operations.

Research and Development ("R&D")

The Group has consistently adhered to an 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 smart-digital city initiatives and new energy businesses, addressing customer needs while proactively advancing its own technological revolution. During the year under review, the Group was granted 180 patents, including 84 patents of invention, and authored 187 software copyrights, boosting the total number of valid patents to 2,000, software copyrights to 1,904, and intellectual property rights to 3,904.

Power AMI Business

During the year under review, the Group completed product certification for its intelligent gateway meter based on the Power Harmony IoT operating system and its Bluetooth-enabled Power Harmony smart meter. Five related patents were filed and successfully piloted in the Southern Grid region. In terms of high-end gateway metering, for new power systems and new energy integration, the Group launched the Class E High Accuracy Dynamic Metering Gateway Power Meter, capable of handling low power factors and impact loads, and the All-Components Domestically Produced Gateway Meter, both of which meet world-class standards. Additionally, based on a new industrial control platform, the Group launched the new-generation online monitoring equipment for voltage and current transformer error characteristics with a web monitoring system, which demonstrates significant improvements in algorithm performance, computing power, data interaction, industrial design, and human-machine interaction. This product has been delivered and applied in multiple provinces. Furthermore, the Group became the first in China to develop a compact 10KV/0.5S high-voltage meter with data synchronization between main and sub meters and powered by capacitive voltage step-down technology, which achieved bulk delivery in overseas markets. For the telecommunications operators and service providers market, the Group launched an energy-saving and consumption-reducing product, the tandem solar cell combiner box and photovoltaic adapter, which reduces the number of AC-DC conversion and AC filtering, thereby improving the overall conversion efficiency of photovoltaic systems by 3%-5%. This product successfully won bids for Tower Energy's projects in Jiangsu and Guangdong.

Communication and Fluid AMI Business

During the year under review, the Group has continuously developed new products and solutions, achieving remarkable results in market expansion. While firmly maintaining its leading position in the power industry, the Group has also gained a dominant position in emerging growth areas such as the source-network-load-storage integrated solutions in new power systems, digital twin of smart city infrastructure, green buildings and energy services. Among them, chip modules have become the leading revenue-contributing product creating new growth drivers for the Group's sustainable development.

As for power IoT, the Group has developed a Wi-SUN communication module technology based on the Wi-SUN communication chip with its self-developed RISC-V architecture, achieving an international leading standard. This technology features an industry-leading -109dBm reception sensitivity and an innovative active random frequency-hopping technique, which enables close-range, contactless, efficient, and secure communication. The technology also has significantly improved data reading efficiency by 5 to 10 times and introduced a precise time synchronization method for power IoT, reducing network time synchronization deviations to within one second. A number of products independently developed by the Group's subsidiaries have received various international certifications from the Wi-SUN Alliance, Brazil's National Telecommunications Agency (Anatel), and the U.S. Federal Communications Commission (FCC). Together with G3-PLC/BPLC, the Group is capable of providing power AMI communication solutions needed by over 70% of countries worldwide. In the field of digital smart cities, the Group has developed the AI edge computing gateways and smart security management platform, significantly enhancing capabilities in edge computing and security management. Moreover, the Group's high-speed broadband carrier communication technology and chips for power IoT have gained international recognition. A method for reducing the peak-to-average power ratio based on the constellation rotation mechanism and a dual-ant colony quality-of-service-aware routing algorithm have been proposed, improving the anti-attenuation and anti-noise performance of low-voltage power line carrier communication by 5–10dB. This achievement adopts an SOC architecture combining MCU + ASIC + AFE, and incorporates various low power consumption technologies such as dynamic voltage regulation and clock gating. Two types of power line broadband carrier communication chips have also been developed. The dynamic power consumption of the communication module using such chips has been reduced to 30% of the power grid standard requirements. These project outcomes have already been implemented in domestic and overseas markets including State Grid, Southern Grid, and Bangladesh's Northern Electricity Supply PLC (NESCO).

During the year under review, the Group has steadily advanced the industrial layout of digital power grids, smart cities and international business. It has continued to expand its presence in the communication and chip industries, further exploring the potential in the fields of intelligent distribution and smart energy. The Group has been committed to constructing a comprehensive ecosystem of overall solutions from digital power grids to energy internet of smart cities.

ADO Business

As for new power systems, the Group has developed a new generation of environmentally friendly cabinets, gas-insulated metal-enclosed switchgear, standardized box-type transformers, oil-immersed transformers, and deeply integrated pole-mounted circuit breakers on medium-voltage distribution network sector, further aligning with State Grid's product requirements. The smart power distribution network products developed by the Group for overseas markets have penetrated international markets, achieving product sales and service provision in Brazil and Mexico. For low-voltage power distribution network sector, the Group has developed a digital distribution zone platform solution with "intelligent gateway + intelligent measurement circuit breakers" as the core. It supports a variety of application scenarios including new energy connections, distribution zone platform energy storage, flexible and direct interactions, and innovative load control. These capabilities ensure the new low-voltage power distribution networks are observable, measurable, controllable, and adjustable.

As for new energy, the Group focused on overseas markets and conducted in-depth research for different application scenarios such as off-grid, grid-connected and off-grid, photovoltaic-storage microgrids, and photovoltaic-storage-charging integration, to achieve functions including power supply guarantee, electricity cost reduction, demand management, and frequency regulation response. For the energy storage business, the Group deeply integrated cutting-edge technologies, applying AI technology to its self-developed energy management systems (EMS) and multilevel battery management systems (BMS), improving system safety and reliability, as well as the intelligence and economic efficiency of the overall system in response to the power market. The Group continuously enriches and improves its product series of large-scale energy storage, industrial and commercial energy storage, and residential energy storage, which have found markets in South America, North America, Australia, and Europe.

As for data centers, especially for AIDC operators, leveraging its mature medium/low-voltage switchgear complete equipment, uninterruptible power supply (UPS) for energy storage, transformer technologies, and advanced industrial control technologies, the Group actively promoted technological innovation and integration and has successfully developed modular power distribution technology with deep integration of structural design and electrical functions, forming a power distribution product system for data centers and computer rooms, which can provide customers with one-stop customized solutions. Further, the Group made full use of its long-term reserved direct current control technology, sealing technology, and micro-channel heat dissipation technology, actively developed high-voltage direct current power supply solutions and liquid cooling heat dissipation control solutions, continuously enriching and deepening its product series, and gradually establishing a leading position in the power distribution of IDC.

For intelligent charging and battery swapping, the Group focused on creating a full-chain product matrix with independent intellectual property, including core products such as intelligent charging and battery swapping cabinets, charging piles for two-wheel electric vehicles, charging power supplies, and cabinet control core components. Through innovative technology R&D, it has strengthened its core competitiveness and built a moat against competitors. During the year under review, the Group led and participated in the development of national and industrial battery-swapping technical standards and continued to guide the technological iteration direction of the China Tower series of battery-swapping products. The Group has formed the core ability of a “vehicle, power and cabinet integrated system” for its own core power supply and cabinet control components within the entire low-speed charging and battery swapping ecological chain. In the power grids, Internet, and residential markets, the Group successfully met the requirements of the application scenarios of battery swap solutions for takeaway and express delivery markets, shared delivery personnel, and residential users.

International Markets

During the year under review, the Group further enriched its product lines in North America, achieved breakthroughs in integrated innovation businesses, and maintained stable growth in market deliveries. The automation and informatization construction of the local factory in the Group's Mexican subsidiary was gradually improved to ensure the achievement of delivery targets. In Europe, the Group's sixth global production and R&D center officially commenced operations in Hungary. The order deliveries continued to increase and the production capacity of smart meters exceeded two million units. The construction and management of the localized teams significantly enhanced the integrated service capabilities for European customers. The "Overseas Diverse AMI Solutions Based on Advanced Communication Technologies" proposed by the Group during the year was selected as a "Service Demonstration Case of the 2024 China International Fair for Trade in Services" at the Global Trade in Services Summit. This case was presented to over 80 countries and international organizations, significantly enhancing the Group's global brand influence. In emerging markets such as Southern Africa, Central Asia and Latin America, the Group achieved significant progress in business development.

During the year under review, the Group strengthened its construction in advanced technologies, management systems, and informatization. It conducted projects such as AMI 2.0 technology pre-research, the Integrated Product Development (IPD) process, and in-depth application of the Product Lifecycle Management (PLM) system. The Group's automated testing system has also covered multiple application scenarios, including the full series of the Intelligent Distributed Identification System (IDIS) and the Quality Assurance (QA) inspection, achieving a significant improvement in testing efficiency.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SUMMARY

The report is the tenth Environmental, Social and Governance ("ESG") report consecutively released by Wasion Holdings Limited ("Wasion", the "Group" or "We") since 2015. The report is released synchronously with the annual report of Wasion Holdings Limited. The report follows the principle of materiality, quantitative, balance and consistency in reporting, summarizes environmental, social, and governance policies and guidelines and discloses our commitments and efforts for realizing our sustainable development goal.

(1) Scope of organization

Taking account of the "financial significance" and the "extent of substantial ESG impact", the report covers Wasion Holdings Limited and its subsidiaries in China, whose businesses scopes are described in the section headed "About Us".

(2) Time period

The report covers a period from 1 January 2024 to 31 December 2024. Considering the continuity and comparability of disclosed information, previous information may be included.

(3) Release cycle

The release cycle of this report synchronizes with that of the Company's annual report.

(4) Data clarification

If there is any discrepancy in the economic performance data of 2024 disclosed in the report, the financial report shall prevail.

(5) Reference standard

The report complies with the requirements under the Environmental, Social and Governance Reporting Guide in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited released by the Stock Exchange of Hong Kong Limited, and has been prepared in accordance with the Global Reporting Initiative (GRI) Sustainable Development Reporting Guidelines.

(6) Statement of verification

The Board attaches great importance to the normative and consistent disclosure of ESG-related information. In order to continuously improve the credibility and quality of the report, the preparation of the report has been directed by the Board and verified by internal professional functional persons and auditors. Subsequently, the plan is to gradually seek independent verification, if conditions permit.

(7) Statement of change

The scope and other category of the report have no significant change to the 2023 Environmental, Social and Governance Report of Wasion Holdings Limited.

For further information of Wasion and the electronic report, please visit http://website.wasionholdings.wisdomir.com/

1. ABOUT US

Wasion Holdings Limited is a domestic leading provider of total solutions relating to smart metering, smart power distribution and energy efficiency management. We are committed to becoming a global energy metering and energy saving expert.

Wasion has long been focusing on the research and development, production and sales of total solutions relating to energy metering and energy efficiency management, the products and services of which have been extensively applied in energy supply industries for electricity, water, gas and heat, and large energy-consuming units of large-scale public infrastructure, petroleum and chemical, transportation, 5G communication, machine manufacturing, metallurgical and chemical fields and residents.

The advanced smart metering business of the Group mainly comprises of comprehensive smart electric energy meters, smart water meters, smart gas meters and ultrasonic calorimeters; various power distribution meters and power quality monitoring devices; comprehensive energy data acquisition terminals, load management terminals and user management devices; measurement automation systems and various application systems, services and energy data mining. The Group is the only professional manufacturer in China that can provide advanced energy metering products, systems and services for electricity, water, gas and heat which cover the entire process demands ranging from energy production, transmission, distribution to consumption.

The products and solutions of advanced distribution and energy efficiency management business of the Group mainly cover new energy storage system solutions for comprehensive scenarios such as large energy storage, industrial and commercial energy storage, household photovoltaic-storage integration and mobile energy storage, high- and low-voltage complete equipment, primary and secondary integration complete equipment, smart low voltage components, tower energy and communication products and services, EMS system application, hydrogen production, new energy connection, industrial automation, battery swap and preparation, sales of power and supply-side management, etc.

The Group's Communication and Fluid AMI business mainly focuses on reshaping the energy management methods of electricity, water, gas and heat with the IoT technology, and provides a full-level integrated solution for the IoT of energy from data perception, network transmission to application management, with communication technology from basic chip design, data perception and data acquisition to high-speed data transmission and stable connection, as well as the capability to provide users with such digital solutions as software management.

The goals of "Carbon Neutrality" and "Carbon Peak" are driving substantial changes in energy production and energy consumption mode in China and even the world. Amidst the material social responsibility and development opportunities arisen from energy saving and carbon reduction as well as the substantial demand arisen from the transformation and upgrading of smart power grids to the internet of energy, Wasion adheres to its corporate motto "Energy Metering and Energy Saving Expert" while upholding its core value "Perfect Work with Passion, and Success Achieved with Integrity" by continuous innovation and improvement in order to become the pioneer in smart power grids and smart metering in China, one of the major international smart power grid and smart metering provider and a well-known international brand.

In the future, every city, every enterprise and every family will be benefited from the use of the technologies, products and services of Wasion.

2. STATEMENT OF THE BOARD ON ESG

China has entered a new stage of economic and social development, so the ESG concept has become an important engine and a powerful lever to promote the comprehensive green transformation of economic and social development in China. ESG concept is not only an inevitable choice from high-speed growth to high-quality development, but also a necessary path for enterprises to achieve sustainable development.

Wasion always takes “perfect work with passion, and success achieved with integrity” as the mottos, deeply integrates the ESG concept into the corporate development strategy, major decisions and production operations, continuously strengthens technological research and development, and guides the high-quality development of the enterprise with innovation as the core driving force. Wasion is committed to creating more leading benchmark products and promoting the improvement of the overall technological level of the industry with a view to realizing the harmonious unity of economic benefits and social values, and contributing to the sustainable development.

Though the road may be long, it will be reached if we keep walking; though the task may be difficult, it will be accomplished if we keep working. No peak is too high to cross; no ravine is too deep to fill. In the future, we will continue to actively engage in the global wave of energy green transformation and plan a new pattern of deep industrial transformation and upgrading.

2.1 Adhere to our faith and unite in the drive for progress

As the soul and core of a company, corporate culture not only infuses the enterprise with strong spiritual power, but also deeply shapes its image and brand value. In this way, it serves as the fundamental support for the company’s growth and sustainability.

Only with faith can we achieve our long-term goals. We always regard our core values as a beacon of sustainable development, and deeply integrate our lofty ideals and career enthusiasm with core values. We constantly explore new horizons in corporate culture construction, root in our sustainable development strategy, anchor low-carbon goals and remain steadfastly diligent in actions to outline a grand blueprint for our development in the future.

The Values and Guidelines of WASION

In 2024, we meticulously held a series of activities themed around the "promotion and practice of corporate culture". These activities aimed to deepen the understanding and implementation of our corporate culture and sparked a new wave of cultural engagement among all staff. We advocate our core values "be cohesive, ambitious, down-to-earth and creative" through a multi-level and multi-dimensional cultural framework to deepen the employee's identification to our corporate culture and inject strong cohesion, enduring centripetal force and boundless innovation into the high-quality development of the enterprise, driving the enterprise to move forward steadily and achieve long-term goals in the journey of the new era.

1 Comprehensively stimulate employee's enthusiasm for reading and understanding Wasion Newspapers, strengthen the two-way communication between Wasion Newspaper and employees and synchronize the development of employees and the Company.

2 Offer the courses on our corporate culture to overseas bases in the form of English micro courses to continuously improve the awareness and recognition of overseas employees on corporate culture.

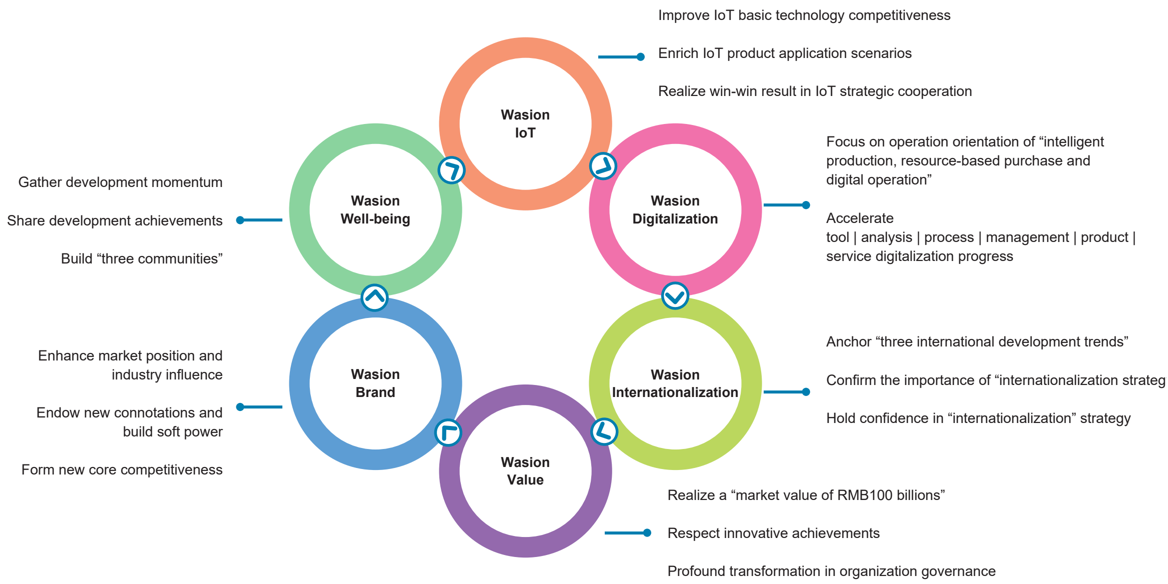
3 The intense competitions over many seasons fully show Wasion spirit, and enhance employees' awareness, understanding, identification and practice on corporate culture.

4 "Little Monkey Kinki" shined brightly with a brand-new image. The first set of dynamic emoticons were launched to continuously convey the rich connotation of Wasion corporate culture.

2.2 Adhere to our mission and anchor our green strategy

"Opinions on Accelerating the Comprehensive Green Transformation of Economic and Social Development" released by the Central Committee of the Communist Party of China and the State Council proposes that we should firmly adhere to the high-quality path of ecological priority, and green and low-carbon development, comprehensively promote carbon reduction, pollution reduction, green expansion and growth, deepen the reform of the ecological civilization system and improve the green development mechanism to accelerate the formation of a green production and life way and drive the modernization of harmonious coexistence between humans and nature.

Under the guidance of green strategies, we have devoted ourselves to a bright journey of the energy revolution. We have continued to promote the low-carbon transformation driven by technological innovation, explored new opportunities in the green market, and actively practiced social responsibility in the vast field of "making irreplaceable and outstanding contributions to the conservation and efficient energy utilization for human beings". We have made great efforts to build a sustainable future of harmonious coexistence between humans and nature in keeping up with the times.



The year 2024 was a critical year for our "Fifth Five-Year Plan" and also a year of deepening our internationalization strategy. We have always kept a strong sense of responsibility, mission, and crisis. We have made progress in inheriting, changed in challenges, stood out in tests and leaped forward in transformation. We have thoroughly implemented the concept of green development and integrated the sustainable development goal into our long-term development strategies. With the innovation drive and the efficient resource utilization as the core, we have played the "green melody" in many aspects, such as green products, green design, green production, green supply chains, green parks, green talent and green production lines and continuously improved our intelligent- and green-development level to drive the enterprise to realize high-quality development.

On 27 October 2024, GDS International Data Center Supply Chain Ecosystem Summit was successfully held in Johor Bahru, Malaysia. As an excellent supplier, Wasion Energy was invited to attend this summit.

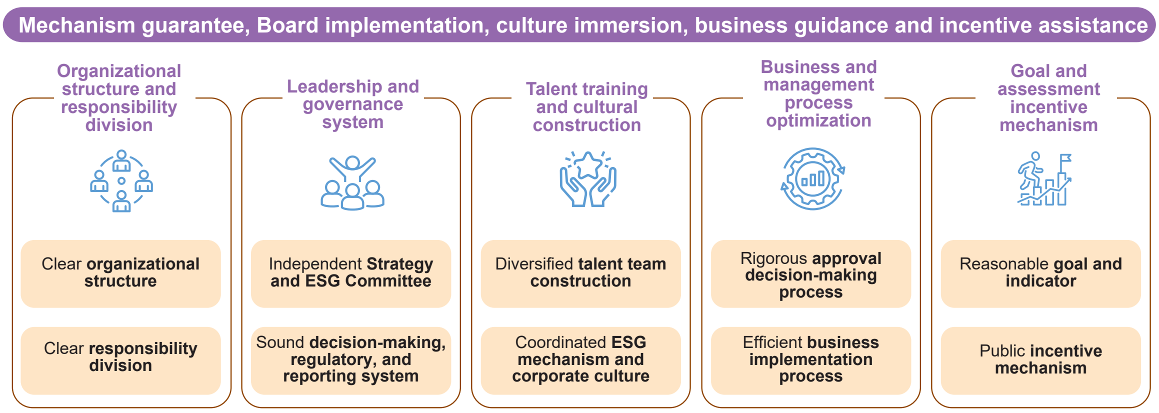
With outstanding international market performance and achievements in global development, Wasion was included in 2024 FORBES CHINA Go-international Brands Top 30 Selection

Nearly 50%

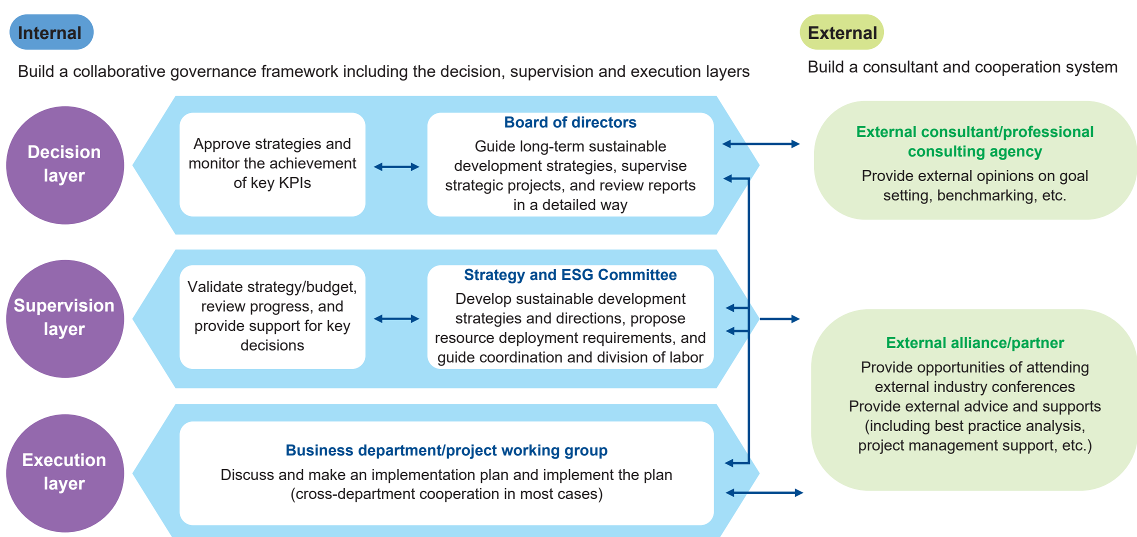
The Company actively fulfills its renewable energy obligations, cooperates with renewable energy generation companies, and actively purchases and uses green electricity. In 2024, the Company used 13,810 MWh green electricity with the proportion of nearly 50%.

2.3 Standing firm in advancing our the ESG system

The Board has attached great importance to sustainable and healthy development of the Company, and deeply integrated the environmental responsibility, social responsibility and corporate governance responsibility into the entire operation and management process to systematically promote the construction of ESG system. In addition, the Board has focused on key points such as internal governance structures, decision-making mechanisms, and information disclosure, established an efficient ESG governance structure with clear rights and responsibilities, and established a full process management mechanism covering decision-making, execution, and supervision, laying a solid foundation for the sustainable development of the enterprise.



In 2024, confronting the complicated and changing international situation and facing the increasingly severe challenges of sustainable development, Wasion kept its strategic composure and proactively seized development opportunities. Wasion has continuously optimized the ESG system, and established a multi-level ESG structure which is guided by the Board's strategic decisions, comprehensively implemented by the operation management personnel, and coordinately promoted by functional departments and in which the stakeholders participate in depth. Wasion has continuously improved its ESG efficiency by improving the ESG management system, optimizing the management process and strengthening the risk control, injected strong power to the sustainable development of the Group and made positive contributions to promoting the achievement of global sustainable development goals.



2.4 Maintaining our core value to build a renowned brand

A brand is an important carrier of quality, technology, reputation and culture, and is one of the core elements in promoting high-quality economic development and improving international competitiveness. Wasion has grasped the needs and opportunities of the energy transformation and upgrading of countries along the "Belt and Road", drove the construction of a new energy system with the construction of new power systems, strengthened key core technology research, and created a Hunan brand with highlights, characteristics and influence to the world with high-tech innovation, high-quality products and customized services.

SSE STAR ESG Index and SSE STAR Growth Momentum 50 Strategy Index
Willfar Information Technology Co., Ltd.

2024 "China Brand Value Evaluation Information List – Electronic and Electrical Brand Value List"
Willfar Information Technology Co., Ltd.

2024 FORBES CHINA Go-international Brands Top 30 Selection
Wasion Group Limited

"Quality-brand Ten-year" excellent and classic case Award
Wasion Group Limited

SSE 380 Index
Willfar Information Technology Co., Ltd.

- Highlight innovation technologies and green product solutions and focus on the differentiated demands of overseas markets in power AMI, smart water, smart fire protection, and smart municipal administration. Provide customers with comprehensive and diversified energy solutions, as well as zero carbon and low-carbon solutions, shape and strengthen the brand image of Wasion, and enhance the brand value of Wasion.
- Persist in actively taking action and assuming responsibilities in share repurchases, shareholder returns and market value management, fully demonstrating the Company's strong confidence in its strength and high responsibilities for shareholders.
- In terms of market value management, the Company continuously enhances market recognition and promotes the reasonable expression of its value by measures such as optimizing investor relation management, strengthening information disclosure transparency and improving business performance.

2.5 Taking responsibility to jointly build a bridge of trust

The development of an enterprise is not only related to its economic interests, but also closely connected with the interests of many stakeholders. Expectations and concerns of stakeholders are not only key considerations for sustainable development of the enterprise, but also the important basis to make strategies and identify major risks and opportunities, even the necessary important content in ESG report.

2.5.1 Stakeholder collaboration

The support from stakeholders is crucial for an enterprise to formulate and implement short-term and long-term sustainable development strategies. To scientifically manage stakeholder relationships and ensure their effective participation in making decision and business operations of the enterprise, we have made a systematic and compliant management strategy, and integrated stakeholder relationship management and demands into overall strategy and daily operations, achieving win-win development of the Group and stakeholders.

Note: the content from the center to the edge is stakeholders, expectations and concerns and primary communication channels

Wasion has actively taken actions, integrated the ESG concept into strategies and operations of the enterprise, and analyzed and evaluated expectations and concerns of various stakeholders, such as government regulatory agencies, suppliers, consumers, employees and investors, realizing win-win cooperation with stakeholders in terms of economy, society and environment.

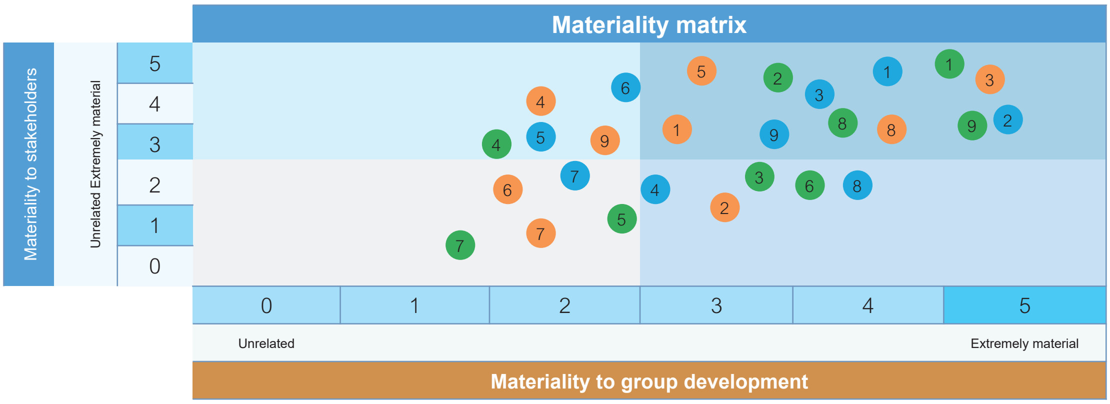
Establish stakeholder awareness Make stakeholder management policies Establish stakeholder information database	Implement the stakeholder participation plan Build diversified communication channels Establish a normalized communication mechanism	Collect and incorporate opinions from stakeholders Regularly evaluate mechanism effectiveness Maintain smooth communication channels

2.5.2 Issues and key performance indicators

We are currently in the midst of a major change not seen for a century. ESG is on the rise, profoundly influencing the behavior and performance evaluation standards of enterprises in various industries and creating value in multiple dimensions.

Wasion has deeply recognized that ESG is not just a concept about environmental protection, but a comprehensive concept in three dimensions: environment, society and corporate governance. With reference to the requirements of the Environmental, Social and Governance Reporting Guide issued by the Stock Exchange of Hong Kong and the issues listed in the substantive list of the Global Reporting Initiative (GRI) Sustainable Development Reporting Guidelines, Wasion identifies, prioritizes and verifies key issues upon comprehensive consideration of the results of stakeholder communication.

By utilizing the stakeholder communication and participation mechanism and incorporating insights from external experts and internal personnel of the Company, Wasion has prioritized the substantive issues, developed a materiality analysis list for ESG issues, and created a matrix chart. The analysis focuses on the materiality of issues to both stakeholders and group development.

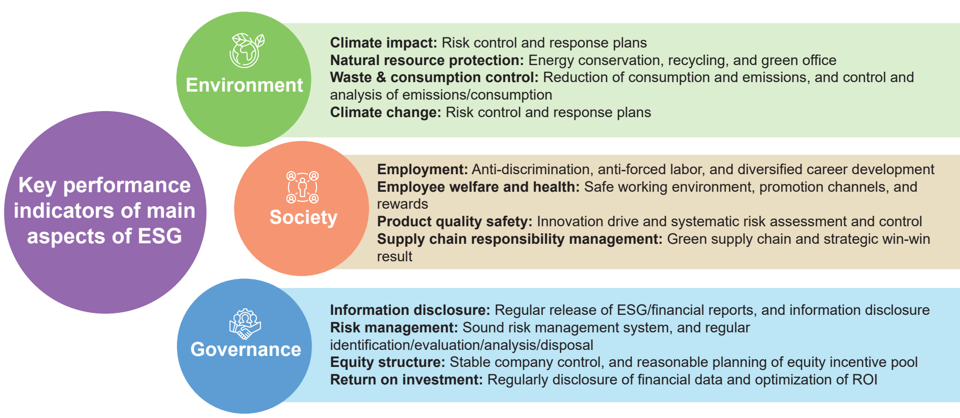


Environmental issues:
1-climate impact, 2-natural resource protection, 3-environmental governance, 4-green technology, 5-green office, 6-green factory, 7-environmental investment, 8-waste & consumption control, 9-renewable energy development

Social issues:
1-employee welfare and health, 2-anti-forced labor, 3-product quality and safety, 4-privacy data protection, 5-employment, 6-rural revitalization, 7-gender equality/anti-discrimination, 8-supply chain responsibility management, 9-industry innovation

Governance issues:
1-equity structure, 2-risk management, 3-information disclosure, 4-compensation system, 5-accounting policies, 6-anti-unfair competition, 7-employee ethical code of conduct, 8-independence and diversity of the Board, 9-return on investment

Improving ESG performance is an ongoing task. Wasion integrates the concept of sustainable development into the management and operation of the enterprise. With the participation of major stakeholders, Wasion clarifies the key performance indicators of main aspects of environment, society and governance in 2024 from four perspectives of materiality, quantification, balance and consistency, continuously invests and improves, and makes efforts to explore a sustainable development path and to actively cultivate and develop new productive forces.



2.5.3 Green governance of emissions

The improvement of identification of emission types and sources is a foundation for enhancing the Company's sustainability space and promoting the low-carbon environmental operations. To achieve this goal, the Company has established comprehensive and effective emission control measures which cover many aspects such as greenhouse gases, waste water, waste gas, solid waste, etc., to ensure accurate and real-time monitoring of various emissions and take effective measures to reduce environmental impacts.

Wasion continuously monitors the emissions of the park, collects and analyzes the total annual emissions, and establishes a recycling system to maximize the recycling of waste.

Greenhouse gas — Main source: Municipal electricity and natural gas during working

Wastewater — Main source: Working environment and daily life in the park

Waste gas — Main source: Welding in production and employee canteen

Harmless waste — Main source: Raw and auxiliary material packaging/waste plastic/employee living/kitchen waste, etc.

Harmful waste — Main source: Tin slag and a small amount of waste electronic components generated during the welding process

Main control measures

— **Greenhouse gas:** Establish a sound energy saving system, optimize production equipment, introduce clean energy, improve energy utilization efficiency, and actively promote carbon footprint management

— **Wastewater:** Establish a sound wastewater treatment system, adopt advanced wastewater treatment technologies, and enhance emission reduction awareness to reduce water resource consumption; the water belongs to Class IV water and can be discharged only if it reaches standard; the water quality shall meet the Class IV standard in the Surface Water Environmental Quality Standards

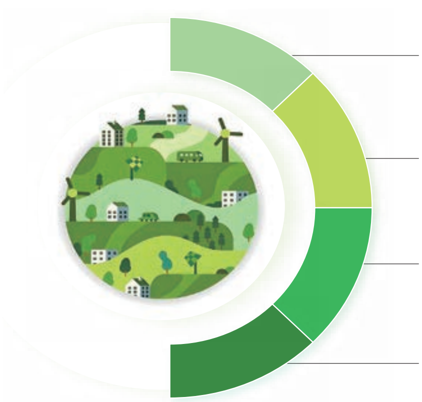
— **Waste gas:** Introduce efficient waste gas treatment equipment, emit into air in a pure and centralized way after achieving the emission standard, and ensure that waste gas emissions comply with environmental standards. Continuously improve production processes and use clean raw materials, which can reduce the harmful gases from the source

— **Harmless waste:** Establish a solid waste classification, recycling, and treatment system, promote resource utilization and harmless treatment, optimize production processes, reduce raw material waste, explore new technologies for solid waste resource utilization, and vigorously promote green packaging

— **Harmful waste:** Develop hazardous solid waste management policies, standardize the collection, storage, and treatment processes of hazardous solid waste, provide separate sites for storage, and regularly deliver to suppliers with hazardous waste treatment qualifications for recycling and processing

2.5.4 Resource/energy usage

By prioritizing savings, we continuously improve the resource efficiency and intensive utilization to meet the reasonable needs of economic and social development. Additionally, we actively promote the energy-saving technologies and renewable energy sources and prioritize the use of energy-efficient, renewable, and recyclable materials and processes to improve overall resource efficiency.



1 Using an intelligent energy management system
Realize online energy monitoring to timely discover and solve energy waste problems, and improve the energy utilization rate of the park

2 Highlighting the development and application of energy saving and emission reduction technologies
Mainly promote and take energy saving and emission reduction measures and vigorously take national actions for energy saving and emission reduction

3 Continuously improving the manufacturing process
Increase the proportion of automated production, improve energy saving and emission reduction levels, and increase the energy utilization efficiency per unit output

4 Promoting the automation transformation of production processes
Improve production workflow, use automation/digital equipment and optimize energy consumption structure to reduce energy input

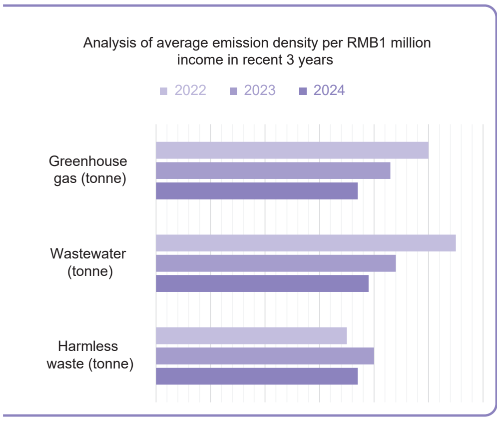
Considering the characteristics of our industry and its practical situation, Wasion has set its energy saving and emission reduction goals for 2024. We also collected and analyzed data to assess our fulfillment, discovering that energy consumption and emission per unit of annual turnover showed a declining trend in general as compared with last year. In addition, statistical analysis results reveal that the average comprehensive energy consumption also showed a declining trend in the past three years.

The Group has made reasonable use of water obtained adequately from the municipal water supply system, hence no issues have arisen concerning the water source.

During the reporting period, no case has been identified constituting a breach of laws and regulations in relation to environment.

Environmental performance indicators-emission and density

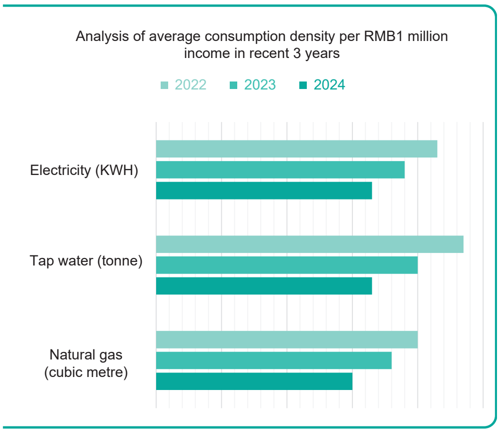
Types of emissions	Statistical category	Emissions/density		
		2022	2023	2024
Greenhouse gas (tonne) [1]	Emissions	17,781	19,263	18,065
	Density	3.03	2.66	2.07
	Goal	< 3.8	< 3.6	< 3.3
Wastewater (tonne)	Emissions	427,619	414,630	415,560
	Density	73.02	57.17	47.67
	Goal	< 90	< 78	< 75
Harmless waste (tonne)	Emissions	1,553	1,938	2,618
	Density	0.27	0.27	0.30
	Goal	< 0.5	< 0.5	< 0.35
Harmful waste (tonne)	Emissions	14,528	11	35.35
	Density	0.002	0.002	0.004
	Goal	Full recycling	Full recycling	Full recycling



a. "Harmless waste" mainly includes the waste paper, plastic, domestic garbage, and kitchen waste
b. "Harmful waste" mainly includes tin slag generated during welding
c. Goal setting principle: 2% decrease in the average emission density of the average consumption per RMB1 million annual income in the past five years

Environmental performance indicators-resource consumption and density

Types of resource	Statistical category	Consumption/density		
		2022	2023	2024
Electricity (KWH)	Consumption	25,475,625	28,070,880	31,507,930
	Density	4,350.46	3,870.63	3,614.73
	Goal	< 5500	< 4966	< 4780
Tap water (tonne)	Consumption	580,027	575,874	574,079
	Density	99.05	79.41	65.86
	Goal	< 140	< 125	< 115
Natural gas (cubic metre)	Consumption	556,398	460,466	489,071
	Density	95.02	63.49	56.11
	Goal	< 126	< 102	< 92
Packaging material (tonne) [2]	Consumption	2,195.34	1,725	2,769
	Density	0.36	0.24	0.32
	Goal	Recyclable	Recyclable	Recyclable



Goal setting principle: 2% decrease in the average emission density of the average consumption per RMB1 million annual income in the past five years

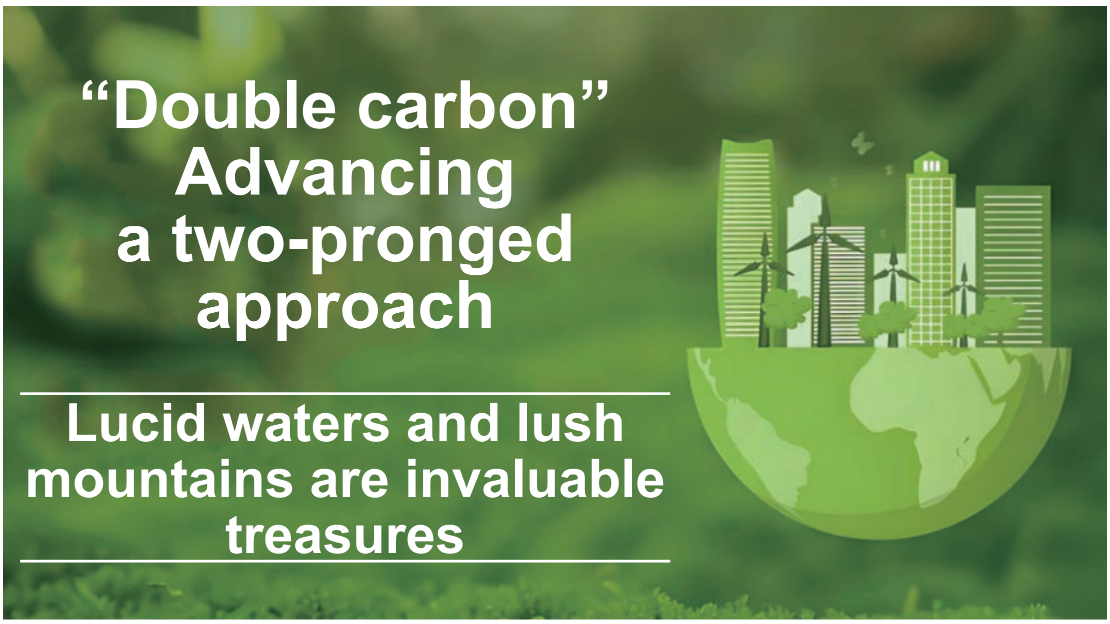
1 The carbon emission shall be calculated in accordance with GHG Protocol released by World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI), Reporting Guidance on Environmental Key Performance Indicators released by Hong Kong Stock Exchange, and China Regional Power Grid Baseline Emission Factors and Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions from Electronic Equipment Manufacturing Enterprises (Trial) released by the Department of Climate Change under National Development and Reform Commission (NDRC).

2 The packaging materials are mainly cartons and a small amount of wood.

2.5.5 Environment and natural resources

Facing the fierce challenge of global climate change, the resource and environmental issues are no longer isolated, but deeply related with and mutually influence social, economic, political and other issues. Balancing the relationship between protection and development, between humans and nature, reducing carbon emissions and achieving carbon neutrality goal have become common concerns of the international community.

Wasion has always closely integrated its own development with the national strategy, and utilized the digital management platform to comprehensively plan and deeply promote the construction of the green and low-carbon system of the Group and to continuously improve its management efficiency. From the perspective of energy supply end, Wasion has vigorously developed clean energy, continued to make efforts in energy saving, environmental protection, low-carbon operation, etc., and orderly promoted the low-carbon transformation of energy to promote the sustainable and high-quality development of the Group, and to contribute Wasion value to achieving carbon neutrality.



Natural resources are the foundation of social and economic development, so protecting natural resources and ecological environment is equivalent to protecting productivity. Our new development propositions are how to combine environmental cooperation with development cooperation, solve environmental problems in development, and promote a "win-win" result between environment and development.

Management and actions for minimizing the impact of business activities on the environment and natural resources are described in Part 3 of this report, "Responsibility Fulfillment".

3. RESPONSIBILITY FULFILLMENT

3.1 Responding to climate change

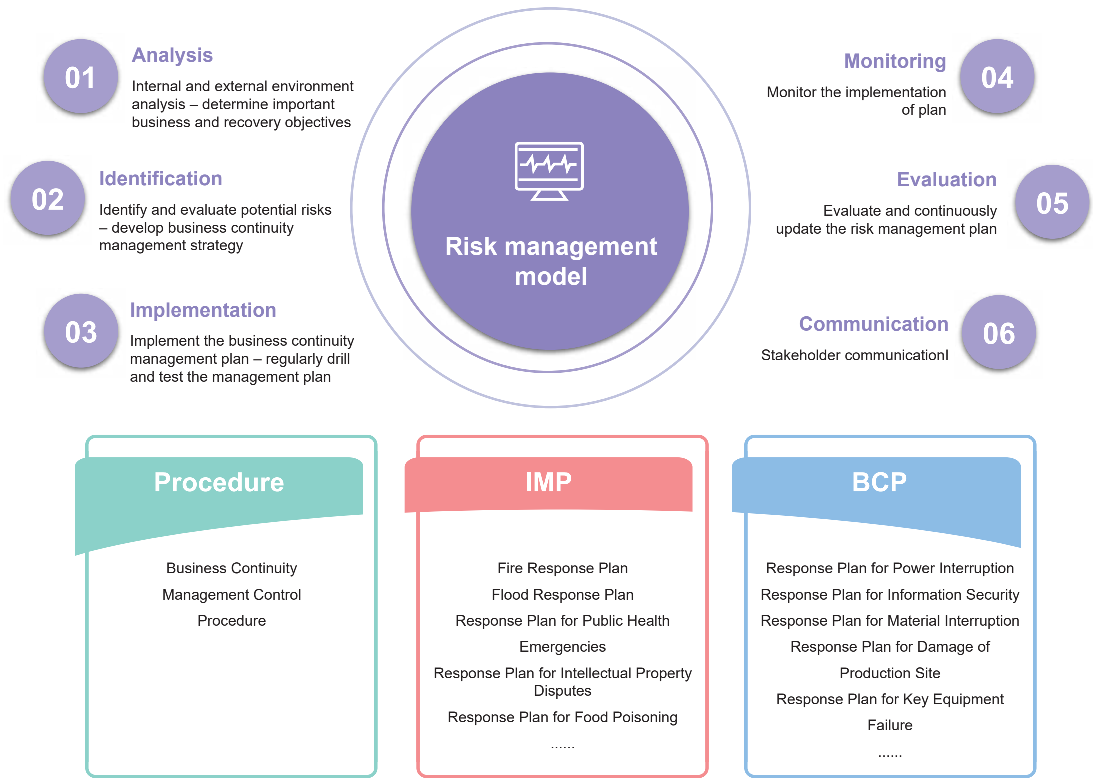
Scientific research has proven that global warming exacerbates the instability of the climate system. Therefore, it not only causes an increase in extreme weather events but also brings complex and diverse negative impacts on ecosystems. Climate change is undoubtedly a major global challenge for human being today. All countries are in a same boat and should work together. China has set the responding to climate change a national strategy. "Decision of the Central Committee of the Communist Party of China on Further Comprehensively Deepening Reform and Promoting Chinese Path to Modernization" adopted at the third plenary session of the 20th Central Committee of the Communist Party of China indicates that we should collaboratively promote carbon reduction, pollution reduction, green expansion and growth to actively respond to climate change.

As Wasion deepens its development in energy metering and energy efficiency management, it recognizes the significant impact of climate risks on corporate sustainability. The Group also understands the importance of identifying, analyzing, and responding to these risks. Based on practice and experience over a certain period, we have identified climate change mitigation and adaptation as key measures to address climate change and have implemented both strategies simultaneously. In addition to reduction of carbon emissions, we have continuously enhanced our ability to adapt to climate change and strengthened our climate resilience for sustainable development.

3.1.1 Risk management

Wasion integrates the concept of sustainable development into supply chain management, product development and production operation, adds the climate risk management into the overall risk management system of the enterprise, and develops systematic response measures. By business continuity management, we have achieved a change from passive response to proactive management of climate risks and worked together with stakeholders to create a future with climate resilience.

Based on a risk management model and in accordance with an international standard ISO22301 Business Continuity Management System, Wasion systematically made a proper business continuity management process plan and established an effective risk prevention mechanism to continuously improve our risk management level.



3.1.2 Identification of climate risks and opportunities

The identification of climate risks and opportunities is the foundation for an enterprise to response to climate change. Referring to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), Wasion sorts out the climate risk factors by scenarios and in a scientific and systematic manner and identifies fields that are or will be severely affected by climate change in the future. On the basis of climate risk disclosure and combining internal and external environment of the enterprise, Wasion makes a proper climate scenario framework, and assesses potential transformation risks and physical risks accordingly.

List of climate risks and opportunities – list of climate risks

Type of risk		Content
Transformation risk	Regulatory and policy adjustment	Strengthening the responsibility for disclosing emission data
		Changes in binding national standards, regulations and policies related to energy efficiency, water efficiency and carbon emissions
		Restriction of carbon emissions and increase of carbon tariff cost
	Technological change impact	Use and transformation of pollution reduction and carbon reduction technology
		Innovation and iteration of green design and clean production technology
	Market operation risk	Increase of raw material costs
		Enhanced consumer awareness of green and low-carbon consumption
		Unclear market information
		Lagging of low carbon product research and development
	Reputation risk	Reduced stakeholder identification with the Company
		Reduced consumer awareness of corporate brands
Physical risk	Acute risk	Severe precipitation extreme weather event
		Continuous extremely hot weather
		Lingering drought
		Flood
		Ice disaster/freezing climate
	Chronic risk	Rise of ambient temperature
		Shortage of water resources
		Sea level rise

List of climate risks and opportunities – list of climate opportunities

Type of opportunity	Content
Market	Carbon metering products are favored, leading to an increase in market share
	Develop new tracks
	Actively respond to policies and add proper carbon tariff guidelines into procurement catalog in advance
	Take the lead in developing green and low-carbon businesses to attract more customers and investors with strong environmental awareness
	Jointly develop green and environmentally friendly products with partners and explore emerging green markets
Product and service	Product and business diversification
	Research, develop and innovate low-carbon green technologies
	Improve consumer recognition
	Develop more green and low-carbon product and service models
	Make climate adaptation risk solutions
Resource efficiency	Higher water resource and energy utilization rate
	Developing circular economy
	Strengthen supplier cooperation to promote collaborative innovation in the industrial chain, jointly develop green and environmentally friendly products, and explore emerging green markets
Adaptability	Resource substitution/resource diversification
	Explore opportunities for green finance investment, such as green bond, carbon finance product, etc.
Energy structure	Get low emission energy sources
	Obtain government energy saving subsidies and reduce energy procurement costs

3.1.3 Countermeasures for major climate risks

Climate risk countermeasures

01 To accelerate the comprehensive green transformation of economic and social development and achieve high-quality development, there may be changes in binding national standards and regulatory policies related to energy efficiency, water efficiency and carbon emissions. Such changes will cause changes in operation environment of the enterprise. Compliance investment may be increased. Accordingly, the operation costs of the enterprise may also be increased.

[Risk] Regulatory and policy change

[Measure] Continuously follow policies and regulations

02 Keep an eye on changes in laws, regulations and policies related to green and low-carbon economy and establish a dedicated monitoring mechanism for regulations and policies to timely get the latest policy for response; regularly conduct training, organize compliance reviews, promote and implement new regulatory requirements.

03 To continuously improve pollution reduction and carbon emission reduction capabilities of the enterprise, energy-saving and low-carbon equipment are promoted and upgraded and relevant process flows are improved, which may increase costs of production facility renovation. The innovation and iteration of green design and clean production technologies in relevant products may lead to weakening of technology advantages and brand advantages.

[Risk] Technological change impact

[Measure] Adhere to market orientation and build a green technology innovation system

04 Guide R&D innovation with market demand to promote technological progress and product upgrading; persist in collaborative innovation and cooperation among industry, university and research to drive market-oriented transformation and application of green technology achievements; strengthen the protection of green technology property services to improve innovation level; deepen the standardization construction of green technology to drive the transformation to green products.

05 With the popularization of low-carbon consumption and low-carbon lifestyle, consumers are increasingly valuing green and low-carbon consumption. The delayed research and development of low-carbon products or the unclear brand orientation may lead to a decrease in consumer's brand awareness and weak product growth, resulting in a decline in market share.

[Risk] Market operation risk

[Measure] Develop new productive force

06 Continuously build a green manufacturing system and further decarbonize energy consumption structure to empower new productive force to leap forward; continuously promote and upgrade energy-saving and low-carbon equipment and improve process flow to improve its capability to reduce pollution and carbon emissions; vigorously develop green products to increase the proportion of low-energy products; strengthen cooperation with strategic partners in energy efficiency and collaborate to create energy efficiency improvement projects.

07 Stakeholders have increasingly strong awareness on low carbon and more demands on disclosure of climate risks. If the Company is unable to respond to the demands of stakeholders, negative feedback from the market may increase, causing adverse impact on the Company's reputation.

[Risk] Reputation risk

[Measure] Continuously improve the quality of ESG information disclosure

08 Improve the information disclosure system, improve the pertinence of ESG information disclosure, and strengthen disclosure of climate information; strictly comply with relevant disclosure requirements to ensure the legality and compliance of disclosed information; take climate change as the core issue, conduct effective stakeholder communication by various communication methods and platforms, and improve information transparency;

Physical risk response measures

Acute risk

Sudden natural disasters caused by extreme weather events, such as rainstorm, flood and typhoon

These disasters may damage the infrastructure in production parks, such as factory buildings, warehouses, office buildings, etc., resulting in direct economic losses and additional operation and maintenance costs; they may destroy buildings and power facilities, affect the normal production and operation of the enterprise, and disturb the normal production and operation of the Company; they may affect the supply chain; for example, the procurement of raw materials, and transportation and distribution of products may be interrupted due to adverse weather, resulting in delays in the production progress of the enterprise and inability to deliver customer orders on time; in addition, extreme weather may also cause injury to employees, affecting their work enthusiasm and productivity.

Measure 1 **Conduct business continuity management:** Continuously strengthen business continuity management of the Company to enhance its capabilities to resist risks. Identify key businesses and potential threats, and make a business continuity plan (BCP) to guide business recovery. Regularly evaluate the adaptability and effectiveness of the plan through drills, and continuously improve and update it as necessary

Measure 2 **Promote modernization infrastructure construction:** Improve the adaptability of infrastructure to climate change by advanced technologies such as digitization and intelligentization; proactively monitor extreme weather events, inspect equipment safety and strengthen hazard identification to ensure the safety of production and operation of the Company

Measure 3 **Improve risk awareness and emergency response capability of all staff:** Improve the risk warning mechanism, timely master the dynamics and trends of extreme weather, and prepare in advance for response; strengthen the awareness training and practical exercises of business continuity management to improve employees' risk awareness, and regularly organize BCP exercises to improve the coordination and cooperation ability of all staff

Chronic risk

Chronic climate risks such as persistent drought and high temperatures

Due to seasonal supply shortages of energy such as electricity and natural gas, energy supply interruptions may occur, which affects the normal production of the Company and its upstream and downstream supply chains, resulting in no guarantee of the business continuity of the Company; water resource shortage may increase the difficulty and cost of business operations; continuous high temperature requires adjusting the temperature of the working environment, resulting in an increase in electricity costs; continuous high temperatures may lead to a decrease in worker productivity, resulting in an increase in labor costs; it will affect the normal production of the Company's upstream supply chain, leading to an increase in raw material costs.

Measure 1 **Continuously improve the automation level of production processes:** Promote the automation transformation of production processes, improve production procedures and use automatic and digital equipment to reduce the impacts of human and natural factors on production efficiency

Measure 2 **Fully implement intelligent energy management system:** Realize online energy monitoring to timely discover and eliminate energy wastes, and improve the energy efficiency of the park; focus on the development and application of energy saving and emission reduction technologies and mainly promote the application of energy saving and emission reduction measures to reduce operation costs

Measure 3 **Continuously optimize the energy consumption structure in production:** Vigorously support the construction of the national new energy system, to increase the proportion of green electricity and clean energy in production and operation

3.2 Improving the green manufacturing system

During the 11th collective study of the Political Bureau of the 20th Communist Party of China, President Xi Jinping emphasized that green development is a foundation of high-quality development and new productive force is green productive force in fact. This important emphasis not only reveals the inherent attributes of new productive forces, but also provides scientific guidance for empowering high-quality development.

Wasion profoundly knows the essence and connotation of new productive forces, and persists in integrating the new development concept into the entire process of enterprise innovation and development. Wasion makes the development of new productive forces a strong driving force and important focus for achieving high-quality development, and deeply integrates with development of the enterprise. Wasion orderly promotes green product design, clean production, low-carbon energy and recycled resource utilization, and continuously creates new advantages of sustainable development. We adhere to the path of ecological priority and green development to assist in achieving carbon peak and carbon neutrality goals.

Green product design

In the process of product design, research and development, use environmentally friendly devices and raw materials with low energy consumption; in the entire lifecycle, follow the environmental protection requirements to prevent from generating harmful substances to the human body.

Clean production process

Build independently researched and designed fully automatic production lines, high-speed automatic SMT production lines, selective wave soldering and CCD visual intelligent recognition and detection system to create a leading "green manufacturing+intelligent manufacturing" factory in the power and electronics industry.

Low-carbon energy process

Roofs of factory buildings in Wasion Technology Park are set with the distributed photovoltaic power generation system which saves 12% of electricity costs of the park every year by utilizing renewable energy sources such as solar energy. The energy management monitoring center can monitor various energy consumption in real time and conduct energy consumption analysis to guide the rational use of energy in various regions; in addition, strictly implement the "three simultaneities" environmental protection system to ensure stable and compliant emissions of all pollutants.

Resources recycling

Improve resource utilization efficiency and reduce waste emissions by technological, product and management innovation. Include optimizing production processes, using energy-saving equipment, implementing clean production, etc.

3.2.1 Developing new productive forces to empower green production

1 Green production

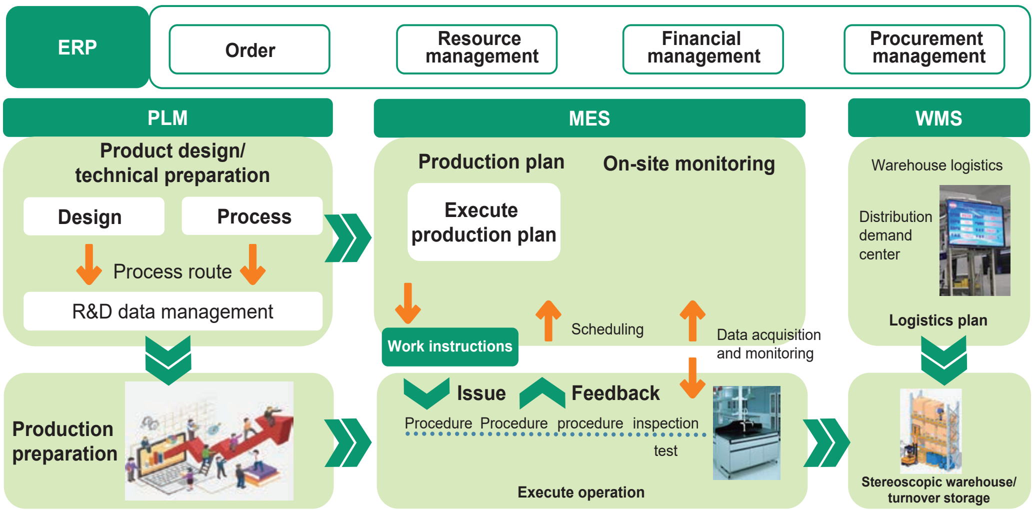
Make great efforts to build a leading "green manufacturing+intelligent manufacturing" factory in the power and electronics industry, continue to deepen digital transformation, promote industrial upgrading and transformation, and well conduct enterprise management with high quality to practically and efficiently drive high-quality economic development with performance

Honours in 2024 (part)

Top 500 Industrial Internet Companies in China Wasion Group Limited	Top 500 Chinese Listed Companies with New Productive Force Willfar Information Technology Co., Ltd.
"10,000 Intelligent Enterprises" Hunan Manufacturing Digital Transformation Benchmark Projects Wasion Group Limited	Top 100 Internet Companies with Comprehensive Strength in China Willfar Information Technology Co., Ltd.
Leading Award for China's New Energy Storage New Productive Force Industrial and Commercial Energy Storage Projects Wasion Energy Technology Co., Ltd.	"10,000 Intelligent Enterprises" Hunan Manufacturing Digital Transformation Benchmark Projects Willfar Information Technology Co., Ltd.
"10,000 Intelligent Enterprises" Hunan Manufacturing Digital Transformation Benchmark Projects in 2024 Wasion Energy Technology Co., Ltd.	Top 30 Internet Companies with Comprehensive Strength in Hunan Willfar Information Technology Co., Ltd.

Case and achievement

Wasion Group Limited has embarked on the path of intelligent manufacturing construction since 2016. On one hand, Wasion has continuously improved the construction of intelligent factory information system. On the other hand, Wasion has deployed the production integration flow in different stages to realize the integration of production, supply, sales, digit and intelligence. With the new generation information technology as its engine, Wasion has accelerated the overall and full chain application of digital and intelligent technologies, and promoted its movement towards high-end, intelligent and green development.



Building an intelligent factory information system by digital empowerment

The year 2024 is the third stage of digital construction of intelligent manufacturing of the Group. Wasion has further optimized its operation capabilities in internationalization, realized the expected goal of significantly improving manufacturing and delivery capabilities and laid a more solid foundation for the implementation of the Group's "globalization" strategy.

Integrated flow intelligent manufacturing digital factory

Case and achievement

On 21 September 2024, "Learn from Each Other" Hunan Manufacturing Digital Transformation Training Course was ceremoniously held at Wasion's Science & Technology Park. The course was sponsored by the Hunan Provincial Department of Industry and Information Technology, organized by the Hunan Electronic Information Industry Research Institute and co-organized by Wasion Group. This course is a valuable platform for communication and interaction among enterprises. We look forward to working with more partners to explore infinite possibilities of digital transformation, promote knowledge sharing and technology cooperation, and contribute to Hunan Province to accelerate the construction of an important advanced manufacturing highland in China.

"Learn from Each Other" Hunan Manufacturing Digital Transformation Training Course was successfully held in Wasion Group

Case and achievement

In recent years, Willfar Information Technology Co., Ltd. has actively promoted the deep integration of information and industry, and utilized this integration management system to realize seamless connection and efficient transmission of information and ensure smoothness of processes and accuracy of information.

In 2024, Willfar Information Technology Co., Ltd. successfully passed the assessment of Evaluation Working Committee of AIITRE Informatization and Industrialization Integration Management System of Ministry of Industry and Information Technology of the People's Republic of China (MIIT) and won "Grade AAA Certificate" of information and industry integration management system.

Grade AAA is the top grade available on MIIT digital transformation service platform. This certificate marks a new level of digital transformation and information technology application for the Company.

中国船级社

两化融合管理体系评定证书

AAA

威胜信息技术股份有限公司

Case and achievement

Smart factories lead the digit and intelligence development. Wasion has continuously deepened its digital transformation. In 2024, Wasion built "Wasion Energy Lean Digital Factory Construction Project" for which advanced information technology and automation equipment were introduced, realizing the optimization of production process and the improvement of management efficiency. This project was successfully selected as a benchmark project for digital transformation of manufacturing industry in Hunan Province for "10,000 Intelligent Enterprises" action in 2024.

New energy storage PACK 5G intelligent control automation production line

2 *Green products*

The power grid industry is the main force in achieving the national "double carbon" goal. Wasion has continuously explored and innovated in the construction of new power systems and jointly developed electrical carbon metering technologies to provide data supports to build a clean, low-carbon, efficient and energy saving industrial structure and product system. In addition, Wasion has guided the demand side to widely participate and collaborate to promote the achievement of the "double carbon" goal and to make common contributions to healthy, green and sustainable development of the national social economy.

Wasion has established a full lifecycle green design system which includes energy management system, environmental management system, IECQ QC 080000 hazardous substance process management system, etc. In product design and production, Wasion has prioritized low-energy and environmentally friendly components as well as energy saving and low emission production processes. In addition, Wasion has optimized supply chain management and reduced transportation emissions. Wasion has integrated the environmental protection concept into the full lifecycle of products and summarized assessment strategies for energy saving and efficiency, service life and maintainability, resource recovery and recycling to minimize impacts on environment.

Major Honours in 2024 (part)

Typical Cases of Green and Low-carbon Development of Private Enterprises in China
Wasion Group Limited

Top 10 Brands of Intelligent Metering Turnover Cabinets
Willfar Information Technology Co., Ltd.

List of Recommended Green Manufacturing System Solution Suppliers in Hunan Province
Willfar Information Technology Co., Ltd.

The Most Influential Enterprise in Energy Storage Industry in China in 2024
Wasion Energy Technology Co., Ltd.

List of Typical Application Scenarios of "10,000 Intelligent Enterprises" Hunan AI Empowerment to New Industrialization
Wasion Group Limited

List of Recommended Green Manufacturing System Solution Suppliers in Hunan Province
Willfar Information Technology Co., Ltd.

Case and achievement

On 20 March 2024, China Instrument and Control Society held a technology achievement appraisal meeting for "full-time electrical carbon emission metering and interactive carbon reduction key technologies" project in Beijing. The participating parties include Guangdong Power Grid Metering Center, National Institute of Metrology, China, Wasion Group Limited, etc.


Technology achievement appraisal meeting

This project establishes a full-time calculation model for dynamic power grid carbon emission factor and provides users with both "electricity bill" and "carbon emission bill" simultaneously. This project is an important exploration and successful migration from energy control to carbon control and fills the gap in the segmented market of power meters in China. Therefore, it is of great significance for the construction of energy IoT and the development of digital power grid.

The electricity and carbon emission meter was firstly used in Guangdong Province and brings significant economic and social benefits.

Case and achievement

In October 2024, State Administration for Market Regulation released 100 excellent and typical cases of “Promoting the Development of New Productive Forces by Metering”. “Research and Application Case of Online Data-driven Voltage Transformer Monitoring Technology” was included in the list as a typical case. This case was prepared by Wasion Group Limited and run by Hunan Metering and Testing Center for Electric Energy Metering Equipment approved by Administration for Market Regulation of Hunan Province.

3 *Green parks*

Green, low-carbon and sustainable development is a major globally recognized trend. Therefore, the optimization and management of energy usage not only reduce production costs, but also generate a crucial impact on ecological environment protection and stability. We are an important participant in achieving the “double carbon” goal. Finding ways to save energy and reduce carbon emissions is also an urgent issue for manufacturing enterprises.

The Group highly values the construction of ecological civilization and strictly follows local applicable laws and regulations concerning energy conservation, consumption reduction and ecological environment protection, including but not limited to Law of the People’s Republic of China on Energy Conservation, Law of the People’s Republic of China on Environmental Protection, Law of the People’s Republic of China on Prevention and Control of Air Pollution, Law of the People’s Republic of China on the Prevention and Control of Solid Waste Pollution and other national and local governments’ laws, regulations and policy requirements on environmental protection, energy conservation and consumption reduction.

Case and achievement

Photovoltaic power generation is one of the core energy forms in zero carbon parks. In two industrial parks of the Group, the factory buildings are designed with wide roofs which provide stable and good lighting conditions. Distributed photovoltaic power generation systems transform factory roofs into "photovoltaic power stations" to provide clean power to production and living. The system not only greatly reduces the power costs, improves energy utilization efficiency, but also reduces air pollution and greenhouse gas emissions, enhances the "green content" of the park, and injects green driving force into the high-quality development of the enterprise.

Distributed photovoltaic panels on roofs of factory buildings in Wasion Energy Industrial Park

New photovoltaic carport

Case and achievement

The Group built an energy management monitoring center by an independently-developed energy management solution. This center can realize dynamic monitoring and big data management for production, transmission, distribution and consumption in the park based on automatic, visual, informational and centralized digital intelligence system. This center can analyze and scientifically evaluate energy consumption in and carbon emissions from the park, guide different areas to use energy rationally and assist the enterprise in efficient utilization of energy.

01 Real-time energy consumption monitoring

Dynamically monitor the plane, quickly browse the managed energy consumption data, and support querying energy consumption by time, space and device

02 Key equipment monitoring

Monitor the operation, shutdown, standby and abnormal status of key energy consuming equipment, and promptly solve problems of abnormal production caused by equipment failure and shutdown

03 Statistical ranking

Conduct statistics, ranking, YoY and MoM analysis and indicator comparison by curve, pie chart, histogram, cumulative chart, and numerical table

04 Energy flow direction

Display the flow direction of various types of energy from source to end within a designated period in a single building and support viewing by original value and conversion value

Green and sustainable development is seemingly a macro issue, but actually is closely related to everyone's life. Recycling every piece of waste paper, saving every drop of water, travelling in an environmental friendly way each time , and so on — such small efforts by everyone will converge into a tremendous wave to drive social progress and become powerful supports to green and sustainable development.

To further drive the formation of a green and low-carbon production and living way, Wasion takes the lead in practicing and continuously advocating a green living way, planning and organizing a series of public welfare activities for green development, and building a resource concept of recycling. In addition, Wasion advocates the social trend of ecological priority and green and low-carbon development, and cultivates and practices a civilized, saving and low-carbon production and living way in which everyone can contribute to building a green earth, forming a win-win situation of improving the quality of park environment and increasing the efficiency of enterprise development.

Case and achievement

Small trees grow to form dense forests and fine streams merge into seas. In the "office waste paper recycling" activity, employees can exchange waste paper for a pot of vibrant green plant, while the waste paper can be used as raw materials in the following "Turn Trash to Treasure" activity. This activity brings new meanings to these wastes. In this activity, nearly 200kg of office waste paper was recycled in total and approximately 0.25 tons of carbon emissions was reduced.

"Exchange Waste Paper for Green Plants" activity

Advocating an "industrious and frugal" low-carbon lifestyle

After Wasion Energy Industrial Park has opened to the public, its annual “Tree Planting Day Activity” has become a traditional ritual of every Wasion person. Everyone has planted trees year by year with unremitting efforts, created a lush forest, and successfully built a park full of greenery, birdsong and floral fragrance. This park vividly interprets the Wasion people’s firm belief and practical responsibility for green development.

Members of the Party committee and trade union, and green pioneer volunteers planted trees

Every public welfare activity deeply expresses our sense of social responsibility. On 2 November 2024, the “Green Walking Activity” jointly organized by Wasion Energy Party Committee and Trade Union was held in Changsha Yanghu Wetland Park. Members from more than 50 employee families wore volunteer uniforms and actively participated in this meaningful environmental event. This activity interprets the concept of sustainable development of “a community of life for man and nature” through their actions and contributes to the protection of a green home.

“Green Walking” volunteer activity for protecting green home

In a romantic festival "Qixi", Wasion Energy Low-carbon Pioneer Parent-Child Park Tour kicked off. More than 50 children visited Wasion Energy Industrial Park with the guidance and accompaniment of their parents. Two generations experienced a different kind of happiness and joy together. In this activity, employees brought their families into the Company to experience happy Wasion. This activity perfectly integrates the enterprise culture with the family culture. Our employees have received more understanding and support from their families. "WE Generation 2" has also planted the seeds of longing for the new energy and low-carbon cause in his/her hearts. The seeds will eventually sprout and bloom!

"Qixi" Low-carbon Pioneer Parent-Child Park Tour

3.2.2 Driving technological innovation to build momentum for low-carbon development

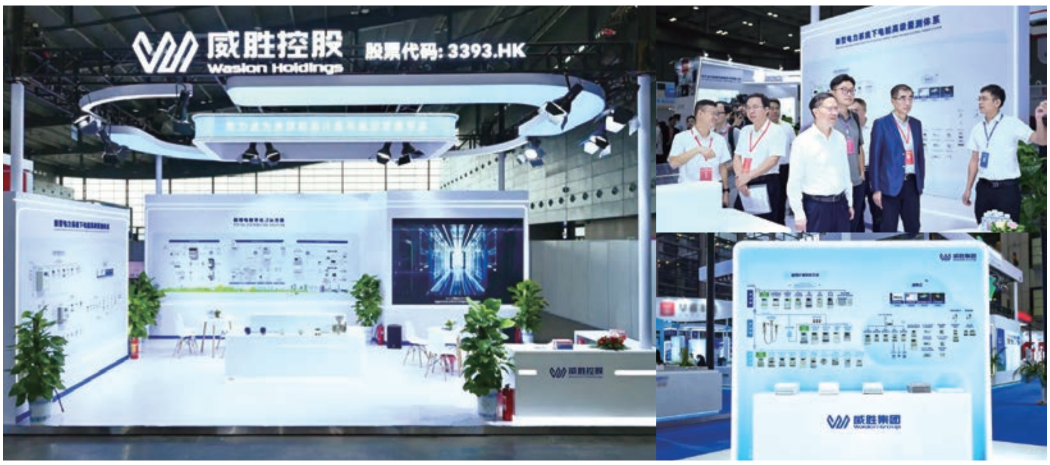
Wasion supports the construction of new power systems with leading technologies and high-quality products, and continuously injects new momentum into the digital transformation of the national power system with diversified solutions. In addition, Wasion reshapes efficient management of electricity, water, gas and heat energy with IoT technology, promotes the intelligent optimization of energy consumption modes by empowering digital transformation of urban sustainable development energy industry, and resolutely expands overseas markets with a deep globalization strategy. Wasion leverages its expertise to collaboratively advance the development of clean energy and realize a vision of harmonious coexistence between humans and nature.

- Provide green, low-carbon and efficient solutions
- Help customers to save energy, reduce emissions, reduce operating costs, and improve operational efficiency
- Promote resource conservation and circular utilization
- Actively respond to climate change

1 *Steadfastly advancing the development in intelligent metering and its derivative businesses*

Upholding the green development concept, we continue to deepen the path of green, low-carbon and global development, realizing intelligent and green development of electricity metering. We take actions to assist enterprises in achieving high-quality and sustainable development, and fully promote the timely realization of the "double carbon" goal.

With "carbon peak and carbon neutrality" as a great goal, "Advanced Measurement System for Power Energy in the New Power System" can provide products with various voltage grades for the full application scenarios such as power generation, transmission, distribution and usage, including a full range of application software systems for energy data analysis, processing and billing. This solution was showed at the "2024 International Sensor & Instrumentation & IoT Exhibition" and the "2024 International Digital Energy Exhibition", receiving high praise from exhibitors.



Wasion Group "Advanced Measurement System for Power Energy in New Power System" was highly praised at the exhibition

2 *Gaining momentum in the fields of smart city and energy IoT*

To meet digitization and intelligence demand of the market, Willfar Information Technology Co., Ltd. launched more than 30 new products and solutions in 2024 which became key driving forces for promoting sustainable development and rapid growth of the enterprise.

To meet the requirement of Ministry of Housing and Urban-Rural Development (MOHURD) and National Development and Reform Commission (NDRC), i.e. by 2025, the leakage rate of the national public water supply network shall be controlled within 9%, we launched a "region-based metering management and leakage control system". This system has been used in many water management systems and significantly reduced water resource wastes and power consumption of booster pumps.

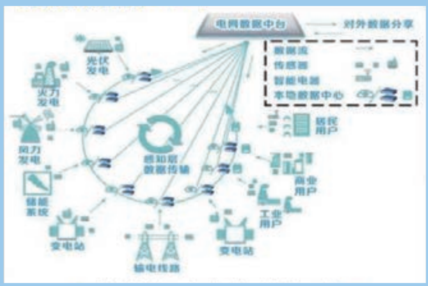
This system can identify abnormal water supply of the pipeline network in a timely manner, and calculate the leakage in the region to assist in finding leakage points, effectively reducing the leakage rate and production and sales gap of the pipeline network. Besides, by long-term monitoring and integration and analysis with information technology and big data technology, the user can know the law of water use in the region. This system provides basic data for water allocation and pipeline network renovation.

DMA based leakage control system

Intelligence is one of the core directions of iterating and upgrading of power grid equipment. Wasion introduced AI technologies to realize visible, measurable, adjustable and controllable power grids and assist in the establishment of a new energy system. By combining the IoT (neural network) with AI technologies (brain), the new energy system will become more robust, low-carbon and efficient.

Wasion distributed photovoltaic orderly access solution introduces AI technologies, improves prediction accuracy of electricity demand and new energy and supports intelligent coordinated control of massive generation, supply and usage objects in wide area. In addition, by combining data processing and machine learning algorithms, Wasion designed a short-term load forecasting and photovoltaic power generation forecasting model which can significantly improve the scheduling efficiency and operational stability of the power system.

Case and achievement



Power IoT data transmission network

- Integration of distributed photovoltaics develops from unordered to ordered and from chaotic to transparent
- Realize visual display of power generation data, component operation status, output regulation control, and abnormal alarm of distributed power source.
- Realize real-time perception of operation status, operation monitoring, error analysis, and on-site governance
- Realize rigidly controlled grid connection of distributed power source nodes, and flexibly adjusted output power and charging power

3 *Steadily advancing intelligent power distribution and utilization business and making further achievements in new energy business*

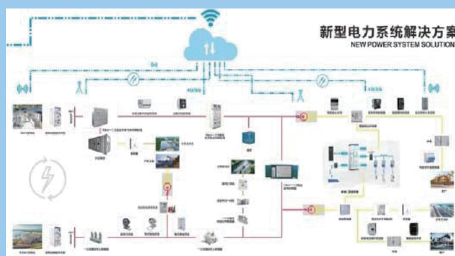
As one of the key enterprises in Hunan Xiangjiang New Area, Wasion Energy Technology Co., Ltd. inputs a large number of resources into research, development and application of smart grid solutions and new energy technologies, which vigorously promotes the development of clean energy industry in new areas and even the whole country and provides a solid technology support to the realization of carbon peak and carbon neutrality goal.

Honours

Wasion Energy Technology Co., Ltd. won "The Most Influential Enterprise in Energy Storage Industry in China in 2024" by its excellent cases in multi-scenario applications in the field of energy storage and its industrial influential force

In the field of intelligent power distribution, Wasion intelligent power distribution controller and LINUX pipe platform meet the real-time requirements of fault algorithm and realize the advanced applications of edge computing, which achieved intelligent and digital medium voltage switchgear in distribution network.

Case and achievement



In terms of smart grid solutions, the Company utilizes advanced technologies such as IoT, big data, and AI to create a highly intelligent, automated and scalable new power distribution system solution which effectively improves the operation efficiency and service quality of the power grid and ensures the safe and stable operation of the power system.

Strong manufacturing strength of new distribution equipment

In the field of new energy, Wasion focuses on the realization of national "double carbon" goal, provides services for "source-network-load-storage" integration and actively explores for the global energy transformation, effectively promoting the development process of green travel and smart city.

Case and achievement

WeNode cabinet energy storage system/charging station

WeNode on-board energy storage system

- The product obtained international authoritative certificates such as UL 9540 issued by TÜV Rheinland. The product has been successfully applied in many application scenarios both domestically and internationally.
- Integrate high safety, efficiency, intelligence, and reliability
- Have the advantages of efficient energy storage, convenient expansion and intelligent regulation
- Have an advanced modular structure and support flexible expansion
- Realize seamless upgrade with urban development and increasing demand for charging and save valuable urban spatial resources
- The energy storage cabinet is integrated with energy storage system, temperature control system and fire protection system.
- Have a multi-equipment redundant interface for connecting with many external equipment easily;
- Have the plug-and-play function. Applicable to various scenarios requiring short-term power supply guarantee
- Support connection with distributed photovoltaic power generation units and diesel power generation units to form a micro-grid power supply system. It is widely applied.

4 *Demonstrating best practices of new-quality productivity and polishing the pioneering spirit of taking on challenges*

As a pioneer in building new energy systems and new power systems, Wasion elaborately builds some excellent demonstration projects and provides high-quality solutions tailored to the green and low-carbon development of the region and the innovation-driven transformation and upgrading of enterprises, which vividly demonstrates the Group's application effectiveness in new productive forces and its strong strength in new energy storage technology.

Miluo Zero-carbon Power Plant Project

Shaodong Photovoltaic Project

Source-Photovoltaic-Storage Integrated Micro-grid Project

Hubei Qianjiang 100 MW Large Centralized Shared Energy Storage Project

5 *Shaping a new international landscape and injecting new momentum into global green and low-carbon energy development*

For a long time, Wasion has focused on an international development strategy, guided by the principles of "internationalizing its ideas, strategies, and organizational structures". In doing so, Wasion has implemented organizational optimization, capacity building, resource alignment, and market expansion. While pursuing innovation and development, Wasion has also made positive contributions to industrial upgrading, job opportunities, tax revenue increase and poverty reduction in local places.

In recent years, Wasion is accelerating its development towards a new model of overseas operation, expanding its international cooperation network in an innovative service model, and creating a global overseas trade marketing platform. Wasion has built a complete overseas trade chain. Wasion exports its business to over 70 countries and regions worldwide and establishes business connections with more than 100 countries and regions. Its product quality and services have been widely accepted by users.

Case and achievement

In Asia, Wasion clearly knows the complex challenges in the energy transformation in the Asian market. Many prospective products and solutions have been successfully used in many countries and are highly evaluated and widely recognized by partners and customers.

In May 2024, at the ASEAN Forum on Energy and Power Cooperation and Development (Vietnam Session), Willfar Information Technology Co., Ltd. signed strategic cooperation agreements with Vietnam Automation Association, Vietnam Hanoi Automation Association, China Yangtze Power Group and Yueqing Investment Group in the field of smart grid. They will start closer cooperation in smart grid, IoT communication, new energy and many other fields to jointly promote the prosperous development of power and energy cause in Vietnam.

Signed a strategic cooperation agreement in the field of smart grid

On 7 October 2024, Willfar Information Technology Co., Ltd. signed a memorandum of cooperation with the UAE Ministry of Energy in Dubai to deeply cooperate in smart buildings, distribution networks, and smart water and electricity management.

Wasion signed a memorandum of cooperation with the UAE Ministry of Energy in Dubai

Signing this memorandum means that Willfar Information will fully participate in the construction of smart buildings in the UAE which includes construction, renovation and operation of green buildings and intelligent water and electricity management. In addition, Willfar Information will participate in National Green Electricity Certificate Program.

After development in Africa for more than 20 years, Wasion has established business connections with over 30 African countries and regions, and created a market layout in which key countries are the core and the whole Africa is covered. Wasion relies on its factories, joint ventures, 5 national offices and other agencies to gradually implement the localized operation. In addition, Wasion brings advanced products and technologies to Africa, promoting the development and progress of local industries related to energy.

Case and achievement

Assists Africa in building the new energy system by Wasion technology and product

Since establishing a production and manufacturing center in Tanzania in 2018, in terms of smart power meters, Wasion has customized power meters for African market, provided improvement plans for locating losses on transmission line to reduce electricity theft risks. In terms of smart water services, Wasion launched intelligent ultrasonic water meter and renovation plan of water meters. The water meters are applied in West Africa, South Africa, Comoros, Ghana, etc. and are highly appraised by customers. In terms of energy storage, Wasion has provided switchgears, industrial and commercial energy storage systems, household energy storage systems, and charging and swapping cabinets. Wasion helps Africa break free from dependence on coal in the energy structure.

On 11 September 2024, Shanghai Electric & DRC Kinsuka Project team visited and investigated Wasion Group Limited for jointly writing a new chapter with Wasion. Both sides have discussed and exchanged how to participate in the overall solution from high-voltage construction, distribution network side to instrument end, as well as other possible cooperation in DRC. Kinsuka Substation Project is a major infrastructure and livelihood project jointly implemented by China and DRC. The prepaid smart power meter developed and produced by Wasion is used in this project. This project can provide reliable power supply for over 2 million residents in the surrounding area, and plays an important role in the economic development of Kinshasa and the construction of regional integration in Central Africa.

The prepaid smart power meter brings energy metering technology for Kinsuka Substation Project

In the Americas, relying on industry experience for over 20 years and fruitful research achievements, Wasion provides customized solutions for public utilities and cities with a keen insight into market dynamics, reducing dependence on traditional energy, lowering operation costs and environmental impact, and assisting them in achieving energy transformation.

Distributech International 2024

From 27 to 29 February 2024, Distributech International 2024 was successfully held at Orange County Convention Centre, Orlando. Wasion has participated in this exhibition for two consecutive years. Wasion showed Wi-SUN and G3-PLC Hybrid AMI solution, high voltage AC automatic recloser and green hydrogen solution to show its unique product technological advantages and brand charm.

Case and achievement

Green hydrogen solution

- IPVH alkaline electrolysis hydrogen production equipment
- Use alkaline electrolysis water technology comparable to PEM. This technology not only improves the purity of hydrogen, but also significantly reduces the space occupied by the hydrogen production system and lowers the energy consumption of hydrogen production. It meets the investment economy needs of customers.
- In addition, IPVH products are also used in the application scenarios of pure photovoltaic hydrogen production, and realize the true "green coupling".

Agrishow is a leading agricultural technology trade fair in Brazil and a bellwether in agricultural innovation in the world.

In response to the constantly changing demands of agriculture, Wasion Energy launched its latest agricultural irrigation technology at Agrishow 2024. Relying on its keen insight into market dynamics and its commitment to addressing urgent challenges of global farmers, Wasion launched WE FARM which is a ground-breaking energy storage solution designed specifically for agricultural irrigation systems.

Wasion attended Agrishow 2024 to show an intelligent irrigation solution

Case and achievement

- WE FARM and its reliable and efficient energy storage solution
- Ensure continuous water supply even in remote areas or those areas not covered by power grid by utilizing renewable energy sources such as solar and wind power
- Thoroughly change the way of agricultural irrigation to meet the special needs of farmers

- Mobile energy storage solution WE MOBILE
- Combine advanced energy storage technology and portable design
- Provide flexible and reliable energy solutions for agricultural production and outdoor activities
- Be the latest innovation in the field of energy storage

Wasion is actively engaged in global energy green transformation. In the process of accelerating the overall internationalization, Wasion has built many localized factories in Tanzania, Brazil, Mexico, Hungary, etc., strengthened the comprehensive upgrading and breakthroughs of business in the surrounding areas, and enhanced the international innovation of new technologies, products and formats, with a view to achieving more breakthroughs on the path of internationalization and making greater contributions to promoting construction of smart energies and smart cities in the world.

On 16 July 2024, the sixth global production and R&D center of Wasion, namely Wasion Hungary KFT, held its opening ceremony in Godollo, Hungary. The attendees are György Gémesi, mayor of Godollo, Ms. Wu Dan, representative of the Chinese Embassy in Hungary, and many other clients and guests from Hungary, Turkey, Austria, Germany, etc. They witnessed this moment together. They not only highly praised the positive significance of Wasion Hungary KFT for local economic development, but also showed their confidence to Wasion for continuously innovating and leading industry development in the global market.

Opening ceremony of Wasion Hungary KFT

In recent years, under the guidance of the "Belt and Road" initiative, the bilateral relations have constantly reached a new level. Both sides have got fruitful results in infrastructure construction, technological innovation, financial investment and other fields, bringing tangible benefits to peoples in these two countries. This center has not only brought advanced manufacturing technologies and products to Hungary, but also injected new vitality into the prosperity and development of local economy.

- Introduced highly automated and intelligent production lines
- Focus on producing power meters and other energy metering and energy efficiency management products
- At present, the annual output of smart power meters exceeds 2 million
- Implement localized team management and construction to greatly improve delivery and integrated service capabilities for European customers

Wasion Hungary KFT

3.3 Forging ahead steadfastly and embracing innovation bravely

As a core driving force for enterprise development, innovation is not only a catalyst for industry development, but also a key driving force for social progress and human civilization improvement. In retrospect of Wasion's development, Wasion independently researched and developed the first domestic multifunctional electronic power meter, the first domestic industrial Internet platform chemical, electricity, water gas and heat energy metering system, and used the "Fuxi" domestic independent dedicated power chip and its technologies. From intelligent energy metering, to new energy industries such as IoT, smart cities, photovoltaics and hydrogen energy, Wasion is accelerating its transformation from a Chinese electricity meter company to a global and diversified energy efficiency management expert.

In global competition, only innovators can make progress, become stronger and win. No matter in the past or at present, history and practice have repeatedly proven that a path of sustainable and healthy development of Wasion is to lead the comprehensive "value creation" by "four innovations", i.e. market and sales innovation, technology and product innovation, operation and service innovation, management and mechanism innovation.

Honours in 2024 (part)

500 R&D Investment Private Enterprises and 500 Invention Patent Enterprises in 2024

Wasion Holdings Limited

List of First Batch of Enterprise R&D Centers in Hunan Xiangjiang New Area in 2024

Wasion Group Limited

First Prize of Power Science and Technology in 2024

Wasion Group Limited

Key Software Enterprises in Hunan Province in 2024

Willfar Information Technology Co., Ltd.

Top 100 R&D Investment Enterprises

Willfar Information Technology Co., Ltd.

Case and achievement

Wasion Innovation and Entrepreneurship Fund

In 2024, the Company started the declaration of innovation and entrepreneurship funds themed with "Deepening Mode Innovation and Practicing Wasion High-quality Development", "Promoting Market and Sales Innovation and Assisting in Wasion's Innovation Development", etc. These funds mainly support innovative projects closely related to market and sales innovation, model innovation, market innovation, technology integration innovation, business integration innovation, green development innovation, etc. In 2024, Wasion totally accepted 49 declarations for these funds, among which 43 declarations won an award with the award rate of 88%. The Company totally provided more than RMB650,000 funds.

The first generation of "Wasion Cup" Innovation and Entrepreneurship Competition

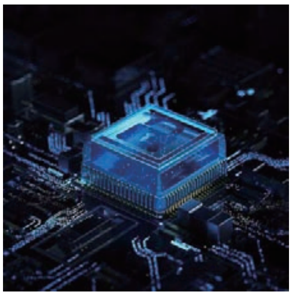
It is the first innovation and entrepreneurship competition of Wasion. The range of participants enlarges from internal technical teams to excellent student teams from major key universities in Hunan. This competition attracted 32 projects, including 20 projects in four business segments of Wasion Holdings Limited and 12 projects of five famous universities in Hunan Province. These projects were divided into two groups, i.e. innovation group and entrepreneurship group. This competition focuses on four innovation types, i.e. technology and product innovation, operation and service innovation, management and mechanism innovation, and market and sales innovation. After application, preliminary round, and semi-final round, 4 Wasion projects and 5 university projects reached the final.

Case and achievement

"Digital twin prediction technology and industrialization of critical transportation infrastructure environment" won a Leading Science and Technology Award of 2024 World Internet Conference. The Company focuses on full scenario, high precision and strong collaboration challenges in digital twin prediction of critical transportation infrastructure environment. It invented a key technology for ubiquitous IoT sensing integrating vision, remote sensing, drones, robots, etc. and developed a digital twin platform driven by intelligent prediction.

3.3.1 Deep integration of industry-university-research

Against the backdrop of rapid development of technology and deep implementation of innovation drive strategy, expert resources have become the core force driving technological innovation and industrial upgrading. Wasion deeply cooperates with universities and research institutes, realizing a virtuous cycle of coordinated development and mutual promotion between specialties and industries, and promoting industrial upgrading and high-quality development of the enterprise.



- Break traditional boundaries, integrate resources, share advantages, and form innovative synergy
- Build a technology innovation platform and establish an innovation system of industry-university-research alliance
- Strengthen the cultivation and construction of high-quality talent teams, and focus on solving innovation problems and breaking through bottlenecks
- Accelerate the breakthroughs in key technologies and the transformation of technological achievements in the field of new energy
- Establish a good interactive relationship between professions and industries to promote common development

Case and achievement

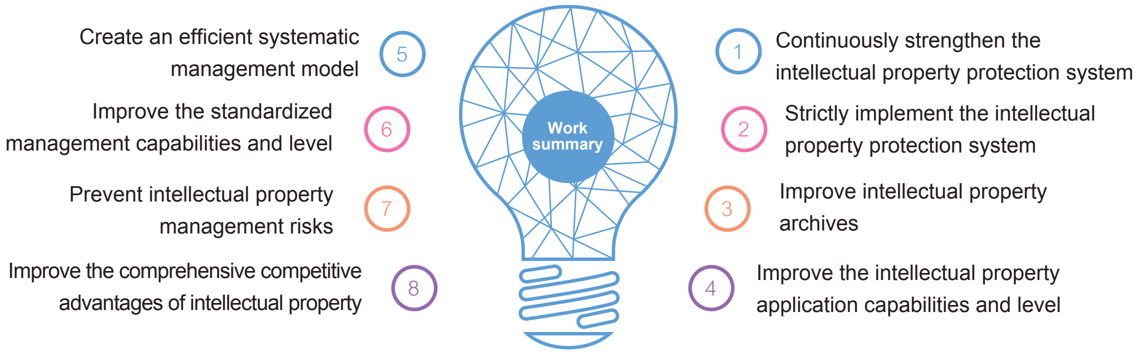
In March 2024, Shandong Province University Energy Management Training Conference was held in Wasion's science & technology park. This conference was sponsored by University Energy Management Branch of Shandong School Logistics Association and was organized by Willfar Information. More than 150 persons from universities in Shandong, Shandong School Logistics Association, governments and enterprises attended the conference. Willfar Information closely follows the "double carbon" goal, grasps opportunities in the digital economy era and further enhances contact and cooperation with various universities to jointly respond to new situation and challenges in energy work in universities and to drive the sustainable and healthy development of energy industry in universities.

3.3.2 Strengthening protection of intellectual property

With the continuous improvement of technologies and the intensification of domestic and international technological competition, various industries have raised their cognition of scientific researches and patents to a new height. In this fiercely competitive environment, Wasion insists on continuously improving product quality and core competitiveness through independent research and development, and by keeping up with the latest technological trends at home and abroad.

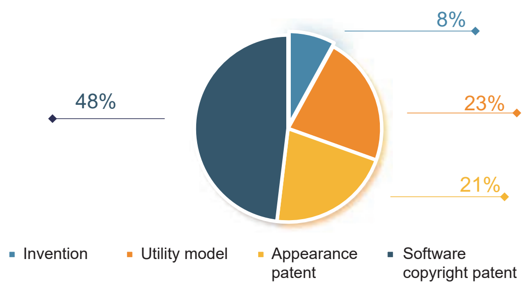
Wasion strictly abides by local intellectual property protection laws and regulations, including but not limited to the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Copyright Law of the People's Republic of China and national and local governments' laws, regulations and policies related to intellectual property protection. Wasion implements the requirements of intellectual property management and continuously optimizes the internal system in accordance with GB/T 29490 Code for Enterprise Intellectual Property Management. In addition, Wasion prepared and revised many system documents, such as Intellectual Property Management Measures, Intellectual Property Archive Management Measures, and Trademark Management Measures. In addition to supporting independent innovation and promoting technological advances, Wasion attaches great importance to the management and application of intellectual property such as technological achievements, patents, trademarks, copyrights, trade secrets, etc., and continuously enhances the management level and awareness of intellectual property.

Innovative development is a spiritual pillar and unwavering pursuit of Wasion! In recent years, Wasion has got remarkable achievements in technological innovation and intellectual property protection. As of 2024, the Company owned 3,582 valid intellectual property rights.

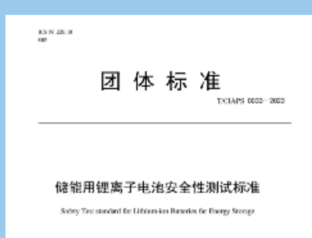


New inventions and patents in 2024

Item	New	Total
Invention	77	286
Utility model	55	806
Appearance patent	40	767
Software copyright patent	181	1,723



Case and achievement



Standard for Safety Testing of Lithium-ion Batteries for Energy Storage formulated by Wasion Energy was formally implemented on 1 June 2024. As an expert in multi scenario energy storage applications, Wasion Energy deeply participated in the formulation and implementation of Standard for Safety Testing of Lithium-ion Batteries for Energy Storage by relying on its core advantages and R&D innovation strength of energy storage with a view to driving high quality development of energy storage industry in a standardized and normalized way. The formulation and implementation of this standard greatly shows industry influence and social responsibility of Wasion Energy in the field of energy storage!

3.4 Quality first, service with sincerity

In the new era and development stage, with the complex and ever-changing domestic and international environment, fully unleashing the potential for high-quality development and making quality the core support for sustainable enterprise growth remains a critical issue that requires in-depth exploration and practice. Wasion is actively involved in the country's overall development, deeply committed to green development, and is accelerating the construction of an efficient, low-carbon, and sustainable digital production and operation system. These efforts comprehensively enhance the company's core competitiveness.

We strictly abide by the product quality and product safety laws and regulations applicable to the countries (regions) in which the Group operates, national standards related to products, and technical specifications of customers, including but not limited to the Product Quality Law of the People's Republic of China, the Production Safety Law of the People's Republic of China", the MID 2014/32/EU, the CFE G0000-48, and the ISO2859-1, etc., and continue to track updates, promptly incorporate the relevant content involved into the internal management system and the testing and inspection standards; fully implement the ISO 9001 system standard, use it as the core framework of enterprise management, and root it in every aspect of product quality control and service quality improvement.

During the reporting period, the Group had no product recall due to safety and health causes, and no case has been identified constituting a breach of the laws and regulations in relation to product and service quality.

Honours in 2024 (part)

Excellent and Typical Cases of "Promoting the Development of New Productive Force by Metering"

Wasion Group Limited

The Third Batch of National High-end Equipment Manufacturing Standardization Pilot Projects

Wasion Group Limited

"Overseas Diversified AMI Solutions based on Advanced Communication Technologies" was rated as a Service Demonstration Case for the 2024 China International Fair for Trade in Services

Wasion Group Limited

Comprehensive Energy Service Excellent Enterprises

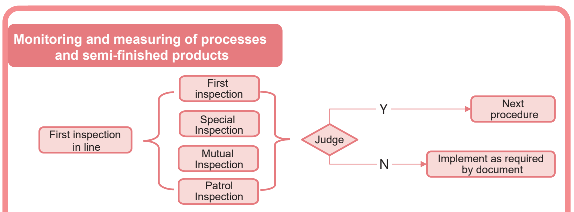
Wasion Energy Technology Co., Ltd.

Hunan Manufacturing Quality Benchmark Enterprises

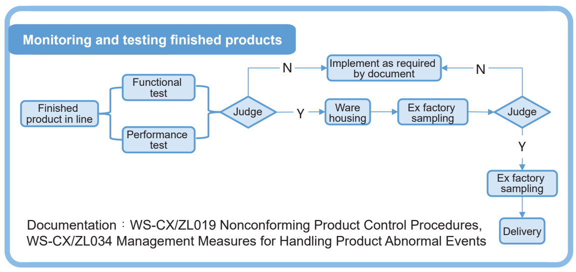
Willfar Information Technology Co., Ltd.

In terms of product quality control, we strictly follow the ISO 9001 standard requirements and have established a scientific and standardized quality management system covering the entire process from product design, raw material procurement, manufacturing to testing and inspection.

- Introduce advanced quality management tools and methods
- Rely on advanced reliability testing level of CNAS testing center
- Continuously improve the stability of production processes and consistency of products
- Establish a systematic internal audit mechanism and regularly review the quality management process
- Timely identify potential issues and take corrective measures to ensure the effective operation of the system
- Introduce a risk management mechanism, regularly evaluate potential risks in quality management, and make preventive measures
- Identify and respond to quality management risks in advance to ensure stable operation of the system



Documentation: WS-CX/ZL019 Nonconforming Product Control Procedures, WS-CX/ZL034 Management Measures for Handling Product Abnormal Events



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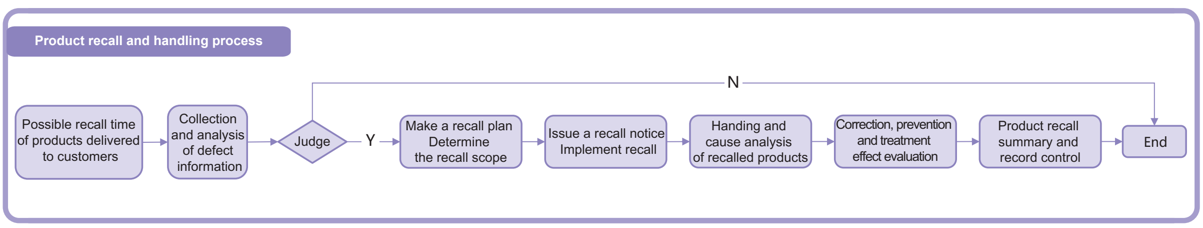


Case and achievement

We firmly establish the quality concept of "quality is the life of Wasion and the dignity of every Wasion person" and hold special quality training. Focusing on key contents such as process quality improvement, electrostatic protection, bad case analysis and quality awareness improvement, we strengthen the quality awareness of all employees, and promote the improvement of product quality level.

We continuously carry out a series of quality training, with the quality director as the lecturer. With in-depth analysis of the new requirements for quality control due to the changes in the internal and external environment, the upgrading of customer needs and the development of industry technology, we deeply root Wasion's quality concept in the minds of trainees.

Honours

Feng Xijun, Chief Engineer and Director of the Technical Committee of Wasion Energy Technology Co., Ltd., was awarded the National Labour Day Medal and the 2nd honorary title of "Huxiang Craftsman"

1 Building reliability testing and verification capabilities

Wasion has always placed high importance on reliability management. The company has initiated and carried out reliability management work at the holding level, covering materials, design, testing, production, and quality. This effort has established five major technical platforms for reliability management and built a failure database, systematically advancing reliability management. The continuous strengthening of quality management and reliability management ensures that our products consistently meet the needs of both domestic and overseas markets. It also improves the professional quality and capabilities of our technical and quality teams.

Reliability management is not only the only way to become a first-class quality enterprise, but also a gradual process of continuous improvement. We have been constantly improving to create excellent product quality and lay the foundation for realizing the great mission of "becoming a global energy metering and energy saving expert".

中国合格评定国家认可委员会
实验室认可证书
（注册号：CNAS L21188）

兹证明：

湖南威铭能源科技有限公司中心实验室
（法人：湖南威铭能源科技有限公司）
湖南省长沙市长沙高新开发区桐梓坡西路468号，410205

符合 ISO/IEC 17025：2017《检测和校准实验室能力的通用要求》（CNAS-CL01《检测和校准实验室能力认可准则》）的要求，具备承担本证书附件所列服务能力，予以认可。

获认可的能力范围见标有相同认可注册号的证书附件，证书附件是本证书组成部分。

生效日期：2024-07-11
截止日期：2030-07-10

中国合格评定国家认可委员会授权人 张朝华

中国合格评定国家认可委员会（CNAS）经国家认证认可监督管理委员会（CNCA）授权，负责实施合格评定国家认可制度。
CNAS是国际实验室认可合作组织（ILAC）和亚太认可合作组织（APAC）的互认协议成员。
本证书的有效性可登陆www.cnas.org.cn获认可的机构名录查询。

We comply with excellent standards, systematically improve reliability management capabilities, and improve product reliability levels, so as to achieve world-class product competitiveness, including establishing the Company's own reliability work processes and standards, realizing qualitative and quantitative evaluation of the reliability related activities and processes, establishing its reliability database and knowledge base, and predicting the operating results of reliability work.

The Central Laboratory of Hunan Weiming Technology Co., Ltd., a subsidiary of Willfar Information Technology Co., Ltd., has successfully obtained the laboratory accreditation certificate issued by the China National Accreditation Service for Conformity Assessment (CNAS). This certification shows that the Central Laboratory of Hunan Weiming Technology Co., Ltd. has nationally and internationally recognized technical strength and testing capabilities in the field of water meter testing, and its impartiality has been authoritatively recognized by CNAS.

2 Providing customer service

In terms of service quality, we are committed to providing customers with high-quality and efficient services. Guided by the ISO 9001 standard and based on the GB/T 27922 product after-sales service evaluation system, we have built a customer-centric service quality management system to ensure the continuous improvement of customer satisfaction and maintain a leading position in market competition.

- **Standardized process:** Optimize service process, ensure that each link has clear operating specifications and standards, and improve service consistency and reliability.
- **After-sales service optimization:** Optimize after-sales service tracking mechanism to ensure that customer problems are thoroughly resolved.
- **Customer feedback mechanism:** Improve customer feedback mechanism, timely collect and quickly respond to customer opinions and suggestions to continuously improve service quality.

- **Employee training:** Regularly train service personnel to ensure that the service team has the latest service skills and knowledge, and to improve service awareness and professional level.
- **Data analysis and improvement:** Use data analysis tools to monitor and analyze key indicators in the service process, identify weak links in service, formulate targeted improvement measures, and continuously improve service quality.
- **Customer care:** Improve customer loyalty through regular return visits, satisfaction surveys and personalized services.

Case and achievement

In July 2024, in response to the emergency rescue notice from the State Grid Hunan Yueyang Power Supply Company, Wasion provided fault repair technical services to Pingjiang County, Yueyang City, and assisted in restoring the power supply to Pingjiang County. Wasion immediately established an emergency power supply working group, quickly prepared the necessary materials and equipment, and overcame many difficulties such as complex terrain and harsh environment. The emergency power supply group worked overtime according to the unified arrangement of the power company to carry out emergency repairs, effectively alleviating the power outage crisis in Pingjiang County and gradually restoring power supply to local residents.

Case and achievement

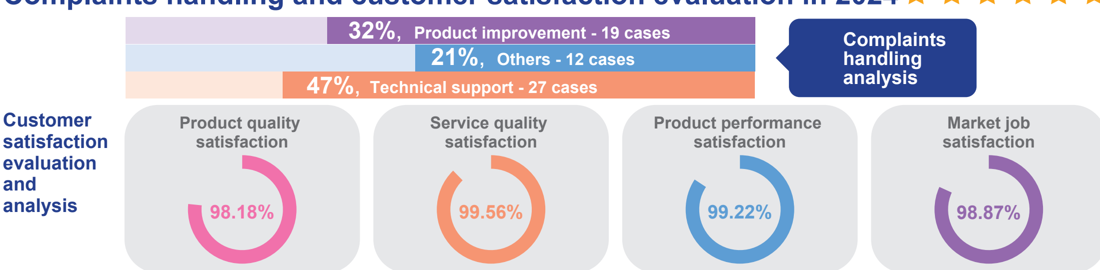
Whether it is outdoors under the scorching sun or indoors in the unbearable heat, every worker on the project site always maintains a rigorous and meticulous attitude and high standards. This persistence is not only a persistence in the original intention, but also an interpretation of responsibility.

3 Evaluating customer satisfaction

The Group systematically conducts customer satisfaction evaluation every year. It adopts a combination of quantitative and qualitative research methods to deeply analyze customer groups and demand levels, collects diversified statistical data to identify key driving factors that affect customer satisfaction, and builds a scientific and reasonable satisfaction evaluation index system in combination with industry characteristics to provide data support and decision-making basis for continuously improving customer experience.

The customer satisfaction evaluation work is carried out through a cross-departmental collaboration mechanism, and a special working group is formed by core departments such as the R&D center, quality, process technology, marketing and production operations. The online channel for data collection relies on the Company's network service platform to implement questionnaire surveys, and conducts telephone interviews in combination with the intelligent outbound call system. The offline channel collects data through field visits, in-depth interviews and on-site questionnaires; a stratified sampling method is used to cover customer groups in different regions, buying different products and with different cooperation duration to ensure sample representativeness.

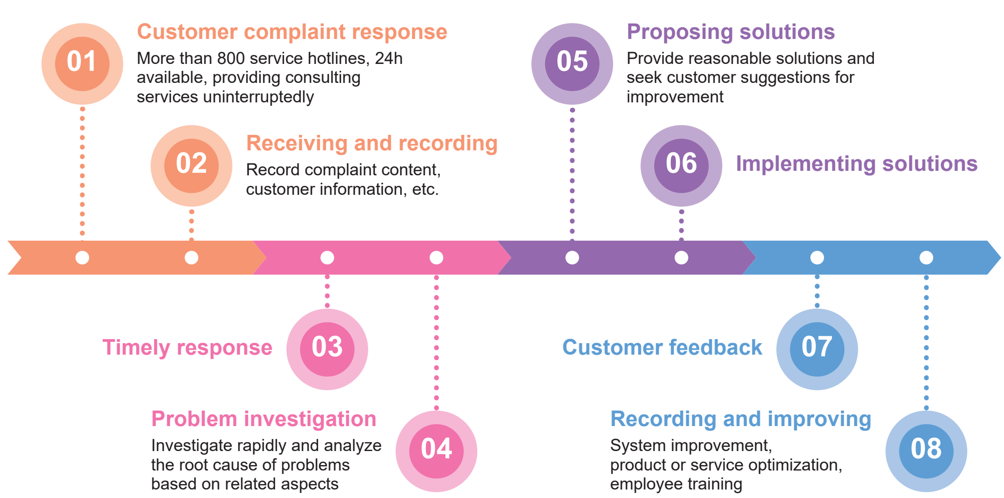
Complaints handling and customer satisfaction evaluation in 2024



Note: The customer satisfaction data is from Wasion Group Limited

Establish standardized and efficient customer opinion coordination and handling mechanism internally, focus on customers, respond quickly, and professionally handle each complaint to ensure that the problems are properly resolved and the customer satisfaction and service quality are continuously improved.

Product and service complaint handling

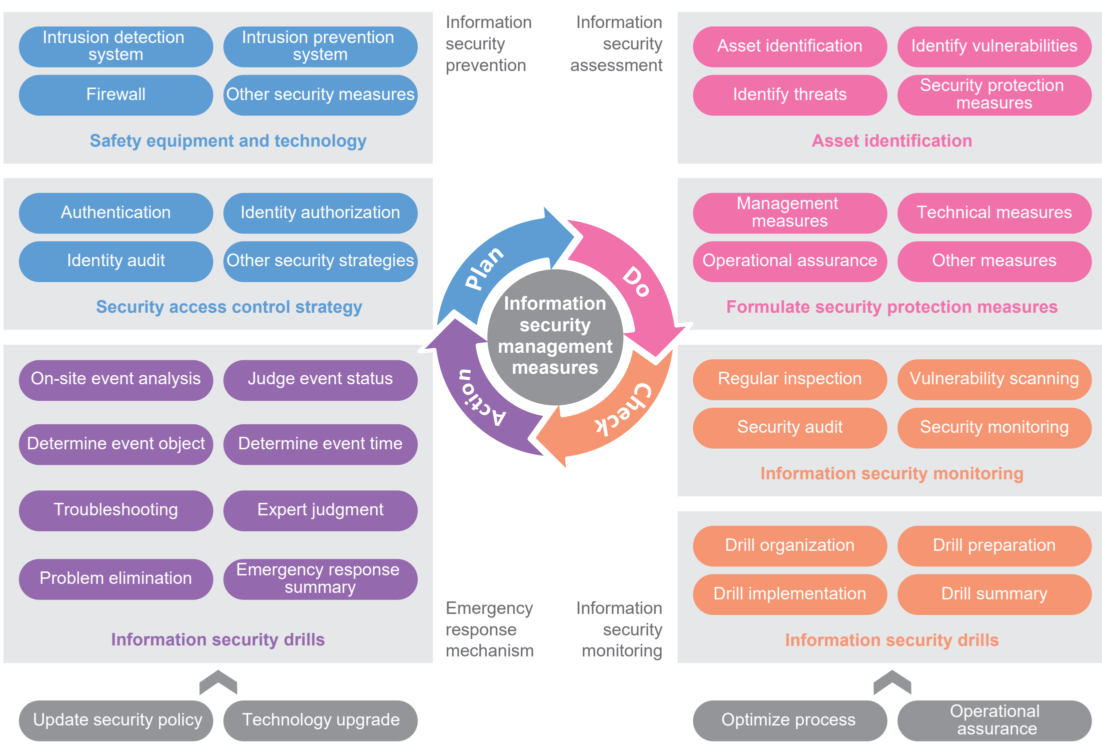


4 Creating smart customer information security protection networks

We place client information security at a strategic level and have built a comprehensive information protection mechanism: implement hierarchical authorization management, deploy multiple encryption measures, establish a real-time monitoring system, conduct regular security audits, and strengthen confidentiality awareness by training all employees to ensure that client information is strictly protected throughout its life cycle.

The Group strictly abides by the information security and data security laws and regulations applicable to the countries (regions) in which the Group operates, including but not limited to the Personal Information Protection Law of the People's Republic of China, the Cybersecurity Law of the People's Republic of China, the Data Security Law of the People's Republic of China and the Law of the People's Republic of China on the Protection of Consumer Rights and Interests and other national and local government laws, regulations and policy requirements on information and data security, and follows the principles of legality, legitimacy and necessity to ensure that consumers' personal information is not leaked or abused. We are well aware of the importance of information security and client privacy protection. Therefore, we have established strict confidentiality protocols to ensure the security of client information.

To comprehensively strengthen information security and client privacy protection, the Group takes a multi-faceted approach. We strictly comply with relevant laws and regulations, continuously enhance employees' information security awareness and skills through internal training and technology upgrades, and bolster the security capabilities of our information systems to prevent illegal access, disclosure, or abuse of client information.



3.5 Joint efforts for low carbon and win-win collaboration

Wasion fully responds to the national "dual carbon" strategy, adheres to the corporate mission of "being committed to becoming a global energy metering and energy saving expert", deepens its development in the field of domestic electric energy metering, practices green operations, steadily promotes the optimization and adjustment of business structure, and comprehensively improves resource utilization efficiency. In the face of the challenges brought by climate change, the Company actively explores carbon emission reduction paths, and drives the industrial chain and value chain to move towards the "dual carbon" goal by innovation. Wasion has established perfect green supplier management system and implemented differentiated supplier management; by applying the new generation of information technologies such as the IoT and big data, digital and intelligent logistics is realized;

Honours

The 2024 Electronics Industry Supply Chain Innovation Cases were officially released at the 2nd Annual Electronics Industry Supply Chain Conference. **Wasion Group's Wasion Green Supply Chain Case** won the title of Electronics Industry Supply Chain Typical Case. The selection of the innovation cases was made by the expert review organized by the Electronics Industry Supply Chain Association Of CFLP based on comprehensive considerations of the cases' solution innovation, application effect practicality, technological advancement and influence.

Wasion strictly abides by relevant national laws and regulations such as the Tender and Bidding Law of the People's Republic of China, the Regulations on the Implementation of the Tender, Bidding Law of the People's Republic of China and the Law of the People's Republic of China on Import and Export Commodity Inspection. It has formulated rules and regulations such as the Supplier Management Measures and the Material Procurement Management Measures to regulate the whole process of supplier introduction, comprehensive evaluation, cooperation and communication, and exit, and incorporated HSF, raw material ROHS testing, environmental protection and resource saving into tender requirements to improve environmental performance. When selecting strategic suppliers, we will consider whether they choose green and environment-friendly products and apply energy-saving and environmental protection technologies as necessary conditions. We will also require suppliers to include environmental protection, health and safety measures.

Construction of green supply chain management system

Based on the actual situation, gradually improve and develop the green supply chain system, and implement it in a way that is in accordance with rules and regulations.

Publicity, risk identification and supervision of upstream and downstream green supply chain management system

Using the established and perfect information supply chain management platform, publicize the green supply chain management system to upstream and downstream partners, and the scientific and efficient supplier management has been realized. Establish the supplier access mechanism, evaluate their environmental compliance, identify relevant environmental and social risks, conduct regular on-site checks or remote inspections, supervise the implementation of environmental protection measures, and set a deadline for rectification or terminate cooperation for non-compliant suppliers. Regularly evaluate the social responsibility performance of the supply chain every year, score and rate the suppliers, and promote their continuous improvement based on the evaluation results.

Implementation of green production

In terms of raw material suppliers, all suppliers of raw materials, auxiliary materials and packaging materials are evaluated in terms of environmental compliance, energy saving and emission reduction, ecological design, environmentally friendly materials, green production and recycling. In terms of production, the Group implements green production to ensure green production throughout the entire process.

Implementation of green recycling

Wasion has explored formulating the recycling and reuse implementation method in line with the characteristics of the meter industry, and established perfect product recycling channels based on the sales network throughout the world. The document "Waste Power Meter Recycling and Disassembly" has been prepared to guide the downstream companies in recycling and disassembly. The Group's product recycling rate and packaging recycling rate are both over 90%.

Construction of green information platform

Establish the perfect green supply chain management system, covering dynamic management of supplier data statistics, electronic approval, quality information transmission and management, etc., and realizing scientific and efficient supplier management.

Green information disclosure

Establish the communication and mutual trust between the Group and the upstream and downstream suppliers, the public and related parties. Disclose key information on the Company' energy saving, emission and carbon reduction.

Certification of National Green Supply Chain Management Company

In December 2023, the Group successfully won the title of "2023 Green Supply Chain Management Company" issued by the Ministry of Industry and Information Technology of the People's Republic of China.

As at 31 December 2024, the presence of the Company's domestic and international suppliers is as follows:

3.6 Working together for joint development

Talent strategy is the first strategy for the Company's development. Wasion implements the "people-oriented" management concept and is committed to growing together with employees. After years of practice and accumulation, we have established a scientific and perfect employment system, and through diversified employee care activities, perfect career development channels and continuous learning and growth opportunities, we continue to enhance employees' sense of belongings, gains and happiness, further enhance the cohesion and centripetal force of the Company, and achieve win-win development between the Company and employees.

Wasion was entitled the "Best Employer" for the 14th consecutive year, and granted the "Learning Organization Pioneer Award", "Enterprise Credit AAA", "Contract-abiding and Credit-worthy Enterprise in Hunan Province", "National Demonstrative Enterprise for Technology Innovation", "Top 100 Industrial Enterprises", "Top 100 Taxpaying Enterprises", "Top 100 R&D Investment Enterprises" and other honors. All these honors represent a high recognition for the Company's development and establishment of a harmonious labor relationship with employees.

Honours

In strict compliance with the relevant national, provincial, municipal and regional policies and laws and regulations, and those applicable to the countries (regions) in which the Group operates, including but not limited to the requirements under the Labor Law of the People's Republic of China, the Law on the Protection of Women's Rights and Interests of the People's Republic of China, the Provisions on Prohibition of Child Labor, the Law on Prevention and Control of Occupational Diseases and the International Labor Convention, the Company establishes and improves the labor management system, improves the labor contract management mechanism, and standardizes employee recruitment, promotion, leave, education and training, etc. It strictly implements the Provisions on Prohibition of Child Labor, and ensures legal and compliant employment management.

01 Formulate the Promotion Education Control Procedure, clarify the employment system and promise to eliminate the use of child labor, so as to ensure employment compliance fundamentally.

02 Establish a strict induction management mechanism, including identity verification upon induction, and verify via multiple channels such as websites and telephone

03 Regularly conduct internal spot checks on induction records and employee files to ensure the compliance and integrity of the files.

04 Regularly conduct special training for recruitment personnel, publicize relevant laws and regulations and company policies, and ensure that they fully understand the Company's requirements and preventive measures.

It adheres to the principles of openness, fairness, justice and equal employment in employee recruitment and signs labor contracts in accordance with the law. It prohibits any form of discrimination by treating employees of different nationalities, ethnicities, genders, religious beliefs and cultural backgrounds equally, providing employment opportunities for disadvantaged groups, and protecting the interests of female employees to seek for equal pay for equal work for both men and women. It also has zero tolerance for child labor and forced labor.

During the reporting period, Wasion had not found any case constituting a breach of the laws and regulations in relation to the use of child labor or forced labor.

3.6.1 Wholehearted care for creating a happy workplace

Wasion has always attached great importance to the physical and mental health of employees, continued to build employee health platform, and organized a series of initiatives for this purpose, such as conducting annual health examination, organizing Chinese medicine consultations, convening seminars on mental health, launching sports and fitness activities, upgrading and improving fitness venues, etc. At the same time, it adopts the "online + offline" activity method to carry out a series of health activities for all Wasion employees via multiple channels in multiple aspects and themes, covering tens of thousands of people in total. It effectively improves employees' physical and mental health index and sense of happiness, so that they can devote themselves to life and work with more enthusiasm, and realize the goal of "Wasion Well-being".

Wasion has established and implemented the Control Procedures for Freedom of Association and Collective Bargaining, Communication Control Procedures, Control Procedures for Prevention of Discrimination and Harassment, Control Procedures for Wages and Benefits, etc. We focus on meeting the needs of our employees and take various measures to enhance their sense of happiness, accomplishment, and belonging.

- Provide personalized health examination according to the nature of employees' positions
- Provide employees with six insurance-one fund, high temperature allowance and work clothes, etc.
- Provide AEDs in production areas and office buildings to deal with emergencies

- The employee cafeteria provides a variety of free lunches and overtime meal allowances.
- Provide company dormitories and shuttle buses for free.
- "Baby care room" and "pregnant women dining area" are set up in the park.
- Employee assistance fund is established to help employees in need.

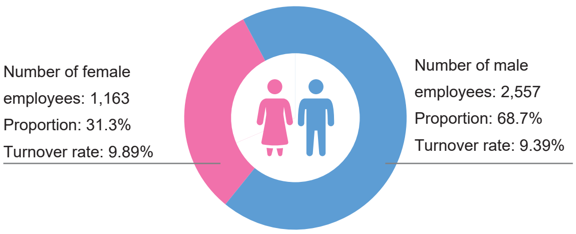
- Organize various skill improvement trainings, distribute labor protection supplies to special positions, conduct safety training, etc.

- Provide welfare benefits at Dragon Boat Festival, Mid-Autumn Festival and Spring Festival.
- The labor union holds a collective birthday party for corresponding employees each month.
- Female employees are given a half-day holiday on March 8th Women's Day, and lectures on women's health knowledge are organized.

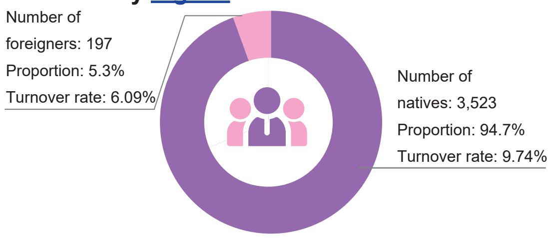
- Implement employee statutory holidays, paid annual leave, sick leave, marriage leave, bereavement leave, maternity leave, work-related injury leave and other systems

As at 31 December 2024, Wasion Holdings Limited had a total of approximately 3,720 employees[3] as follows[4]:

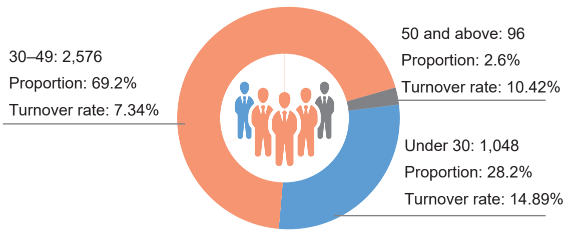
Gender distribution and turnover rate of employees



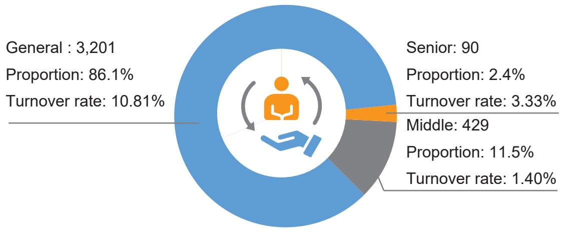
Distribution of employees by region and turnover rate



Age distribution and turnover rate of employees



Position distribution and turnover rate of employees



3 Total number of employees represents the aggregation of all contracted full-time employees of the companies covered in this report.

4 All data are calculated based on the formula shown in "Aspect B1 Employment" in the "How to Prepare Environmental, Social and Governance Report Appendix 3: Reporting Guidance on Social Key Performance Indicators" released by Hong Kong Stock Exchange.

Wasion continues to improve its office and living environment, formulates quality improvement and upgrade plans every year, and continuously renovates and upgrades office buildings, production workshops, canteens, dormitories, employee activity centers and other areas, and improves various facilities and equipment, striving to create a comfortable and warm working and living environment for employees.

Clean, tidy, comfortable, youthful and energetic working and living environment, and rich Party-building life improve employees' happiness index

3.7 Empowering growth through the integration of knowledge and action

Wasion has always adhered to the mottos of operation of "Perfect Work with Passion, and Success Achieved with Integrity", created diversified development platforms and incentive mechanisms for employees, and encouraged employees to choose their own career paths and give full play to their inherent potential. At the same time, through the construction of standards, position transfer mechanisms and other means, the equality and fairness of development opportunities are guaranteed, and the common growth of employees and the Company is promoted.

Based on the training and cultivation management guidelines of Wasion, the Company insists on improving capabilities and promoting cultivation through training and competitions. On the one hand, it optimizes the vocational skills training system, gives priority to the training of industrial workers, and vigorously cultivates outstanding craftsmen; on the other hand, it continues to carry out a series of skill competitions, delivers outstanding craftsmen, and recommends internal "skilled talents" to participate in provincial, municipal and district-level labor competitions, and they have won many awards. In addition, every year, high-skilled leading talents and model craftsmen are selected for "mutual assistance" to create a talent team with craftsman spirit.

The Company has also been awarded the honors of "Top 100 Advanced Enterprise Education Units in China", "Industrial Worker Construction Pilot Unit in Hunan Province", "Cultivation and Competition Base of 'Huxiang Craftsmen' in Hunan Province", "Changsha Excellent Organizing Unit for Mutual Assistance Between High-skilled Leading Talents and Model Craftsmen", "Skilled Talent Training Base in Changsha City", "Excellent Skill Training Center for Enterprise Employees in Changsha City" and so on.

Honours in 2024 (part)

Changsha Skilled Talent Training Base

Wasion Holdings Limited

"Excellent Organizing Unit" for the "mutual assistance" between high-skilled leading talents and model craftsmen in Hunan Province

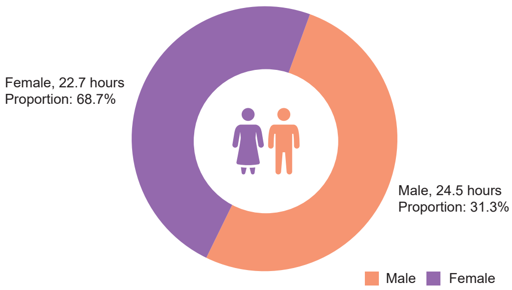
Wasion Holdings Limited

"Excellent Master-Apprentice Cooperation" for the "mutual assistance" between high-skilled leading talents and model craftsmen in Hunan Province

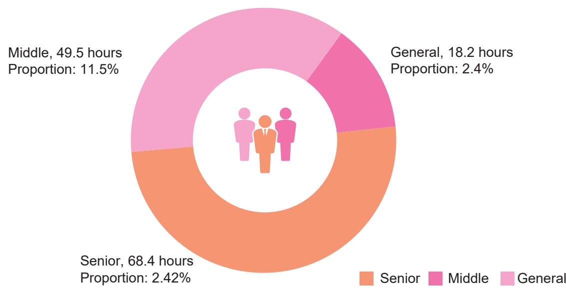
Wasion Holdings Limited

The employee training status in 2024[5] is as follows:

Average training hours of employees (by gender)



Average training hours of employees (by position)



Wasion training project for middle and grassroots management cadres

"New Wasion Power" fresh graduate training project

Various "business" and "skill" empowerment training

5 All data are calculated based on the formula shown in "Aspect B3 Development and Training" in the "How to Prepare Environmental, Social and Governance Report Appendix 3: Reporting Guidance on Social Key Performance Indicators" released by Hong Kong Stock Exchange.

3.8 Nipping in the bud for safety development

3.8.1 Safety first, life above all

Wasion has always adhered to the principle of production safety of "balancing operations and safety, safety-foremost; efficient resource coordination, efficiency first". Closely following the requirements of law-based public security, it optimizes the systems, improve the mechanisms, deepen the supervision and refine the measures by focusing on the key factors such as the implementation of safety responsibilities and the operation of dual prevention mechanism. Besides, it carries out intrinsic safety practices, vigorously promotes the improvement of the quality and efficiency of safety work in the Company's parks, and makes every effort to ensure the safety and stability of each park.

Wasion strictly abides by and implements the Production Safety Law of the People's Republic of China, the Fire Protection Law of the People's Republic of China and other laws and regulations. In accordance with GB/T45001-2020/ISO45001:2018 Occupational Health and Safety Management Systems — Requirements with Guidance for Use, it establishes the occupational health and safety management system. Wasion oversees safety conditions and establishes a firm concept of safety development, so as to continuously enhance employees' awareness on safe production. By detailing safety measures and consolidating safety responsibilities, we continue to strengthen labor protection supervision and occupational health protection, to secure employees' labor safety and occupational health.

Major honours

- Excellent enterprise for standardized management of production safety
- Excellent Enterprise for Production Safety in 2023
- Demonstration Post for Youth in Production Safety

The Company has set up a special safety committee, which is directly led by senior-level leaders, to implement safe production throughout the development of the Company, and formulated a series of measures to implement and monitor the Company's occupational health and safety:

Occupational health and safety measures	Relevant implementation and monitoring methods
◆ Establish and improve the safety management system and clarify the safety responsibilities of positions at all levels; ◆ Carry out occupational health and safety training regularly to enhance employees' safety awareness and emergency response capabilities; ◆ Provide complete labor protection facilities and equipment to ensure that the working environment meets national standards; ◆ Organize occupational health examinations regularly, pay attention to employees' physical and mental health, and prevent occupational diseases.	◆ Establish a closed-loop management mechanism and a multi-level monitoring mechanism for implementation of measures and improvement of monitoring; ◆ The safety committee regularly conducts safety inspections and assessments to promptly discover and rectify hidden dangers; ◆ Introduce third-party professional institutions for independent audits to ensure the implementation of all measures; ◆ Encourage employees to actively participate in safety management, and form a safety management atmosphere of full participation through whistleblowing mechanisms and feedback channels; ◆ Immediately analyze the problems found during the monitoring process, formulate improvement plans, and clarify the responsible persons and rectification time limits.

In the past three years (including 2024), there were no cases of work-related death and no lost working days due to work-related injuries each year. During the reporting period, no case has been identified by Wasion constituting a breach of the laws and regulations in relation to health and safety in the workplace.

Number of work-related fatalities	Lost working days due to work-related injuries
2022：0	2022：0
2023：0	2023：0
2024：0	2024：0

Fire evacuation emergency drill

The 4th electric shock and mechanical injury emergency response competition

3.8.2 Caring for employees with compassion

Wasion concerns the physical and mental health of each employee, and has formulated the Environmental and Occupational Health Operation Management Control Procedures, the Occupational Health Protection Management Measures, the Occupational Hazard Prevention File Management Measures, the Occupational Health Surveillance and Occupational Disease Patient Protection Management Measures and other occupational health management systems in respect to the actual conditions of the Company.

In order to enhance the happiness of employees and create a harmonious and healthy working environment, the Company has organized a series of activities such as caring for female employees, paying attention to employees' mental health, sending coolness in summer, organizing the renovation of public facilities, and improving the satisfaction with Logistics Service:

Case

Activities such as special lecture on mental health knowledge, sending coolness in summer, and Chinese medicine consultations

Caring for women's health

In March, on the 114th International Women's Day, the Company's labor union carefully planned a series of activities for the Women's Day with the theme of "In the warm March, enjoy 'Wasion Well-being', women pursue their dreams", including a week-long Chinese medicine consultation and a "parenting" tea break.

Organizing walking activity for all employees

April is a good time for outdoor activities. In order to advocate a healthy lifestyle and improve the physical fitness of employees, the Company organized the 8th Wasion all-staff walking activity "Walking together for employee well-being". The activity continued the theme, encouraged employees to "walk" out of the office, improved their fitness awareness, relieved work pressure, promoted communication and exchanges between colleagues, and implemented the good wishes of "Wasion Well-being".

Paying attention to employees' mental health

In June, Wasion organized a special lecture on mental health to help employees enhance their mental health awareness, improve their mental health adjustment capability, and devote themselves to life and work with more energetic mental state. The lecture invited Liu Hui, a director of Hunan Provincial Psychological Counselor and national second-level psychological counselor, to give lectures to employees.

Sending coolness in summer, creating Wasion Well-being

In August, Wasion organized the annual activity of "Sending coolness in summer" to send coolness and care to all employees in high-temperature positions.

The objects of the event included all employees in high-temperature positions in the park, technical support and marketing personnel of overseas offices, external sanitation workers, and municipal construction personnel, etc., with a total of more than 1,000 people.

Renovation and upgrading of public facilities in the park

Throughout the year, in order to ensure the normal operation of the park, daily maintenance and repairs were carried out in a timely and orderly manner, and completed for nearly 300 times in total; the special renovation projects in 2024 included the renovation of the fish pond and toilets in the administrative building, Wasion logistics conference and negotiation area and the overhead rain canopy of the employee dormitory.

Logistics service satisfaction survey and improvement

In order to deeply understand and optimize the quality of the park's logistics services, the Group organized a semi-annual logistics service questionnaire in June. The survey results were generally satisfactory, among which the satisfaction with the park's public security management and vehicle management was 100%.

3.9 Achieving long-term success through integrity and compliance

Wasion strictly complies with the Criminal Law of the People's Republic of China, the United Nations Convention against Corruption, and the anti-corruption and anti-bribery laws and regulations applicable to the countries (regions) in which the Group operates, and has formulated and implemented the Prohibition of Wasion's Commercial Activities to ensure that all business activities are legal and compliant. We attach great importance to anti-corruption work and regard it as an important part of corporate governance.

1. Strengthen system construction

- **Formulate rules and regulations on integrity and self-discipline:** The Company should formulate clear rules and regulations on integrity and self-discipline in combination with national laws and regulations and its own actual situation, regulate employee behavior, and clearly prohibit the use of power for personal gain, accepting bribes and other behaviors.
- **Improve the supervision mechanism:** Establish and improve the internal supervision mechanism, set up the Legal Supervision Department and the Audit Department to conduct regular or irregular supervision and inspection of the Company's business management activities, and ensure the effective implementation of various systems.

2. Strengthen education training

- **Carry out integrity education:** Incorporate integrity education into the induction training of new employees and the regular training of on-the-job employees to improve employees' awareness of integrity and self-discipline and professional ethics.
- **Organize warning education activities:** Through typical case analysis, watching anti-corruption documentaries, etc., let employees deeply understand the seriousness and harm of corruption and enhance their self-restraint ability.

3. Promote cultural construction

- **Create an atmosphere of integrity culture:** Through hanging integrity slogans, "Wasion Newspaper" legal consultation column, etc., create a strong atmosphere of integrity culture, so that employees can be subtly influenced by the integrity culture.
- **Advocate integrity and law-abidingness:** Know the law, understand the law, abide by the law, and be respectful; know the standards, understand the standards, abide by the standards, and respect the rules; implement and supervise the decisions meticulously; record the whole process in all aspects, without leaks, which is one of the Company's core values. Employees are encouraged to uphold the principle of integrity, abide by laws and regulations, and maintain the Company's reputation in their work.

4 . Implement strict management

- **Strengthen financial management:** Establish and improve financial management systems, standardize financial approval processes, and ensure the legality and compliance of fund use.
- **Implement openness and transparency:** Implement the system of openness and transparency in key links such as procurement, sales and personnel to reduce the possibility of black case work and prevent corruption.
- **Establish whistleblowing mechanism:** Set up whistleblowing channels, encourage employees to actively report corruption, and protect whistle-blowers to ensure that the legal rights and interests of whistle-blowers are not infringed.

5. Strengthen accountability

- **Clarify the responsible body:** Implement the responsibility for integrity and self-discipline to specific departments and positions, and clarify the responsible body and person.
- **Accountability:** Once violations of integrity and self-discipline regulations are verified, they must be punished seriously in accordance with laws and regulations, and will never be tolerated.

6. Use information technology

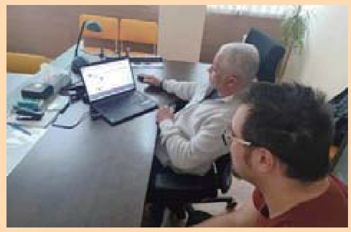
- **Promote information construction:** Strengthen the Company's information construction, realize the digitization and automation of business processes, and reduce the space for human intervention and corruption.

The Company has set up an independent internal audit department and legal supervision department to conduct regular inspections of the Company's financial and business activities; at the same time, it has also established strict supplier management system to review the qualifications and reputation of suppliers and ensure cooperation with honest suppliers. In addition, these enterprises also actively carry out anti-corruption publicity and education activities.

During the reporting period, no case was identified by Wasion constituting a breach of the laws and regulations in relation to bribery and corruption, nor any lawsuit was pending or concluded against Wasion or any employee.


In order to comprehensively enhance the Company's risk prevention and control capabilities in international business, 7 training sessions were held on international trade risk prevention practices and compliance management, integrity and anti-corruption, etc.





3.10 Embracing courage for harmonious collaboration

3.10.1 Being dedicated to public welfare and giving back to society

The growth of an enterprise is inseparable from the development of society. Wasion adheres to the corporate mottos of "Perfect Work with Passion, and Success Achieved with Integrity", actively fulfills its social responsibility, devotes itself to public welfare, and practices its mottos with practical actions.

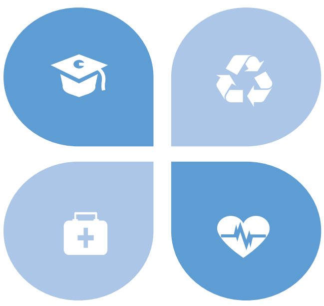
Social welfare in 2024 Capital investment of more than RMB2.8 million and time contribution of 324 hours.

Wasion Assistance Fund in 2024 Release of 7 instalments to help 94 people totaling RMB0.338 million

Wasion has organized donations of money and necessities immediately after disasters such as epidemics, earthquakes, heavy rains and snowstorms, floods and ice disasters, responded to calls for help, and shown its dedication to giving back; Wasion has continued to support its employees facing family difficulties through the distribution of "assistance funds." Additionally, the company has encouraged blood donations, supported the "Hope House" youth care project, conducted educational activities, visited orphanages and nursing homes, and provided donations to disabled children and women in need.... Wasion has carried out various forms of public welfare activities:

- Fight the cold wave, ensure power supply
- Wasion donated RMB1 million and went to Zixing, Chenzhou for disaster relief and post-disaster assistance
- Blood donation

- Donation of flood prevention and relief materials in Huashi Town, Xiangtan County
- Wasion donated RMB1 million to help students in need realize their university dream
- Assistance for left-behind children in need in Longshan County
- Assistance for the Company's employees in need



Education support

- **Fund students in poor areas:** provide tuition, books and school supplies, etc. to help students complete their studies.
- **Establish scholarships and grants:** reward or fund excellent or poor family members of the Company employees to encourage them to study hard.

Environmental protection

- **Garbage sorting and recycling:** organize office paper waste activities, improve resource utilization, and reduce environmental pollution.
- **Energy saving and emission reduction:** develop and promote environmental protection technologies and products to reduce energy consumption and emissions.

Social assistance

- **Emergency rescue:** establish the disaster rescue team to provide emergency rescue and material support to victims in disaster-stricken areas or emergencies.
- **Community volunteer services:** provide community residents with life assistance, health consultation and other volunteer services.

Healthcare

- **Health promotion activities:** hold health lectures to improve the public's hygiene awareness and health level.

3.10.2 Intelligence integration by school-enterprise cooperation

Wasion has always been rooted in science and technology, and regards talents as the first resource of the enterprise. It adheres to the strategy of "talent-driven enterprise" and has successively carried out "industry-university-research" cooperation with many universities and research institutes such as Tsinghua University, Huazhong University of Science and Technology, National University of Defense Technology, Central South University, Hunan University, etc., and has achieved remarkable results in "cooperative school running, cooperative education, cooperative employment, cooperative development", etc., becoming an important cornerstone for promoting its technological innovation, management optimization and market expansion.

The Company actively carries out cooperation with domestic first-class scientific research institutions and well-known higher research universities and colleges. With their excellent and professional talent team, advanced laboratory R&D platform and leading application research, it has created a good environment for industrial technology innovation and talent cultivation, and promoted the industrialization of relevant scientific research results, which is conducive to improving the innovation capability of the Company. Relevant management measures have been formulated for external cooperation to standardize and guide the development of external cooperation. Wasion has established long-term and stable cooperative relations with universities such as National University of Defense Technology, Huazhong University of Science and Technology, Hunan University, Central South University, Xiangtan University, and Changsha University of Science and Technology, etc. Among them, it has jointly built Hunan key laboratory with National University of Defense Technology and Hunan University, cultivated engineering doctor programs with Central South University, undertook provincial key R&D plan projects with Hunan University, and made technological breakthrough and innovation with Changsha University of Science and Technology. It has won the first prize of Hunan Science and Technology Progress Award twice.

◄ Peng Xiaohui, member of the Party Committee and Vice President of Hunan First Normal University, and his delegation visited Wasion Group for research and exchange.

▼ Shandong College and University Energy Management Training Conference was successfully held at Willfar Information.

▼ Zhang Jin, Vice Dean of the Business School of Renmin University of China, and his delegation visited Wasion for research and exchange.

▼ Dr. Yan Ning, Fellow of the Canadian Academy of Engineering and professor at the University of Toronto, and her delegation visited Wasion's science & technology park for research and exchange.

4. EVALUATION ON FULFILMENT OF COMMITMENT AND DEVELOPMENT DIRECTION

Under the 10 principles of "Global Compact", Wasion made the following conclusion on the evaluation of the responsibility performance in 2024 and the undertaking and development for 2025:

10 principles of "Global Compact"	Undertaking	Evaluation of responsibility performance in 2024	Development direction in 2025
Human Rights			
1. Businesses should support and respect the protection of internationally proclaimed human rights	Comply with the international conventions and international practices signed and recognized by the Chinese Government, comply with the laws and regulations of the country where it operates, and undertake to respect and support human rights across Wasion's footprint.	Full compliance.	To continuously maintain and strengthen compliance, pay attention to the entire process from corporate decision-making to operations, and ensure that human rights policies are integrated into Company goals and operations.
2. Make sure that they are not complicit in human rights abuses	Make sure that we are not complicit in human rights abuses.	Full compliance.	
	Continue to create diversified, fair and inclusive working environment.	It continued to create an inclusive and fair working environment: Leadership took the lead in practicing a firm commitment to DEI values, ensured fairness and justice in employee induction, promotion and performance evaluation processes, and established effective employee communication mechanisms, etc.	To continuously build a healthy, good and inclusive workplace culture, and to insist on sharing value with employees.

10 principles of "Global Compact"	Undertaking	Evaluation of responsibility performance in 2024	Development direction in 2025
Labor			
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining 4. The elimination of all forms of forced and compulsory labor 5. The effective abolition of child labor	Ensure the free operation of trade unions and actively support trade union activities to protect employees' right to collective bargaining.	Walking fitness activities were carried out, employee fun game, basketball game, badminton game and other sports activities were organized, all-staff celebrations were organized during national traditional festivals. The above activities enriched the spare time life of employees. A healthy and green lifestyle was proposed.	To continuously strengthen employee mental health care and improve employee mental health. To care for female employees.
6. The elimination of discrimination in respect of employment and occupation	Promote the regularization, standardization and transparency of democratic management in forms of staff congress, staff forum and operation express.	Annual employee engagement survey was conducted to understand their situation; giving full play to the role of the trade union, active participation of staff representatives was encouraged to know the needs of our staff; staff forums were hold regularly to strengthen communication between the Company and staff; a long-term mechanism for open and democratic management of factory affairs was established to promote the co-constructing and sharing of labor relations.	To continuously inspect and improve according to established policies; to strengthen employee representative training and improve their ability to perform their duties.

10 principles of "Global Compact"	Undertaking	Evaluation of responsibility performance in 2024	Development direction in 2025
	Eliminate forced labor and child.	Full compliance. It is specified in the recruitment system, promoted and strictly implemented through relevant training and internal supervision. No forced labor or misuse of child labor was found.	To continuously inspect and improve according to established policies.
	Eliminate discrimination in respect of ethnic, gender, age, disease, race and religion, adopt position and performance-based remuneration package, and implement equal pay for equal work.	The relevant requirements have been integrated into the corporate culture and the daily management and decision-making of the Company, with unified thoughts and behaviors.	To continuously inspect and improve according to established policies. To continuously strengthen the integration of corporate culture with the daily management and operations of the Company.
	Ensure decent employment, provide compensation and welfare in line with the national condition and actual corporate situation, balance the employees' work and life, establish a reasonable paid leave system, and realize 100% labor contracting ratio, five insurance — one fund coverage and employment compliance.	Annual employee engagement survey was conducted to understand their situation. 100% labor contracting rate, full coverage of the "six insurances and one fund," and complete compliance with employment regulations.	To continuously expand talent pool.

10 principles of "Global Compact"	Undertaking	Evaluation of responsibility performance in 2024	Development direction in 2025
Environment			
7. Businesses should support a precautionary approach to environmental challenges 8. Undertake initiatives to promote greater environmental responsibility 9. Encourage the development and diffusion of environmentally friendly technologies	Based on the demand for energy, intensify the technological research in the smart energy industry. Continue to tap the potential of consumption reduction to meet the emission target.	The annual emission targets were realized; the total consumption of electricity, water and gas decreased by 2%–5% compared to 2024 (annual income energy consumption ratio).	To continuously promote and improve the management of energy saving and consumption reduction work.

10 principles of "Global Compact"	Undertaking	Evaluation of responsibility performance in 2024	Development direction in 2025
Anti-corruption			
10. Businesses should work against corruption in all its forms, including extortion and bribery	Continuously promote and implement the Wasion Values and Code of Conduct Manual and ten prohibitions of commercial activities of Wasion.	Special training and publicity initiatives were organized to promote Wasion values throughout every working process.	To continuously improve the system and strengthen supervision.
	Enhance prevention and supervision function of the Risk Control Center, accept corruption reports, and carry out anti-corruption investigation.	No case was found by Wasion constituting a breach of the laws and regulations in relation to bribery and corruption.	To continuously promote and offer training on relevant laws and regulations, and maintain and strengthen the supervising efforts.
	Promote transparent operation, strengthen legal governance, improve internal control system, accept supervision of the community and prevent corruption risk.	No lawsuit was pending or concluded against Wasion or its employees in respect of corruption.	

* Please contact us if you have any comment on this report.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Ji Wei (吉為), aged 68, is the executive Director, and is the chairman of the Company and the founder of the Group. Mr. Ji is responsible for the Group's overall strategic planning and the formulation of corporate policies. Prior to founding the Group in 2000, Mr. Ji was a business manager of Hunan Province Minerals Import and Export Company (湖南省五金礦產進出口公司) between 1980 and 1985 and the import and export manager of Hunan International Economic Development (Group) Company (湖南省國際經濟開發(集團)公司) between 1985 and 1989. Mr. Ji was appointed as an executive Director of the Company with effect from 20 July 2004. Mr. Ji was consecutively appointed as a member of the 10th, 11th, and 12th Chinese People's Political Consultative Conference of Hunan Province from 2007 to 2022. He was awarded with several honorary titles such as the "Most Socially Responsible Entrepreneur in China", "The Sixth Top Ten Educational Entrepreneur Award in China", "Most Caring Entrepreneur on Staff Development", "National Machinery Industry Excellent Entrepreneur", "Key Personnel for the Construction of Innovative Culture in Hunan Province", "Special Recognition Award for Occupational Technology Creation in Hunan Province", "Excellent Entrepreneur" at the 30th anniversary of Changsha Hi-Tech Zone and "Chinese Red Cross Dedication Medal".

Mr. Kat Chit (吉喆), aged 41, is the executive Director. Mr. Kat graduated from the University of British Columbia of Canada with a bachelor's degree in economics in 2007. From 2007 to 2011, he was an executive of the equity capital markets division of Macquarie Group Limited. Mr. Kat was appointed as a non-executive Director of the Company on 12 August 2014, and was redesignated as an executive Director of the Company and appointed as CEO of the Company with effect from 1 June 2022. On 17 January 2023, Mr. Kat was appointed as a member of the 13th Chinese People's Political Consultative Conference of Hunan Province. Mr. Kat is the son of Mr. Ji Wei, the chairman, executive Director and controlling shareholder of the Company.

Ms. Li Hong (李鴻), aged 49, graduated from the Hunan University majoring in law, and obtained an EMBA degree from the Renmin University of China. Ms. Li joined the Group in 2000 and held various positions within the Group and its various subsidiaries, including the director of personnel and the executive directors, respectively. Ms. Li is also chairman (董事長) of Willfar Information Technology Co., Ltd., a non-wholly owned subsidiary of the Company listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange. In 2018, Ms. Li was awarded with several honorary titles such as the "National Innovative Entrepreneur in Electronic Industry", and was recognized as the "High-level Talent in Changsha City", the "Excellent Entrepreneur in Hunan Province 2020", the "Excellent Entrepreneur in Software Industry in China 2020" , the "Top 100 New Economic Leaders Nationwide in China", the "Excellent Entrepreneur by China Electronics Enterprises Association 2021 (二零二一年中國電子企業協會優秀企業家)" and the "Leading Talents in Science and Technology Innovation 2023 (二零二三年科技創新領軍人才)". She also won the Second Prize of the China Machinery Industry Science and Technology Award (中國機械工業科學技術獎二等獎). Ms. Li was appointed as an executive Director of the Company on 18 June 2020.

Ms. Zheng Xiao Ping (鄭小平), aged 61, is a senior engineer, a master of engineering in automation, the executive Director of Wasion Holdings Limited, dean of the research institute and chairman of Wasion Group Limited. Between 1987 and 1988, Ms. Zheng was a teaching assistant at the North China Institute of Technology. She lectured at the Taiyuan University of Technology between 1988 and 1993 and was the research director of Hunan Weisheng Electronics Co., Ltd. (湖南威勝電子有限公司) from 1993 to 2000, being responsible for the research and development work. She joined the Group in 2000 and was responsible for the research and development work of the Group. Ms. Zheng was appointed as an executive Director of the Company on 1 September 2005. Ms. Zheng was also awarded with various honorary titles such as "The Seventh Group of Outstanding Experts in Changsha", "Top Ten Women Entrepreneurs with Outstanding Achievement in Changsha City", "High-level Leading Talents in Changsha", "Advanced Individual of Technological Innovation in Hunan Province", "National Labour Day Medal", "National Top Ten Technological Worker in Electronic Devices and Meters Industry" and "Outstanding Contributor to the Standardization Work of the Fifth Committee of National Standardization Technical Committee of Devices and Meters (全國儀器儀表標準化技術委員會第五屆委員會標準化工作突出貢獻者)".

Mr. Tian Zhongping (田仲平), aged 44, is a senior engineer, an executive Director and the president of Wasion Group Limited. Mr. Tian graduated from Xiangtan University (湘潭大學) with a bachelor's degree in Engineering in 2002, and obtained a master degree in Control Engineering from Zhongnan University (中南大學) in 2008. Mr. Tian joined the Group in 2002 after graduation and had held positions as Development Engineer for firmware, Project Manager, Product Development Manager, Deputy Chief Engineer and General Manager of the Overseas Sales Department of the Group. During the period when he was a Development Engineer of the Group, Mr. Tian has obtained more than sixty patents for products and technology. Mr. Tian was appointed as an executive Director of the Company on 26 January 2017. He serves as the president of Wasion International Co., Ltd. (威勝國際貿易有限公司) since the beginning of 2021. Mr. Tian was awarded with the honorary titles of Excellent Entrepreneur of Changsha Hi-Tech Zone and Excellent Manager in China in 2017, Outstanding Entrepreneur by China Electronics Enterprises Association in 2018 and Leading Figures in Business Startups and Innovation in Xiangjiang New District, Changsha City in 2020. In 2021, he was awarded the Top Ten Celebrities in the Software and Information Technology Service Industry in Hunan Province.

NON-EXECUTIVE DIRECTOR

Ms. Cao Zhao Hui (曹朝輝), aged 57, is the non-executive Director, and is also the chairman of Wasion Energy Technology Co., Ltd. (威勝能源技術股份有限公司). Ms. Cao graduated from Hunan College of Finance and Economics (湖南財經學院) with a bachelor's degree in Economics. She also obtained a degree in executive master of business administration (EMBA) from the University of Hunan (湖南大學). Ms. Cao joined the Group in 2000 and was appointed as an executive Director of the Company on 3 March 2005. Ms. Cao was successively awarded with several honorary titles such as the "Outstanding Builder of the Socialism with Chinese Characteristic in Changsha City", the "Mayor Quality Award and Quality Innovation Award (市長質量獎質量創新獎)", the "Excellent Entrepreneur in Hunan Province", the "Excellent Entrepreneur in China", the "Most Socially Responsible Entrepreneur in China 2017" and the "Excellent Entrepreneur in Changsha County and Changsha Economic Development Zone". She was also awarded with the "Certificate of Highlevel Talent in Xiangtan City" in 2019, the "Certificate of Senior Management Engineer" in 2020 and the title of "Leading Talents for Science and Technology Entrepreneurship in Hunan Province 2022 (湖南省2022年科技創業領軍人才)" in 2022.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Cheong Tat (陳昌達), aged 75, obtained his master's degree in Financial Management from Central Queensland University. Mr. Chan is a fellow member of Hong Kong Institute of Certified Public Accountants, Association of Chartered Certified Accountants and CPA Australia. He is also an associate member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) of London, the United Kingdom and The Hong Kong Institute of Chartered Secretaries. Mr. Chan served in the Inland Revenue Department of the Hong Kong Government for more than 30 years and retired in early 2005. Mr. Chan is currently a director of a tax consultancy company. He also acts as an independent non-executive director of Hyfusin Group Holdings Limited (Stock Code: 8512), Medicskin Holdings Limited (Stock Code: 8307), Chong Fai Jewellery Group Holdings Company Limited (Stock Code: 8537), Accel Group Holdings Limited (Stock Code: 1283) and Ye Xing Group Holdings Limited (Stock Code: 1941), and a non-executive director of Alpha Financial Group Limited. Mr. Chan also acted as an independent non-executive director of Man Sang International Limited (Stock Code: 938) from January 2015 to November 2016. Mr. Chan was appointed as an independent non-executive Director of the Company on 18 June 2020.

Mr. Luan Wenpeng (欒文鵬), aged 60, is an independent non-executive Director and a doctor in electrical engineering. Mr. Luan is a PEng in British Columbia, Canada, a senior member of IEEE and an individual member of CIGRE. He has been engaged in the works as well as the research of smart power grids, advanced metering infrastructure, electricity load monitoring and data analysis, distributed energy resources integration and asset management etc. for more than 30 years. Mr. Luan is currently a professor of Tianjin University, founder general secretary of the Technical Board of IEC distributed electric energy system (SC8B), the chairman of the IEEE expert working group for microgrids planning and design (IEEE P2030.9 WG) and the vice chairman of IEEE expert working group for smart distribution terminal (IEEE P2815 WG). Mr. Luan was appointed as an independent non-executive Director of the Company on 16 May 2016.

Mr. Wang Yaonan (王耀南), aged 67, graduated from East China University of Technology with a bachelor's degree in computer science in 1981, and obtained his master's degree and doctorate degree in industrial automation from Hunan University in 1992 and 1995 respectively. Mr. Wang is currently a professor and doctoral tutor at the College of Electrical and Information Engineering of Hunan University, a director of the National Engineering Research Center for Visual Perception and Control Technology for Robots (機器人視覺感知與控制技術國家工程研究中心), a fellow of the China Automation Association (中國自動化學會), a fellow of the China Computer Federation (中國計算機學會), a supervisor of the China Artificial Intelligence Association (中國人工智能學會) and an academician of the Chinese Academy of Engineering. Mr. Wang was appointed as an independent non-executive Director of the Company on 17 July 2020.

SENIOR MANAGEMENT OF THE GROUP

Mr. Choi Wai Lung Edward (蔡偉龍), aged 56, is the chief financial officer and company secretary of the Company. Mr. Choi is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants with over 34 years of experience in accounting, auditing and finance.

DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries, a joint venture and an associate are set out in Notes 1, 18 and 19 to the consolidated financial statements, respectively.

BUSINESS REVIEW

Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's businesses, and the compliance with relevant laws and regulations, as well as the Group's environmental policies and performance which have a significant impact on the Group, can be found in the "Management Discussion and Analysis" section set out on pages 14 to 37 and "Environmental, Social and Governance Report" section set out on pages 38 to 109 and "Corporate Governance Report" section set out on pages 120 to 140 of this annual report. This discussion forms part of this Directors' Report.

DIVIDENDS

The results of the Group for the year ended 31 December 2024 and the Group's financial position at that day are set out in the consolidated financial statements on pages 146 to 148 of the annual report.

The directors have proposed a final dividend of HK$0.38 (2023: HK$0.28) per share to shareholders of the Company whose names appear in the register of members on 23 May 2025 and a resolution to this effect will be proposed and subject to the shareholders' approval in the forthcoming annual general meeting. The final dividend is expected to be paid on 11 June 2025.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in Note 34 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 December 2024 comprised the share premium, merger reserve and retained profits of RMB650,916,000 (2023: RMB595,371,000) in aggregate.

DIRECTORS

The directors of the Company (the "Directors") during the year and up to the date of this report were:

Executive directors:

Ji Wei *(Chairman)*
Kat Chit *(Chief Executive Officer)*
Li Hong
Zheng Xiao Ping
Tian Zhongping

Non-executive director:

Cao Zhao Hui

Independent non-executive directors:

Chan Cheong Tat
Luan Wenpeng
Wang Yaonan

Pursuant to Article 87 of the Articles, at each annual general meeting one third of the directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office by rotation provided that every director shall be subject to retirement at least once every three years. The directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot. The retiring directors shall be eligible for re-election. Pursuant to Article 87 of the Articles, Mr. Ji Wei, Ms. Zheng Xiao Ping and Mr. Luan Wenpeng will retire at the Annual General Meeting. Mr. Ji Wei and Ms. Zheng Xiao Ping, being eligible, will offer themselves for re-election at the Annual General Meeting. Mr. Luan Wenpeng has not offered himself for re-election at the Annual General Meeting, as he would like to devote more time to his other endeavours. Accordingly, Mr. Luan Wenpeng will retire as a Director from the conclusion of the Annual General Meeting.

DIRECTORS' SERVICE CONTRACTS

Each of the executive/non-executive directors and independent non-executive directors entered into service agreements with the Company for a term of three years and one year respectively and either the Company or the executive director or non-executive director (including independent non-executive directors) may terminate the appointment by giving the other a prior notice of three months in writing before its expiration.

Other than as disclosed above, none of the directors being proposed for re-election at the forthcoming annual general meeting has a service agreement with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 December 2024, the interests of the directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long positions

Ordinary shares of HK$0.01 each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Ji Wei	Interest of controlled corporation (Note 1)	537,788,888	54.00%
Cao Zhao Hui	Beneficial owner	2,000,000	0.20%
Li Hong	Beneficial owner	580,000	0.06%
Zheng Xiao Ping	Beneficial owner (Note 2)	3,682,000	0.37%
Tian Zhongping	Beneficial owner	300,000	0.03%
Chan Cheong Tat	Beneficial owner	100,000	0.01%

Notes:

(1) The shares are held by Star Treasure Investments Holdings Limited ("Star Treasure"), a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Mr. Ji Wei.

(2) 1,990,000 shares and 1,692,000 shares are held by Ms. Zheng Xiao Ping and Mr. Wang Xue Xin respectively. Mr. Wang Xue Xin is the spouse of Ms. Zheng Xiao Ping.

Other than as disclosed above, none of the directors, chief executives nor their associates had any interest or short positions in any shares or underlying shares of the Company or any of its associated corporations, as recorded in the register required to be kept under section 352 of the SFO or otherwise notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as at 31 December 2024.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2024, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed in the section headed "Directors' interests in shares and underlying shares" above, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Long positions — Ordinary shares of HK$0.01 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued capital of the Company
Ji Wei	Interest in controlled corporation	537,788,888	54.00%
Star Treasure	Beneficial owner	537,788,888	54.00%

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 December 2024.

RELATED PARTY TRANSACTIONS

Related party transactions entered into for the year are set out in Note 41 to the consolidated financial statements.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the section headed "Share options", at no time during the year was the Company, its holding company, or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No transactions, arrangements and contract of significance, to which the Company, its holding company or any of its subsidiaries was a party and in which a director or a connected entity of a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SHARE OPTIONS

The following table disclosed movements in the Company's share options during the year:

Name and category of participants	Number of share options: As at 1 January 2024	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	As at 31 December 2024	Date of grant of share options	Vesting period of share options	Exercise period of share options	Exercise price of share options* HK$	Share price of the Company as at the date of the grant of share options** HK$
Other employees	9,000,000	—	—	(9,000,000)	—	10 February 2014	10 February 2014 to 9 February 2016	10 February 2016 to 9 February 2024	4.680	4.680
Other employees	9,000,000	—	—	(9,000,000)	—	10 February 2014	10 February 2014 to 9 February 2017	10 February 2017 to 9 February 2024	4.680	4.680
Total	18,000,000	—	—	(18,000,000)	—					

* The exercise price of share options is subject to adjustment made in respect of the alteration in capital structure of the Company.

** The share price of the Company as at the date of the grant of share options was the closing price as quoted on the Stock Exchange of the trading day on the date of the grant of share options.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors or chief executive of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the independent non-executive directors are independent.

CORPORATE GOVERNANCE

The Company is committed to maintain the high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 120 to 140 of the annual report.

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

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company during the year ended 31 December 2024.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PERMITTED INDEMNITY PROVISION

The Articles of Association of the Company provides that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the Directors.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's five largest customers and the aggregate purchases attributable to the Group's five largest suppliers accounted for less than 30% of the Group's total sales and total purchases of the Group respectively.

None of the directors, their associates or any shareholders of the Company which, to the knowledge of the directors, owned more than 5% of the Company's issued share capital, had any interest in any of the five largest customers or suppliers of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, there was a sufficient prescribed public float of the issued shares of the Company under the Listing Rules throughout the year ended 31 December 2024.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the past five financial years is set out on page 260 of the annual report.

AUDIT COMMITTEE

The audit committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2024.

AUDITOR

A resolution for re-appointment of EY as auditor of the Company is to be proposed at the 2025 annual general meeting.

The consolidated financial statements of the Company for the year ended 31 December 2024 have been audited by EY.

On behalf of the Board

Ji Wei
CHAIRMAN

Hong Kong
27 March 2025

CORPORATE GOVERNANCE REPORT

The Company recognises the importance of good corporate governance to the Company's healthy growth and has devoted considerable efforts to identifying and formulating corporate governance practices appropriate to the needs of its business.

The Company's corporate governance policies are based on the principles of good corporate governance and the code provisions as set out in the Corporate Governance Code contained in Appendix C1 of the Listing Rules ("Corporate Governance Code").

During the year ended 31 December 2024, 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 year ended 31 December 2024.

The Company regularly reviews its corporate governance policies to ensure that they remain updated and in compliance with the requirements of the Listing Rules.

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 of all the directors of the Company (the "Directors") and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2024.

The Company has also established written guidelines on terms no less exacting than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

BOARD OF DIRECTORS

Responsibilities

The overall management of the Company's business is vested with the board of Directors of the Company (the "Board"), which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs.

The Board makes decisions on all major matters of the Company, including: the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the company secretary of the Company (the "Company Secretary"), with a view to ensure that the Board procedures and all applicable rules and regulations are followed.

Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expenses, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the chief executive officer of the Company (the "Chief Executive Officer") and the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the above-mentioned officers.

The Board has the full support of the Chief Executive Officer and the senior management to discharge its responsibilities.

Board Composition

The composition of the Board ensures a balance of skills and experience necessary for its independent judgement and fulfilling its business needs.

The Board currently comprises nine members, consisting of five executive Directors, one non-executive Director and three independent non-executive Directors. Their biographical details are set out on pages 110 to 112 of this annual report.

The Board comprises the following Directors:

Executive Directors:

Mr. Ji Wei, chairman of the Board and the nomination committee of the Company (the "Nomination Committee"), and member of the remuneration committee of the Company (the "Remuneration Committee")

Mr. Kat Chit, Chief Executive Officer and member of the internal control and risk management committee of the Company (the "Internal Control and Risk Management Committee")*

Ms. Li Hong, member of the Internal Control and Risk Management Committee

Ms. Zheng Xiao Ping

Mr. Tian Zhongping

Non-executive Director:

Ms. Cao Zhao Hui

* Mr. Kat Chit is the son of Mr. Ji Wei

Independent Non-executive Directors:

Mr. Chan Cheong Tat, chairman of the audit committee of the Company (the "Audit Committee"), the Remuneration Committee and the Internal Control and Risk Management Committee, and member of the Nomination Committee

Mr. Luan Wenpeng, member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Internal Control and Risk Management Committee

Mr. Wang Yaonan, member of the Audit Committee and the Internal Control and Risk Management Committee

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

During the year under review, the Board at all times met the requirements of Rule 3.10(1) and (2), and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

The independent non-executive Directors bring a wide range of technical, business and financial expertise, experiences and independent judgement to the Board. Through their active participation in Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on Board committees, all independent non-executive Directors make various contributions to the effective direction of the Company.

Board Diversity Policy

The Company is of a view that Board diversity is an essential element to achieve sustainable and balanced development. The Company has adopted a policy on Board diversity (the "Board Diversity Policy") setting out the basic principles to ensure that the Board has the requisite knowledge of the Company and experience in different business and cultural conditions of different regions and markets and a variety of perspectives necessary to maintain and enhance the overall effectiveness of the Board and taking account of succession planning. Under the Board Diversity Policy, all Board appointments will be based on meritocracy and competence, while taking into account the benefit of diversity. The Company will ensure that the Board has a balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance. In determining an optimum composition of the Board, the Company will take into account various aspects set out in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional experience and other qualities of directors as well as potential contributions to the Board. The Company will also take into consideration its own specific needs from time to time in determining the optimum composition of the Board. The Nomination Committee will review and monitor the implementation of board diversity on a regular basis to ensure its effectiveness on determining the optimal composition of the Board.

The Board attaches great importance to female member of Directors. During the reporting period, gender ratio of male and female members is 67% (6 out of 9) and 33% (3 out of 9) respectively. The Company has also a solid slate of Directors with diverse perspectives and varied educational background and expertise made-up, from extensive knowledge of the electronic and electrical engineering, finance and corporate management, to professional qualifications in the legal and accounting fields. The diversification background of the Board is beneficial to the corporate governance, and related experiences satisfy the development needs of the Company. The age distribution of the Board is between 41 and 75. The different age group of the Board members can provide diversified sight of views and opinion. Having reviewed the board diversity policy and the Board's composition, the Nomination Committee is of the opinion that the current Board has a strong element of independence and is well-balanced in terms of gender, age, professional experience, skills and knowledge; and that the current composition and size of the Board are appropriate and adequate.

Gender Diversity of Workforce

As at 31 December 2024, the gender ratio of the workforce of the Group (including senior management) was approximately 69% male and 31% female. The Group actively seek to recruit and hire a diverse workforce based on their skills, qualifications and experience, regardless of their gender and non-discriminatory. The Board considers that the gender ratio of the workforce is appropriate for the operations of the Group and will strive to maintain this ratio.

Appointment and Succession Planning of Directors

The Company has established formal, considered and transparent procedures for the appointment and succession planning of directors.

Each of the executive Directors and non-executive Director is engaged in a service contract for a term of three years. The appointment may be terminated by not less than three months' written notice. All the independent non-executive Directors are appointed for a specific term. The terms of their appointments are as follows:

Mr. Chan Cheong Tat	:	up to the 2025 annual general meeting
Mr. Luan Wenpeng	:	up to the 2025 annual general meeting
Mr. Wang Yaonan	:	up to the 2025 annual general meeting

Pursuant to the Articles, all Directors are subject to retirement by rotation once every three years and any new Director appointed to fill a causal vacancy or as an addition to the Board shall submit himself/herself for re-election by shareholders at the next following general meeting and the next following annual general meeting respectively.

No independent non-executive Director has served more than nine years on the Board.

Training for Directors

According to Code Provision C.1.4 of the Corporate Governance Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Company should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of the Directors.

The Company encourages the Directors to attend any relevant programme to further enhance their knowledge to enable them to discharge their duties and responsibilities more effectively. There are also arrangements in place for providing continue briefing and professional development to Directors whenever necessary such as continuously update the Directors on the latest developments of the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

Each newly appointed Director receives comprehensive, formal and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

During the year ended 31 December 2024, the training participated by each Director is set out below:

Directors	Training received
Executive Directors:	
Mr. Ji Wei	A, C, D
Mr. Kat Chit	A, C, D
Ms. Li Hong	A, C, D
Ms. Zheng Xiao Ping	A, C, D
Mr. Tian Zhongping	A, C, D
Non-executive Director:	
Ms. Cao Zhao Hui	A, C, D
Independent Non-executive Directors:	
Mr. Chan Cheong Tat	A, D
Mr. Luan Wenpeng	A, B, D
Mr. Wang Yaonan	A, B, D

A: attending conferences, seminars and forums
B: giving talks at conferences, seminars and forums
C: participation in in-house seminars
D: private study of materials relevant to the Company's business or director's duties and responsibilities

Board Meetings

Number of Meetings and Directors' Attendance

In 2024, the Company has held six board meetings. The Company will endeavour to hold at least four regular board meetings a year.

The attendance of the Directors at board meetings held during the year is set out below:

Directors	Attendance/ Number of Meetings
Executive Directors:	
Mr. Ji Wei *(Chairman)*	6/6
Mr. Kat Chit	6/6
Ms. Li Hong	6/6
Ms. Zheng Xiao Ping	6/6
Mr. Tian Zhongping	6/6
Non-executive Director:	
Ms. Cao Zhao Hui	6/6
Independent Non-executive Directors:	
Mr. Chan Cheong Tat	6/6
Mr. Luan Wenpeng	6/6
Mr. Wang Yaonan	6/6

Practices and Conduct of Board Meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to Directors in advance.

Notices of regular Board meetings are served to all Directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

Agenda and Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or committee meeting to keep the Directors appraised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The Chief Executive Officer, chief financial officer of the Company ("Chief Financial Officer") and Company Secretary attend all regular Board meetings and when necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company.

Minutes of all Board meetings and committee meetings are kept by the Company Secretary. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection.

According to the current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a Director, will be considered and dealt with by the Board at a duly convened Board meeting. The Articles also contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company fully supports the division of responsibility between the chairman of the Board (the “Chairman”) and the Chief Executive Officer to ensure a balance of power and authority. So, the posts of the Chairman and Chief Executive Officer are held separately by Mr. Ji Wei and Mr. Kat Chit respectively. Their respective responsibilities are clearly defined and set out in writing.

The Chairman provides leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practices. With support of the senior management, the Chairman is also responsible for ensuring that the Directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at the Board meetings.

The Chief Executive Officer focuses on implementing objectives, policies and strategies approved and delegated by the Board. She is in charge of the Company’s day-to-day management and operations. The Chief Executive Officer is also responsible for developing strategic plans and formulating the organizational structure, control systems and internal procedures and processes for the Board’s approval.

BOARD COMMITTEES

The Board has established four committees, namely, the Nomination Committee, the Remuneration Committee, the Audit Committee, and the Internal Control and Risk Management Committee for overseeing particular aspects of the Company’s affairs. All Committees of the Company are established with defined written terms of reference. The terms of reference have been posted on the websites of the Stock Exchange and the Company.

The majority of the members of each Committee are independent non-executive Directors and the list of the chairman and members of each Committee is set out under “Board Composition” of this report on pages 121 to 122.

The Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company’s expenses.

NOMINATION COMMITTEE

The duties of the Nomination Committee include the following:

(a) to review the structure, size and composition of the Board (including the skills, knowledge and experience) at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships;

(c) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors in particular the Chairman and the Chief Executive Officer;

(d) to assess the independence of independent non-executive Directors;

(e) to review the Board Diversity Policy and any measurable objectives for implementing such Board Diversity Policy as may be adopted by the Board from time to time and to review the progress on achieving the objectives; and to make disclosure of its review results in the annual report of the Company annually; and

(f) where the Board proposes a resolution to elect an individual as an independent non-executive Director at the general meeting, the Committee should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe the individual should be elected and the reasons why they consider the individual to be independent.

NOMINATION POLICY

The Nomination Committee is responsible for identifying and nominating qualified candidates for the Board's consideration and appointment when the Board needs additional Directors or to fill casual vacancies, and making recommendation to the shareholders of the Company (the "Shareholders") on re-electing retiring Directors at general meetings. The Nomination Committee shall consider, among others, the following criteria in evaluating and selecting candidates for directorships:

(i) age, skills, experience, professional qualifications, educational background and personal integrity of the candidate;

(ii) commitment of the candidate to devote sufficient time to effectively carry out his/her duties. In this regard, the number and nature of offices held by the candidate in public companies or organisations, and other executive appointments or significant commitments will be considered;

(iii) effect on the board's composition and diversity;

(iv) potential/actual conflicts of interest that may arise if the candidate is selected;

(v) independence of the candidate in the case of proposed appointment of an independent non-executive director;

(vi) the number of years he/she has already served in the case of a proposed re-appointment of an independent non-executive director; and

(vii) other factors that the Nomination Committee may consider relevant.

For appointment of new Directors, the Nomination Committee should evaluate the candidates based on the criteria as set out above to determine whether such candidates are qualified for directorship and then make recommendation to the Board. Where appropriate, the Nomination Committee and/or the Board should make recommendation to the Shareholders in respect of the proposed election of Director at a general meeting.

For re-election of Director, the Nomination Committee and/or the Board should review the overall contribution and service to the Company of retiring Director and the level of participation and performance by such Director in the Board. The Nomination Committee and/or the Board should also review and determine whether retiring Director continues to meet the criteria as set out above. The Nomination Committee and/or the Board should then make recommendation to the Shareholders in respect of the proposed re-election of Director at a general meeting.

The Board shall from time to time review the nomination policy to ensure its continued effectiveness and compliance with regulatory requirements and good corporate governance practice.

Two Nomination Committee meetings have been held during the year to review the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Company.

The attendance of individual members at Nomination Committee meetings held during the year is set out below:

	Attendance/ Number of Meetings
Mr. Ji Wei *(Chairman)*	2/2
Mr. Chan Cheong Tat	2/2
Mr. Luan Wenpeng	2/2

In accordance with the Articles, Mr. Ji Wei, Ms. Zheng Xiao Ping and Mr. Luan Wenpeng will retire at the Annual General Meeting. Mr. Ji Wei and Ms. Zheng Xiao Ping, being eligible, will offer themselves for re-election at the Annual General Meeting. Mr. Luan Wenpeng has not offered himself for re-election at the Annual General Meeting, as he would like to devote more time to his other endeavours. Accordingly, Mr. Luan Wenpeng will retire as a Director from the conclusion of the Annual General Meeting.

The Nomination Committee recommended the re-appointment of the Directors standing for re-election at the next forthcoming annual general meeting of the Company.

REMUNERATION COMMITTEE

The duties of the Remuneration Committee include the following:

(a) to make recommendations to the Board on the Company's policy and structure for all Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(b) to review and approve the management's remuneration proposals with reference to corporate goals and objectives resolved by the Board from time to time;

(c) to determine the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendation to the Board on the remuneration of non-executive Directors. The Committee should consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Group. A significant proportion of executive Directors' remuneration should be structured so as to link rewards to corporate and individual performance;

(d) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

(e) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

(f) to ensure that no Director or any of his/her associate is involved in deciding his/her own remuneration;

(g) to advise shareholders on how to vote with respect to any service contracts of Directors that require shareholders' approval under Rule 13.68 of the Listing Rules; and

(h) to review and/or approve matters relating to share schemes under chapter 17 of the Listing Rules.

The Remuneration Committee normally meets twice in each year for reviewing the remuneration policy and structure and determination of the annual remuneration packages of the executive Directors and the senior management and other related matters. The human resources department is responsible for collection and administration of the human resources data and making recommendations to the Remuneration Committee for consideration. The Remuneration Committee shall consult the chairman about these recommendations on remuneration policy and structure and remuneration packages.

Two Remuneration Committee meetings have been held during the year to review the remuneration policy and structure of the Company and remuneration packages of the executive Directors and the senior management.

The attendance of individual members at Remuneration Committee meetings held during the year is set out below:

	Attendance/ Number of Meetings
Mr. Chan Cheong Tat *(Chairman)*	2/2
Mr. Ji Wei	2/2
Mr. Luan Wenpeng	2/2

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors (including one independent non-executive Director who possesses the appropriate professional qualifications or accounting or related financial management expertise). None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The duties of the Audit Committee include the following:

(a) to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

(b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard;

(c) to discuss with the external auditor before the audit commences, the nature and scope of the audit and reporting obligations, and ensure co-ordination where more than one audit firm is involved;

(d) to develop and implement policy on engaging an external auditor to supply non-audit services. The Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

(e) to monitor the integrity of financial statements of the Company and the annual report and accounts, half-year report and, if prepared for publication, quarterly reports and to review significant financial judgements contained in them. In reviewing these reports before submission to the Board, the Audit Committee should focus particularly on:

  (i) any changes in accounting policies and practices;

  (ii) major judgmental areas;

  (iii) significant adjustments resulting from the audit;

  (iv) the going concern assumption;

(v) compliance with accounting standards; and

(vi) compliance with the Listing Rules and other legal requirements in relation to financial reporting.

(f) to liaise with the Board, senior management and the Chief Financial Officer and to meet, at least twice a year, with the Company's auditors and to consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and must give due consideration to any matters that have been raised by the Chief Financial Officer, compliance officer or auditors;

(g) to review the Company's financial controls, internal control and risk management systems;

(h) to discuss the internal control system with management to ensure that the management has performed its duty to have an effective internal control system. The discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting and financial reporting function of the Company;

(i) to consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management response, findings of internal investigations and management's response to these findings;

(j) (where an internal audit function exists) to ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

(k) to review the Group's financial and accounting policies and practices;

(l) to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;

(m) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

(n) to review arrangements which employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

(o) to act as the key representative body for overseeing the Company's relations with the external auditor;

(p) to report to the Board on the matters set out in the Corporate Governance Code;

(q) to establish a whistle blowing policy and system for employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Company; and

(r) to consider other topics, as defined by the Board.

The Audit Committee held two meetings during the year to review and discuss the financial results and reports, financial reporting and compliance procedures, internal control and risk management systems, and the re-appointment of the external auditors.

The attendance of individual members at Audit Committee meetings held during the year is set out below:

	Attendance/ Number of Meetings
Mr. Chan Cheong Tat *(Chairman)*	2/2
Mr. Luan Wenpeng	2/2
Mr. Wang Yaonan	2/2

There is no material uncertainty relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of external auditors.

The Company's annual results for the year ended 31 December 2024 have been reviewed by the Audit Committee.

INTERNAL CONTROL AND RISK MANAGEMENT COMMITTEE

The duties of the Internal Control and Risk Management Committee include the following:

(a) to consider the Group's internal control and risk management strategies, review and approve internal control and risk management policies and guidelines;

(b) to assess the adequacy and effectiveness of the internal control and risk management systems established by the management of the Group and report any findings, including any deficiencies, failures or risks noted to the Board via the Audit Committee at least twice a year or as and when any material deficiency, failure or risk is noted. Particular attention should be paid to the compliance with the Listing Rules;

(c) to decide on risk levels and related resource allocation, to approve major decisions affecting the Group's risk profile and exposure, and to oversees formal reviews of activities associated with the effectiveness of risk management processes;

(d) to review the Group's procedures for detecting fraud and whistle blowing and ensure that arrangements are properly in place and a comprehensive system of control should be established to ensure such risks are mitigated;

(e) to consider issues raised by external auditor, Audit Committee or any member of the Board who has lodged a request for a meeting;

(f) to provide the Board, as and when consider fit, its opinion relating to any matters concerning the internal control and risk management of the Group and to recommend any changes or improvements thereto to the Board, if necessary;

(g) to invite any employee of the Group, through the Company Secretary, to attend its meeting as and when required;

(h) to provide the Board, on a half-yearly basis, assessment reports on the Group's internal control and risk management systems; and

(i) to be provided with sufficient resources enabling it to discharge its duties, including but not limited to obtaining advice and assistance from internal or external legal, accounting or other advisors at the expenses of the Company if necessary. The committee shall have access to such information, whether from sources within or outside the Group, as it deems necessary.

Two Internal Control and Risk Management Committee meetings have been held during the year to discuss the adequacy and effectiveness of the internal control and risk management systems established by the management of the Group and the findings of the internal control reviews performed by internal audit department of the Group.

The attendance of individual members of the Internal Control and Risk Management Committee meeting during the year is set out below:

	Attendance/ Number of Meeting
Mr. Chan Cheong Tat *(Chairman)*	2/2
Mr. Luan Wenpeng	2/2
Mr. Wang Yaonan	2/2
Ms. Li Hong	2/2
Mr. Kat Chit	2/2

CORPORATE GOVERNANCE FUNCTION

The Board will be responsible for performing the following corporate governance duties:

(a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(e) to review the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report in the annual report of the Company.

The Board may delegate the corporate governance duties to a committee of the Board.

During the year ended 31 December 2024, the Board has reviewed the Company's corporate governance policies.

AUDITORS' REMUNERATION

The statement of the external auditor of the Company about its reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 141 to 145 of this annual report.

The Company's external auditor is Ernst & Young. Total auditor's remuneration paid and payable by the Group for the year ended 31 December 2024 amounted to RMB4.9 million, which comprises RMB3.9 million for the audit services and RMB1.0 million for the non-audit services respectively. The non-audit services mainly include interim review and other transactions relating to the Group's business development.

RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2024 on a going concern basis.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its overall responsibility to maintain appropriate and effective risk management and internal control systems in order to safeguard the Group's assets and shareholders' interests, as well as oversee and review the implementation and effectiveness of the systems.

The Group's risk management and internal control systems are featured with a defined management structure with reasonable delegated authority so as to identify and manage potential risks, to safeguard its assets against unauthorized use or disposition, to ensure reliability of financial reporting and compliance with relevant laws and regulations. The systems are designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives, with main purpose of providing reasonable and not absolute assurance against material misstatement or loss.

In order to assist the Board to discharge its duties, the Audit Committee is delegated with the authority and responsibility for reviewing and monitoring of the effectiveness of the risk management and internal control systems on a regular basis to ensure the systems in place are adequate. A sub-committee, the Internal Control and Risk Management Committee ("ICRM Committee"), was established and its main objective is to assist the Audit Committee to discharge its oversight responsibility over the risk management and internal control systems of the Group. The ICRM Committee works closely with the Risk Control Department which is supervised by the Audit Committee.

The Group has established an on-going process for identifying, evaluating and managing the significant risks (including ESG risks) associated with the achievement of its strategic objectives. Different business units are responsible for identifying, assessing and monitoring risks during their daily operations. Their risk responses including control measures implemented to mitigate risk identified will be reported to the Risk Control Department through regular internal meetings. Risk Control Department will prepare risk assessment reports on quarterly basis for the Board and the Audit Committee to discuss and evaluate the effectiveness of the risk management and internal control systems during Board meetings and Audit Committee meetings.

During the year ended 31 December 2024, the Audit Committee with the assistance of ICRM Committee, has conducted a review of the effectiveness of the Group's risk management and internal control systems. The review covers major areas, including financial, operational and compliance controls, risk management functions, and the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions, as well as those relating to the Group's ESG performance and reporting. No significant areas of concern that may affect the Group to achieve its strategic goals have been identified and the Audit Committee accepts that the existing risk management and internal control systems have been functioning effectively to meet the respective financial reporting, operational and compliance needs.

The Company's internal audit department is responsible for providing independent assurance that the Group's risk management, governance and internal control procedures are operating effectively. During the year under review, the Group's internal audit department conducted on-going reviews on the effectiveness of the internal control systems of the Group. The reviews covered major financial and operational controls. The reports of its findings have been submitted to the Audit Committee for review. No significant deficiency but areas for improvement was identified during the course of review and the systems have been operating effectively and adequately.

Based on the results of the review as reported by the Audit Committee, the Board is of the opinion that the risk management and internal control systems which address the Group's financial, operational and compliance risks, are effective and adequate and the Group has duly complied with the provisions of the Corporate Governance Code regarding risk management and internal control during the year ended 31 December 2024.

The Board has established policy and internal control procedures for the handling and dissemination of insider information in compliance with the requirements under Part XIVA of the Securities and Future Ordinance and the Listing Rules to ensure that disclosures are made on a timely and accurate manner. Such policy has been communicated to all Directors and senior management of the Group. Every Director and senior management must take all reasonable measures from time to time to ensure that proper safeguards exist to prevent a breach of disclosure requirement. The Chief Financial Officer works closely with Directors and senior management in identifying potential inside information and assessing the materiality thereof, and if appropriate, will escalate to the attention of the Board to take appropriate action promptly to ensure compliance of the applicable laws and regulations.

The Company has also taken all reasonable measures from time to time to ensure proper preservation of confidentiality of inside information until disclosure to general public, including restrictive access to inside information to a limited number of employees on a need-to-know basis, ensure the relevant employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality and ensure appropriate confidentiality agreements are in place when the Group enters into significant negotiations.

During the year ended 31 December 2024, the Group has adopted a whistleblowing policy and system for employees and those who deal with the Group to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matter related to the Group, and a policy and system that promotes and supports anti-corruption laws and regulation. The above policies are available on the website of the Company.

COMPANY SECRETARY

During the year ended 31 December 2024, Mr. Choi Wai Lung Edward was the Company Secretary. Mr. Choi is a full-time employee of the Company, and has the day-to-day knowledge of the Company's affairs. His biographical details are set out in the "Biographical Details of Directors and Senior Management" section of this annual report. For the year ended 31 December 2024, Mr. Choi had complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training.

DIVIDEND POLICY

The Board has adopted a dividend policy (the "Dividend Policy") on 9 November 2018. The Board endeavors to maintain a balance between the interests of the Shareholders and prudent capital management with a sustainable Dividend Policy. It is the policy of the Board, in considering the payment of dividends, to allow Shareholders to participate in the Company's profits whilst retaining adequate reserves for the Group's future growth. The Board shall consider the following factors before declaring or recommending dividends:

(a) the Group's results of operations;

(b) the Group's actual and expected financial performance;

(c) retained earnings and distributable reserves of the Company and each of the subsidiaries of the Group;

(d) the Group's expected working capital requirements, capital expenditure requirements and future expansion plans;

(e) the Group's liquidity and cash flow position;

(f) general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and

(g) any other factors that the Board may consider relevant.

The declaration and payment of dividends shall remain to be determined at the sole discretion of the Board and subject to any restrictions under the Companies Law of the Cayman Islands and the articles of association of the Company. The Board will continually review the Dividend Policy as appropriate from time to time.

SHAREHOLDERS' RIGHTS

Rights and procedures for shareholders to convene an extraordinary general meeting ("EGM") (including putting forward proposals/moving a resolution at the EGM)

Pursuant to Article 58 of the Articles, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "Eligible Shareholder(s)") shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at the EGM.

Eligible Shareholder(s) who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the "Requisition") signed by the Eligible Shareholder(s) concerned to the principal place of business of the Company in Hong Kong at Units 706–7, 7/F Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong, for the attention of the Company Secretary.

The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholdings in the Company, the reason(s) to convene an EGM, the agenda including the details of the business(es) proposed to be transacted in the EGM, signed by the Eligible Shareholder(s) concerned.

The Company will check the Requisition and the identity and the shareholdings of the Eligible Shareholder(s) will be verified with the Company's branch share registrar. If the Requisition is found to be proper and in order, the Company Secretary will ask the Board to convene an EGM within 2 months and/or include the proposal or the resolution proposed by the Eligible Shareholder(s) at the EGM after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM and/or include the proposal or the resolution proposed by the Eligible Shareholder(s) at the EGM.

If within 21 days of the deposit of the Requisition the Board has not advised the Eligible Shareholder(s) of any outcome to the contrary and fails to proceed to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves may do so in accordance with the Memorandum and Articles of Association of the Company, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

Procedures by which enquiries may be put to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong at Units 706–7, 7/F, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong by post or email to enquires@wasionholdings.com.hk for the attention of the Company Secretary.

Upon receipt of the enquiries, the Company Secretary will forward:

- communications relating to matters within the Board's purview to the executive Directors of the Company;
- communications relating to matters within a Board committee's area of responsibility to the chairman of the appropriate committee; and
- communications relating to ordinary business matters, such as suggestions, inquiries and consumer complaints, to the appropriate management of the Company.

Procedures for Shareholders to propose a person for election as a director

- If a Shareholder wishes to propose a person other than a director of the Company for election as a Director, the Shareholder must deposit a written notice (the "Notice") to the principal place of business of the Company in Hong Kong at Units 706–7, 7/F, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong or the branch share registrar of the Company, MUFG Corporate Markets Pty Limited, at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong for the attention of the Company Secretary.
- The Notice must state clearly the name of the Shareholder and his/her/their shareholdings, the full name of the person proposed for election as a Director, including the person's biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the Shareholder concerned (other than the person to be proposed). The Notice must also be accompanied by a letter of consent signed by the person proposed to be elected on his/her willingness to be elected as a Director.
- The period for lodgment of the Notice will commence no earlier than the day after the despatch of the notice by the Company of the general meeting appointed for election of directors of the Company and end no later than seven (7) days prior to the date of such general meeting. If the Notice is received less than 15 days prior to the general meeting, the Company will need to consider the adjournment of the general meeting in order to give shareholders 14 days' notice of the proposal.
- The Notice will be verified with the Company's branch share registrar and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Nomination Committee and the Board to consider to include the resolution in the agenda for the general meeting proposing such person to be elected as a Director.

INVESTOR RELATIONS

The Board has established a shareholders' communication policy which aims to set out the provisions with the objective of ensuring the Shareholders are provided with equal and timely access to information about the Company, in order to enable the Shareholders to exercise their rights in an informed manner and to allow them to engage actively with the Company. The shareholders' communication policy is currently available on the Company's website.

The Board will maintain an on-going dialogue with the Shareholders and will review this policy regularly to ensure its effectiveness. Information will be communicated to the Shareholders through the Company's financial reports, annual general meetings and other general meetings that may be convened, as well as all the disclosures submitted to the Stock Exchange. Effective and timely dissemination of information to the Shareholders will be ensured at all times.

A dedicated Investor Relations section is available on the Company's website www.wasion.com. Information on the Company's website is updated on a regular basis. Information released by the Company to the Stock Exchange is also posted on the Company's website immediately thereafter. Such information includes financial statements, results announcements, circulars and notices of general meetings and associated explanatory documents, etc. All presentation materials provided in conjunction with the Company's annual general meeting and results announcement each year will be made available on the Company's website. All press releases and Shareholders' newsletters will also be made available on the Company's website.

Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings. Board members, in particular, the chairmen of the Board committees or their delegates, appropriate senior management and external auditors will attend annual general meetings to answer Shareholders' questions.

During the year ended 31 December 2024, the 2024 AGM was held on 10 May 2024. All the resolutions proposed at the 2024 AGM were duly passed by the Shareholders by way of poll and the results of the poll have been published on the websites of the Stock Exchange and the Company. Mr. Kat Chit, an executive Director, Chief Executive Officer and member of the Internal Control and Risk Management Committee, chaired the 2024 AGM and answered Shareholders' questions. The external auditor of the Company, Ernst & Young, attended the 2024 AGM to answer Shareholders' questions about the conduct of the audit, the preparation and content of the independent auditor's report and independence of auditor.

The attendance of the Directors at the 2024 AGM is set out below:

Directors	**AGM Attended/held**
Executive Directors:	
Mr. Ji Wei *(Chairman)*	1/1
Mr. Kat Chit	1/1
Ms. Li Hong	1/1
Ms. Zheng Xiao Ping	1/1
Mr. Tian Zhongping	1/1
Non-executive Director:	
Ms. Cao Zhao Hui	1/1
Independent Non-executive Directors:	
Mr. Chan Cheong Tat	1/1
Mr. Luan Wenpeng	1/1
Mr. Wang Yaonan	1/1

The forthcoming annual general meeting of the Company ("2025 AGM") will be held on 15 May 2025. The notice convening the 2025 AGM together with the circular will be published on the websites of the Stock Exchange and the Company and dispatched to Shareholders before 30 April 2025.

During the year ended 31 December 2024, the Company Secretary responded to the enquiries of Shareholders, investment community and analysts made by phone, mail, corporate website and social media platform. Regular one-on-one/small group meetings and online roadshows were organized for investors and Shareholders to discuss with the Company's management on financial results, business development and strategic plan. The Board has reviewed and was satisfactory with the implementation and effectiveness of the shareholders' communication policy conducted during the year ended 31 December 2024.

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

There was no significant change in the Company's constitutional documents during the year ended 31 December 2024.

EY 安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話 : +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the shareholders of Wasion Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Wasion Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 146 to 259, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of trade receivables	
As at 31 December 2024, the gross carrying amount of the Group's trade receivables was RMB6,052,550,000, which represented approximately 38.5% of total assets of the Group. As at 31 December 2024, the loss allowances of trade receivables amounted to RMB411,403,000. Management's assessment of the expected credit losses ("ECLs") involves significant judgement and estimates for the amount of lifetime ECLs of trade receivables based on the probability of default approach by estimating the probability of default, loss given default and exposure at default. The ECL assessment involves inputs and assumptions, including past debtors' repayment history and forward-looking information. The Group has engaged an external valuer to determine the ECLs of trade receivables at the end of the reporting period. Relevant disclosures of accounting judgements and estimates and impairment of trade receivables are included in notes 3, 23 and 44 to the consolidated financial statements.	Our procedures in relation to the impairment assessment of trade receivables included: • obtaining an understanding of management's process for estimating ECLs and the methodology of the ECL model adopted by the Group; • assessing management's assumptions and inputs in the ECL model by considering the historical customer payment behaviours and the basis of the estimated loss rates applied in each category in the provision with reference to the historical default rate, ageing of trade receivables, probability of default, loss given default and forward-looking information; • assessing management's basis and judgement in identifying the credit-impaired trade receivables by reviewing the historical customer payment records; • involving our internal specialists to assist us in evaluating the ECL model and estimated loss rates; • evaluating the external valuer's objectivity, competence and independence; and • assessing the adequacy of the disclosures of impairment assessment of trade receivables in the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Capitalisation of development costs	
As at 31 December 2024, the carrying amount of the Group's capitalised development costs was RMB417,002,000, which represented approximately 2.7% of total assets of the Group. The Group capitalised certain costs incurred during the development phase of internal projects for development of new technology and new products. Management's assessment of whether the costs meet the capitalisation criteria, as set out in note 3 "Significant accounting judgements and estimates" to the consolidated financial statements, and how the intangible assets so capitalised will generate probable future economic benefits, involves significant judgement and assumptions. Relevant disclosures of accounting judgements and capitalised development costs are included in notes 3 and 17 to the consolidated financial statements.	Our procedures in relation to the capitalisation of development costs included: • assessing and testing the effectiveness of key controls over the capitalisation of development costs, on a sample basis; • checking the additions of development costs for the year against supporting documentation on a sample basis; • making inquiries with the relevant development project managers of the research and development department of the Group about the details of the selected development projects, including, inter alia, the technical feasibility of completing the projects, the Group's ability to use or sell the assets, the existence of a market, and the prospect of generating probable and sufficient economic benefits; and • evaluating management's assessment by reviewing market research reports and the financial performance of the completed development projects, on a sample basis.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lam Wai Ming, Ada.

Ernst & Young
Certified Public Accountants

Hong Kong

27 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	5	**8,716,541**	7,252,272
Cost of sales		**(5,681,403)**	(4,671,521)
Gross profit		**3,035,138**	2,580,751
Other income, gains and losses, net	5	**232,942**	142,484
Selling expenses		**(737,643)**	(649,479)
Administrative expenses		**(367,796)**	(327,358)
Research and development expenses	6	**(730,404)**	(681,375)
Impairment losses on financial assets and contract assets, net	6	**(99,396)**	(73,517)
Finance costs	7	**(125,528)**	(131,530)
Share of profits of an associate		**275**	756
Profit before tax	6	**1,207,588**	860,732
Income tax expense	10	**(177,426)**	(100,139)
PROFIT FOR THE YEAR		**1,030,162**	760,593
Profit for the year attributable to:			
— Owners of the parent		**705,612**	521,233
— Non-controlling interests		**324,550**	239,360
		1,030,162	760,593
OTHER COMPREHENSIVE (LOSS)/INCOME:			
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:			
Changes in fair value		**16,045**	(3,519)
Tax effect		**(1,994)**	(246)
		14,051	(3,765)
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(97,011)**	56,835
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX		**(82,960)**	53,070
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**947,202**	813,663
Attributable to:			
— Owners of the parent		**622,207**	574,749
— Non-controlling interests		**324,995**	238,914
		947,202	813,663
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
— Basic (in RMB cents)		**RMB71.4 cents**	RMB52.7 cents
— Diluted (in RMB cents)		**RMB71.2 cents**	RMB52.7 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**2,167,583**	1,958,179
Investment properties	14	**4,460**	15,019
Right-of-use assets	15	**203,809**	183,838
Goodwill	16	**330,636**	330,636
Other intangible assets	17	**511,578**	523,826
Investment in a joint venture	18	**—**	—
Investment in an associate	19	**9,426**	9,151
Equity investments designated at fair value through other comprehensive income	20	**82,222**	65,771
Financial assets at fair value through profit or loss	21	**232,497**	26,149
Loan receivables	25	**—**	85,000
Prepayments, other receivables and other assets	26	**256,835**	73,489
Deferred tax assets	33	**153,786**	119,564
		3,952,832	3,390,622
CURRENT ASSETS			
Inventories	22	**1,264,093**	1,205,919
Trade and bills receivables	23	**5,821,016**	4,550,227
Contract assets	24	**388,495**	404,953
Loan receivables	25	**85,000**	—
Prepayments, other receivables and other assets	26	**860,615**	802,606
Financial assets at fair value through profit or loss	21	**—**	200,000
Structured deposits	27	**50,000**	120,000
Pledged deposits	28	**514,547**	560,896
Cash and bank balances	28	**2,790,300**	2,644,896
		11,774,066	10,489,497
CURRENT LIABILITIES			
Trade and bills payables	29	**5,081,672**	3,938,543
Other payables and accruals	30	**537,619**	453,131
Financial liabilities at fair value through profit or loss	31	**14,580**	49,939
Interest-bearing bank borrowings	32	**1,615,723**	1,679,302
Lease liabilities	15	**15,721**	5,221
Tax payable		**110,795**	101,575
		7,376,110	6,227,711
NET CURRENT ASSETS		**4,397,956**	4,261,786
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,350,788**	7,652,408

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	32	**971,473**	835,144
Lease liabilities	15	**19,515**	3,795
Deferred tax liabilities	33	**38,872**	36,848
		1,029,860	875,787
Net assets		**7,320,928**	6,776,621
EQUITY			
Equity attributable to owners of the parent			
Issued capital	34	**9,906**	9,906
Reserves		**5,422,701**	5,156,730
		5,432,607	5,166,636
Non-controlling interests	45	**1,888,321**	1,609,985
Total equity		**7,320,928**	6,776,621

Ji Wei
Director

Kat Chit
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to owners of the parent												
	Issued capital RMB'000	Share premium RMB'000	Merger reserve RMB'000 (Note 36(i))	Exchange reserve RMB'000	PRC statutory reserves RMB'000 (Note 36(ii))	Share option reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Shares held for a share award scheme RMB'000 (Note 36(iii))	Other reserve RMB'000 (Note 36(iv))	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000 (Note 45)	Total equity RMB'000
At 1 January 2024	9,906	472,004	49,990	(5,335)	682,367	27,730	(60,075)	(27,498)	271,074	3,746,473	5,166,636	1,609,985	6,776,621
Profit for the year	–	–	–	–	–	–	–	–	–	705,612	705,612	324,550	1,030,162
Other comprehensive income/(loss) for the year:													
Change in fair value of equity investments designated at fair value through other comprehensive income, net of tax	–	–	–	–	–	–	14,051	–	–	–	14,051	–	14,051
Exchange differences on translation of foreign operations	–	–	–	(97,456)	–	–	–	–	–	–	(97,456)	445	(97,011)
Total comprehensive income for the year	–	–	–	(97,456)	–	–	14,051	–	–	705,612	622,207	324,995	947,202
Transfer to PRC statutory reserves	–	–	–	–	130,135	–	–	–	–	(130,135)	–	–	–
Shares granted under the share award scheme (note 35)	–	–	–	–	–	–	–	13,743	–	–	13,743	–	13,743
Purchase of shares under the share award scheme	–	–	–	–	–	–	–	(6,290)	–	–	(6,290)	–	(6,290)
Equity-settled share-based arrangements of a listed subsidiary (note 35)	–	–	–	–	–	–	–	–	14,662	–	14,662	9,758	24,420
Transfer of share option reserve upon the expiry of share options	–	–	–	–	–	(27,730)	–	–	–	27,730	–	–	–
Partial acquisition of interests in subsidiaries (note 36(v))	–	–	–	–	–	–	–	–	(34,262)	–	(34,262)	(60,738)	(95,000)
Cancellation of repurchased shares of a listed subsidiary	–	–	–	–	–	–	–	–	(89,837)	–	(89,837)	89,837	–
Appropriation of maintenance and production funds	–	–	–	–	3,864	–	–	–	–	(3,864)	–	–	–
Utilisation of maintenance and production funds	–	–	–	–	(2,008)	–	–	–	–	2,008	–	–	–
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(85,516)	(85,516)
Dividend paid (note 11)	–	(254,252)	–	–	–	–	–	–	–	–	(254,252)	–	(254,252)
At 31 December 2024	9,906	217,752*	49,990*	(102,791)*	814,358*	–	(46,024)*	(20,045)*	161,637*	4,347,824*	5,432,607	1,888,321	7,320,928
At 1 January 2023	9,906	678,266	49,990	(62,616)	597,946	27,730	(56,310)	(34,894)	136,225	3,309,661	4,655,904	1,472,572	6,128,476
Profit for the year	–	–	–	–	–	–	–	–	–	521,233	521,233	239,360	760,593
Other comprehensive income/(loss) for the year:													
Change in fair value of equity investments designated at fair value through other comprehensive income, net of tax	–	–	–	–	–	–	(3,765)	–	–	–	(3,765)	–	(3,765)
Exchange differences on translation of foreign operations	–	–	–	57,281	–	–	–	–	–	–	57,281	(446)	56,835
Total comprehensive income for the year	–	–	–	57,281	–	–	(3,765)	–	–	521,233	574,749	238,914	813,663
Transfer to PRC statutory reserves	–	–	–	–	84,421	–	–	–	–	(84,421)	–	–	–
Shares granted under the share award scheme	–	–	–	–	–	–	–	7,396	–	–	7,396	–	7,396
Repurchase of shares by a listed subsidiary	–	–	–	–	–	–	–	–	–	–	–	(141,950)	(141,950)
Deemed partial disposal of interests in subsidiaries (note 36(v))	–	–	–	–	–	–	–	–	134,849	–	134,849	107,711	242,560
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(67,262)	(67,262)
Dividend paid (note 11)	–	(206,262)	–	–	–	–	–	–	–	–	(206,262)	–	(206,262)
At 31 December 2023	9,906	472,004*	49,990*	(5,335)*	682,367*	27,730*	(60,075)*	(27,498)*	271,074*	3,746,473*	5,166,636	1,609,985	6,776,621

* These reserve accounts comprise the consolidated reserves of RMB5,422,701,000 (2023: RMB5,156,730,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**1,207,588**	860,732
Adjustments for:			
Share of profits of an associate		**(275)**	(756)
Bank interest income	5	**(45,005)**	(40,895)
Interest income from structured deposits	5	**(14,658)**	(7,686)
Interest income from loan receivables	5	**(6,011)**	(7,942)
Interest income from consideration receivable for disposal of a subsidiary	5	**(2,919)**	(4,131)
Interest income from other receivables	5	**(4,459)**	—
Interest income from financial assets at fair value through profit or loss ("FVTPL")	5	**(20,715)**	(7,465)
Dividend income from equity investments designated at fair value through other comprehensive income ("FVTOCI")	5	**(460)**	(3,955)
Fair value loss on financial instruments at FVTPL	5	**6,505**	34,717
(Gain)/loss on disposal of property, plant and equipment	5	**(551)**	5,271
Depreciation of property, plant and equipment	6	**128,163**	105,373
Depreciation of investment properties	6	**342**	342
Depreciation of right-of-use assets	6	**15,528**	14,759
Amortisation of other intangible assets		**171,724**	156,338
Write-down of inventories to net realisable value	6	**27,933**	43,635
Impairment losses on financial assets and contract assets, net	6	**99,396**	73,517
Expenses for equity-settled share-based arrangements	6	**36,082**	7,396
Finance costs	7	**125,528**	131,530
Operating cash flows before movements in working capital		**1,723,736**	1,360,780
Increase in inventories		**(107,675)**	(117,801)
Increase in trade and bills receivables		**(1,315,492)**	(198,186)
(Increase)/decrease in prepayments, other receivables and other assets		**(344,817)**	109,946
Decrease in contract assets		**17,155**	149,434
Increase in trade and bills payables		**1,078,044**	277,420
Increase in other payables and accruals		**76,842**	39,268
Cash generated from operations		**1,127,793**	1,620,861
Interest paid		**(678)**	(536)
Income tax paid		**(200,317)**	(123,730)
Net cash flows from operating activities		**926,798**	1,496,595

	Note	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		**(371,581)**	(446,293)
Additions to other intangible assets		**(150,760)**	(118,293)
Advance to a joint venture		**(13,770)**	(17,850)
Repayment of an advance made to a joint venture		**17,850**	17,850
Advance of loan receivables		**(20,000)**	—
Repayment of a loan receivable		**20,000**	—
Repayment of consideration receivable for disposal of a subsidiary and unlisted equity instruments		**100,652**	—
Interest received		**93,767**	68,119
Acquisition of a subsidiary	37	**—**	(37,970)
Dividends received from equity investments designated at FVTOCI		**460**	3,955
Proceeds from disposal of property, plant and equipment		**9,191**	6,466
Purchase of equity investments designated at FVTOCI		**—**	(2,400)
Purchase of financial assets at FVTPL		**(8,000)**	(8,000)
Payment for financial liabilities at FVTPL		**(40,212)**	(22,867)
Placement in structured deposits		**(3,159,000)**	(120,000)
Withdrawal of structured deposits		**3,229,000**	70,000
Placement in bank deposits with maturity over three months		**(115,000)**	(250,000)
Withdrawal of bank deposits with maturity over three months		**190,000**	140,000
Placement of pledged deposits		**(866,751)**	(578,097)
Withdrawal of pledged deposits		**913,100**	779,585
Net cash used in investing activities		**(171,054)**	(515,795)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**2,570,896**	2,510,487
Repayment of bank loans		**(2,528,043)**	(2,674,924)
Dividends paid		**(254,252)**	(206,262)
Dividend paid to non-controlling shareholders		**(85,516)**	(67,262)
Interest paid on borrowings		**(124,850)**	(130,994)
Repurchase of shares by a listed subsidiary		**—**	(141,950)
Principal portion of lease payments		**(10,482)**	(11,666)
Proceeds from partial disposal of subsidiaries		**—**	242,560
Shares repurchased for share award scheme		**(6,290)**	—
Payment of partial acquisition of subsidiaries		**(95,000)**	—
Net cash used in financing activities		**(533,537)**	(480,011)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
NET INCREASE IN CASH AND CASH EQUIVALENTS	**222,207**	500,789
Cash and cash equivalents at beginning of the year	**2,204,896**	1,697,928
Effect of foreign exchange rate changes, net	**(1,803)**	6,179
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**2,425,300**	2,204,896
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**2,425,300**	2,204,896
Time deposits	**365,000**	440,000
Cash and bank balances as stated in the consolidated statement of financial position	**2,790,300**	2,644,896
Less: Time deposits with original maturity over three months	**(365,000)**	(440,000)
Cash and cash equivalents as stated in the consolidated statement of cash flows	**2,425,300**	2,204,896

1. CORPORATE AND GROUP INFORMATION

Wasion Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). 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 706-7, 7/F Harcourt House, 39 Gloucester Road, Wan Chai, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were engaged in the following principal activities:

- manufacture and trading of metering products
- provision of system solution services

In the opinion of the directors of the Company, the immediate holding company and the ultimate holding company of the Company is Star Treasure Investments Holdings Limited, which is incorporated in the British Virgin Islands (the "BVI").

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name of subsidiary	Place of incorporation or registration/ operation	Paid-up capital	Proportion of nominal value of issued registered capital held by the Company				Principal activities
			Directly		Indirectly		
			2024	2023	**2024**	2023	
Oceanbase Group Limited	BVI/Hong Kong	US$1,000,000	**100%**	100%	**—**	—	Investment holding
Power Well Creation Limited	Hong Kong	HK$2	**100%**	100%	**—**	—	Investment holding
Weisheng Energy Industrial Technology Co., Ltd.*	The People's Republic of China ("PRC")/ Mainland China	RMB200,000,000	**—**	—	**68.0%**	68.0%	Development, manufacture and sale of energy saving products and related services
Wasion International Co., Ltd.	PRC/ Mainland China	RMB10,000,000	**—**	—	**100%**	100%	Trading of power meters
Willfar Information Technology Company Limited*@	PRC/ Mainland China	RMB500,000,000	**—**	—	**59.6%**	58.6%	Development, manufacture and sale of data collection terminals and related services
Changsha Vitae Plastic Technology Co., Ltd.#	The PRC/ Mainland China	RMB20,000,000	**—**	—	**100%**	100%	Development, manufacture and sale of parts of power meters, data collection terminals and related services

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name of subsidiary	Place of incorporation or registration/ operation	Paid-up capital	Proportion of nominal value of issued registered capital held by the Company				Principal activities
			Directly		Indirectly		
			2024	2023	2024	2023	
Gam Sheng Macao Commercial Offshore Limited	Macau	MOP1,000,000	—	—	100%	100%	Trading of electronic components
Hunan Weike Power Meters Company Limited*	PRC/ Mainland China	HK$100,000,000	—	—	100%	100%	Development, manufacture and sale of power meters
Hunan Weiming Technology Co., Ltd.*	PRC/ Mainland China	RMB500,000,000	—	—	59.6%	55.0%	Development, manufacture and sale of water, gas and heat meters
Wasion Energy Technology Co.,Ltd.#	PRC/ Mainland China	RMB539,487,146	—	—	68.0%	68.0%	Development, manufacture and sale of smart distribution devices
Wasion Group Limited#	PRC/ Mainland China	RMB1,209,900,000	—	—	100%	100%	Development, manufacture and sale of power meters
Hunan Switchgear Co., Ltd.	PRC/ Mainland China	RMB100,000,000	—	—	68.0%	44.2%	Development, manufacture and sale of switchgears
Zhuhai Zhonghui Microelectronics Co., Ltd.#	PRC/ Mainland China	RMB37,000,000	—	—	59.6%	58.6%	Development, manufacture and sale of electronic components
Changsha Zomkun Electronic Science and Technology Co., Ltd.	PRC/ Mainland China	RMB38,000,000	—	—	100%	100%	Development, manufacture and sale of electronic components
Wasion da Amazônia Indústria de Instrumentos Eletrônicos LTDA.	The Federative Republic of Brazil	BRL39,824,700	—	—	100%	100%	Development, manufacture and sale of power meters

* Registered as a Sino-foreign enterprises under the law of the PRC

\# Registered as a wholly-foreign-owned enterprises under the law of the PRC

@ Listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, equity investments designated at fair value through other comprehensive income, life insurance at fair value through profit or loss and financial liabilities at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2. ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

    The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRSs, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]
Annual Improvements to HKFRS Accounting Standards — Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Amendments to HKFRS 9 and HKFRS 7 clarify the date on which a financial asset or financial liability is derecognised and 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. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRS Accounting Standards — Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Fair value measurement

The Group measures its financial instruments at FVTPL and equity instruments designated at FVTOCI at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of the reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Owned buildings	Over the remaining period of the lease terms of the relevant land on which owned buildings are erected, or 50 years, whichever is the shorter
Leasehold improvements	Over the remaining period of the relevant lease, or 5 years, whichever is the shorter
Plant and machinery	10% to 20%
Furniture, fixtures and office equipment	10% to 20%
Motor vehicles	10%

All of the owned buildings are erected on land with medium-term land use right outside Hong Kong.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

A property is transferred to an investment property when there is a change of use, as evidenced by end of owner-occupation. The cost and accumulated depreciation of that item (including the relevant leasehold land under HKFRS 16) at the date of transfer is recognised as the cost and accumulated depreciation of the investment property, respectively.

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated on the straight-line basis over the remaining period of the lease terms of the relevant land on which owned buildings are erected, or 50 years, whichever is the shorter. All of the investment properties are erected on land with a medium-term land use right outside Hong Kong.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

An item of investment property is transferred to property, plant and equipment when there is a change of use, as evidenced by start of owner-occupation. The cost and accumulated depreciation of that item at the date of transfer are recognised as the cost and accumulated depreciation of the property, plant and equipment respectively.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

The intangible assets have finite useful lives and are amortised on a straight-line basis over the following periods:

Patents, copyrights, trademarks and software systems	3 to 10 years
Technology know-how	3 to 5 years
Customer relationship and contracts	10 years

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Intangible assets (other than goodwill) (Continued)

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products from 3 to 5 years, commencing from the date when the products are put into commercial production.

Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
Leased properties	1 to 12 years

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments).

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease terms.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as an operating lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease term and is included in other income in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under HKFRS 15 *Revenue from Contracts with Customers* in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at FVTOCI (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at FVTOCI when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Financial assets designated at FVTOCI (equity investments) (Continued)

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity investments designated at FVTOCI are not subject to impairment assessment.

Financial assets at FVTPL

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

The life insurance products are initially recognised at the amount of the premium paid and subsequently carried at fair value at the end of each reporting period, with changes in fair value recognised in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in profit or loss when the right of payment has been established.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through arrangement"; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Derecognition of financial assets (Continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Write-off

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Credit-impaired

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has applied the probability of default approach by estimating the probability of default, loss given default and exposure at default. The ECL assessment considers all reasonable and supportable information, including past experience and forward-looking information.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables, as appropriate.

All financial liabilities are recognised initially at fair value, and in case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss. The net fair value gain or loss recognised in the profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except that deferred tax is not recognised for the Pillar Two income taxes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, an associate and a joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, an associate and a joint venture, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Income tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of the reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss and other comprehensive income over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss and other comprehensive income by way of a reduced depreciation charge.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(b) Provision of system solution services

Revenue from the provision of system solution services is recognised over time using an output method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The output method recognises revenue based on the stage of completion of the solution services by reference to the installation works certified by the customers.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms.

Other income

Interest income is recognised on an accrual basis using the effective interest rate method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instruments or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates a share option scheme and a share award scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of share option was determined using a binomial model.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

When trustee of the share award scheme purchases the Company's shares from the open market, the consideration paid, including any directly attributable incremental costs, is presented as shares held for share award scheme and deducted from total equity. No gain or loss is recognised on the transactions of the Company's own shares.

The fair value of services received is determined by reference to the fair value of share awards granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share award reserve).

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Payments to state-managed retirement benefit schemes in jurisdictions other than the PRC and Hong Kong are charged as expenses when employees have rendered service entitling them to the contributions.

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Foreign currencies

These financial statements are presented in RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve, except to the extent that the differences are attributable to non-controlling interest. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Capitalisation of development costs

Careful judgement by the Group's management is applied when deciding whether the recognition requirements for intangible assets arising from development costs have been met. The Group applies judgement in determining whether the Group has the ability to use the intangible asset, and can demonstrate the existence of a market for the products produced from the use of the intangible asset or the intangible asset itself or, if it is to be used internally, the ability to generate positive cash flows from the use of the intangible asset. Management has conducted a careful assessment and concluded that the future economic benefit relating to these development costs is probable which fulfils the capitalisation criteria.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2024 was RMB330,636,000 (2023: RMB330,636,000). Further details are set out in note 16 to the financial statements.

Provision for expected credit losses on trade receivables and contract assets

The Group uses the probability of default approach to calculate ECLs for trade receivables and contract assets. Estimation is made for the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and exposure at default based on the Group's historical experience. The Group has engaged an external valuer to determine the ECL for trade receivables and contract assets at the end of the reporting period. The Group will calibrate the inputs and assumptions with forward-looking information. For instance, if forward-looking information (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the electricity sector, the loss rates are adjusted upward. The information about the ECLs on the Group's trade receivables and contract assets is set out in note 44 to the financial statements.

4. OPERATING SEGMENT INFORMATION

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

— Power advanced metering infrastructure segment, which engages in the development, manufacture and sale of smart power meters and provision of respective system solutions;

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

— Advanced distribution operations segment, which engages in the manufacture and sale of smart power distribution devices and providing smart power distribution solutions and energy efficiency solutions.

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 profit, 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.

Segment assets exclude other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2024

	Power advanced metering infrastructure RMB'000	Communication and fluid advanced metering infrastructure RMB'000	Advanced distribution operations RMB'000	Total RMB'000
Segment revenue (note 5):				
Sales to external customers	3,198,759	2,614,796	2,902,986	8,716,541
Intersegment sales	20,690	119,693	15	140,398
Total segment revenue	3,219,449	2,734,489	2,903,001	8,856,939
Reconciliation:				
Elimination of intersegment sales				(140,398)
				8,716,541
Segment results	379,567	603,383	256,966	1,239,916
Reconciliation:				
Elimination of intersegment results				34,861
Interest income				93,767
Dividend income and unallocated gains				3,320
Corporate and other unallocated expenses				(39,426)
Finance costs (other than interest on lease liabilities)				(124,850)
Profit before tax				1,207,588
Segment assets	5,406,021	5,084,910	4,999,768	15,490,699
Reconciliation:				
Elimination of intersegment receivables				(17,782)
Corporate and other unallocated assets				253,981
Total assets				15,726,898
Segment liabilities	2,703,879	1,594,946	3,311,982	7,610,807
Reconciliation:				
Elimination of intersegment payables				(113,694)
Corporate and other unallocated liabilities				908,857
Total liabilities				8,405,970

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2024 (Continued)

	Power advanced metering infrastructure RMB'000	Communication and fluid advanced metering infrastructure RMB'000	Advanced distribution operations RMB'000	Unallocated RMB'000	Total RMB'000
Other segment information:					
Share of profits of an associate	—	—	275	—	275
Impairment losses on financial assets and contract assets, net	20,342	17,730	61,324	—	99,396
Provision for inventories included in cost of inventories sold	9,474	9,005	9,454	—	27,933
Depreciation and amortisation	147,912	65,969	98,666	3,210	315,757
Investment in an associate	—	—	9,426	—	9,426
Capital expenditure*	262,284	53,576	189,261	25,950	531,071

* Capital expenditure consists of additions to property, plant and equipment and other intangible assets.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2023

	Power advanced metering infrastructure RMB'000	Communication and fluid advanced metering infrastructure RMB'000	Advanced distribution operations RMB'000	Total RMB'000
Segment revenue (note 5):				
Sales to external customers	2,650,357	2,116,982	2,484,933	7,252,272
Intersegment sales	20,200	97,788	4	117,992
Total segment revenue	2,670,557	2,214,770	2,484,937	7,370,264
Reconciliation:				
Elimination of intersegment sales				(117,992)
				7,252,272
Segment results	286,724	462,769	172,132	921,625
Reconciliation:				
Elimination of intersegment results				28,777
Interest income				68,119
Dividend income and unallocated gains				6,613
Corporate and other unallocated expenses				(33,408)
Finance costs (other than interest on lease liabilities)				(130,994)
Profit before tax				860,732
Segment assets	5,175,135	4,414,305	4,168,233	13,757,673
Reconciliation:				
Elimination of intersegment receivables				(39,597)
Corporate and other unallocated assets				162,043
Total assets				13,880,119
Segment liabilities	2,381,654	1,283,049	2,678,978	6,343,681
Reconciliation:				
Elimination of intersegment payables				(133,590)
Corporate and other unallocated liabilities				893,407
Total liabilities				7,103,498

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2023 (Continued)

	Power advanced metering infrastructure RMB'000	Communication and fluid advanced metering infrastructure RMB'000	Advanced distribution operations RMB'000	Unallocated RMB'000	Total RMB'000
Other segment information:					
Share of profits of an associate	—	—	756	—	756
Impairment losses on financial assets and contract assets, net	43,671	20,483	9,363	—	73,517
Provision for inventories included in cost of inventories sold	19,031	5,398	19,206	—	43,635
Depreciation and amortisation	129,299	65,028	80,368	2,117	276,812
Investment in an associate	—	—	9,151	—	9,151
Capital expenditure*	225,560	62,830	275,766	430	564,586

* Capital expenditure consists of additions to property, plant and equipment and other intangible assets.

Geographical information

(a) Revenue from external customers

	2024 RMB'000	2023 RMB'000
PRC	**6,319,756**	5,653,017
America	**1,109,835**	1,024,268
Africa	**684,622**	285,467
Asia, except for the PRC	**570,061**	238,287
Europe	**29,923**	51,233
Others	**2,344**	—
Total revenue	**8,716,541**	7,252,272

The revenue information above is based on the locations of the customers.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information (Continued)

(b) Non-current assets

	2024 RMB'000	2023 RMB'000
PRC	**3,009,496**	2,785,426
America	**214,933**	166,613
Asia, except for the PRC	**133,447**	75,346
Africa	**1,441**	1,143
Europe	**53,798**	851
Others	**3,115**	—
Total non-current assets	**3,416,230**	3,029,379

The non-current asset information above excludes financial assets and deferred tax assets.

Information about a major customer

Revenue derived from sales of smart power meters to a customer which contributed over 10% of the consolidated revenue:

	2024 RMB'000	2023 RMB'000
Derived from the sales by the power advanced metering infrastructure segment:		
Customer A	**N/A***	777,174

* Revenue from the customer did not exceed 10% of total revenue in 2024.

5. REVENUE, OTHER INCOME, GAINS AND LOSSES, NET

An analysis of revenue is as follows:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers	**8,716,541**	7,252,272

5. REVENUE, OTHER INCOME, GAINS AND LOSSES, NET (CONTINUED)

Revenue from contracts with customers

Disaggregated revenue information

Year ended 31 December 2024

Segments	Power advanced metering infrastructure RMB'000	Communication and fluid advanced metering infrastructure RMB'000	Advanced distribution operations RMB'000	Total RMB'000
Types of goods or services				
Sales of smart power meters	3,198,759	—	—	3,198,759
Sales of communication terminals and water, gas and heat metering products	—	2,614,796	—	2,614,796
Sales of smart power distribution devices	—	—	2,834,047	2,834,047
System solution services	—	—	68,939	68,939
Total	3,198,759	2,614,796	2,902,986	8,716,541
Geographic markets				
PRC	1,559,803	2,194,162	2,565,791	6,319,756
America	1,091,620	—	18,215	1,109,835
Africa	432,501	251,683	438	684,622
Asia, except for the PRC	102,606	160,239	307,216	570,061
Europe	12,229	8,712	8,982	29,923
Others	—	—	2,344	2,344
Total	3,198,759	2,614,796	2,902,986	8,716,541
Timing of revenue recognition				
Goods transferred at a point in time	3,198,759	2,614,796	2,834,047	8,647,602
Services rendered over time	—	—	68,939	68,939
Total	3,198,759	2,614,796	2,902,986	8,716,541

5. REVENUE, OTHER INCOME, GAINS AND LOSSES, NET (CONTINUED)

Revenue from contracts with customers (continued)

Disaggregated revenue information (continued)

Year ended 31 December 2023

Segments	Power advanced metering infrastructure RMB'000	Communication and fluid advanced metering infrastructure RMB'000	Advanced distribution operations RMB'000	Total RMB'000
Types of goods or services				
Sales of smart power meters	2,650,357	—	—	2,650,357
Sales of communication terminals and water, gas and heat metering products	—	2,116,982	—	2,116,982
Sales of smart power distribution devices	—	—	2,351,537	2,351,537
System solution services	—	—	133,396	133,396
Total	2,650,357	2,116,982	2,484,933	7,252,272
Geographic markets				
PRC	1,314,688	1,890,104	2,448,225	5,653,017
America	996,492	—	27,776	1,024,268
Africa	210,176	73,640	1,651	285,467
Asia, except for the PRC	100,487	130,519	7,281	238,287
Europe	28,514	22,719	—	51,233
Total	2,650,357	2,116,982	2,484,933	7,252,272
Timing of revenue recognition				
Goods transferred at a point in time	2,650,357	2,116,982	2,351,537	7,118,876
Services rendered over time	—	—	133,396	133,396
Total	2,650,357	2,116,982	2,484,933	7,252,272

5. REVENUE, OTHER INCOME, GAINS AND LOSSES, NET (CONTINUED)

Revenue from contracts with customers (continued)

Disaggregated revenue information (continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2024 **RMB'000**	2023 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of smart power meters	**67,017**	72,409
Sales of communication terminals and water, gas and heat metering products	**35,724**	41,687
Sales of smart power distribution devices	**54,023**	61,313
Total	**156,764**	175,409

The Group sells smart power meters, communication terminals and water, gas and heat metering products and smart power distribution devices directly to customers.

The revenue from the sale of the above said products is generally recognised when customer acceptance has been obtained, which is the point of time when the customer has the ability to direct the use of the products and obtain substantially all of the remaining benefits of the products.

Upon the signing of a sales contract, a deposit from the customer amounting to approximately 10% of the invoiced amount may be requested. Upon shipment and acceptance of products by the customers, the invoiced amount will be settled by the customer by instalments. There are no specific credit terms granted to customers, but the Group allows credit periods ranging from 90 days to 365 days to its customers. 10% of the invoiced amount is withheld by customers and will be released to the Group upon the satisfaction of a one to two years' retention period. During the retention period, the Group will provide assurance-type repair and maintenances and other related services.

On the receipt of a deposit, a contract liability is recognised. On the shipment and acceptance of a product by the customer, the Group recognises the sales and a receivable and a contract asset (for the withheld portion) are recognised. Upon the completion of the retention period, the contract asset will be transferred to trade receivables.

The directors of the Company assessed the existence of a significant financing component and considered that the amount is insignificant at contract level.

The Group provides system solution services to customers on a project basis including developing and installing the systems and products at the customer's premises. As the Group's products cannot function without installation and the installation cannot be completed by the customers or other entities, the Group's promise to install the products is highly interrelated with the Group's promise to deliver the products. Therefore, the Group recognises the promise to deliver and install the products as one single performance obligation. Revenue from system solution services is recognised over time for each stage specified in the service contract.

5. REVENUE, OTHER INCOME, GAINS AND LOSSES, NET (CONTINUED)

Transaction price allocated to the remaining performance obligation for contracts with customers

The Group's contracts with customers are typically completed within one year. The Group elected to apply the practical expedient as the remaining performance obligation is part of a contract that has an original expected duration of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

	2024 RMB'000	2023 RMB'000
Other income		
Bank interest income	**45,005**	40,895
Interest income from structured deposits	**14,658**	7,686
Interest income from loan receivables	**6,011**	7,942
Interest income from consideration receivable for disposal of a subsidiary	**2,919**	4,131
Interest income from other receivables	**4,459**	—
Interest income from financial assets at FVTPL	**20,715**	7,465
Dividend income from equity investments designated at FVTOCI	**460**	3,955
Refund of value-added tax*	**70,406**	68,504
Government grants#	**37,997**	35,348
Additional deduction of value-added tax	**27,967**	16,772
Gross rental income	**4,593**	2,395
Sales of scrap materials	**1,264**	6,881
Others	**5,278**	6,540
Total other income	**241,732**	208,514
Gains and losses, net		
Foreign exchange gains/(losses), net	**414**	(3,523)
Gain/(loss) on disposal of items of property, plant and equipment	**551**	(5,271)
Fair value loss on financial instruments at FVTPL	**(6,505)**	(34,717)
Customer penalty paid for delay of product delivery	**(3,250)**	(22,519)
Total gains and losses, net	**(8,790)**	(66,030)
Total other income, gains and losses, net	**232,942**	142,484

* Pursuant to the relevant regulations in the PRC, certain subsidiaries of the Group operating in the PRC are entitled to refunds of a certain percentage of value-added tax ("VAT") on the sale of specified high technology products. The amount represents such VAT refund which is approved by the relevant tax authorities.

Government grants mainly comprise financial subsidies from the PRC government for the immediate rewards of the Group's contribution to the relevant research and development projects and the continuous technological advancements of the Group in its products. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT BEFORE TAX

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

	Notes	2024 RMB'000	2023 RMB'000
Cost of inventories sold**		**5,576,449**	4,526,902
Cost of service rendered**		**77,021**	100,984
Depreciation of property, plant and equipment	13	**128,163**	105,373
Depreciation of investment properties	14	**342**	342
Depreciation of right-of-use assets	15(a)	**15,528**	14,759
Amortisation of other intangible assets (excluding the deferred expenditure amortised)*	17	**20,724**	16,098
Lease payments not included in the measurement of lease liabilities	15(c)	**23,047**	19,139
Research and development costs:			
Research and development expenses		**695,722**	640,012
Less: Capitalised development costs		**(116,318)**	(98,877)
		579,404	541,135
Amortisation of capitalised development costs	17	**151,000**	140,240
Total		**730,404**	681,375
Auditor's remuneration		**4,927**	4,247
Employee benefit expense (including directors' and chief executive's remuneration (note 8))			
Wages and salaries		**993,061**	756,115
Equity-settled share award expenses		**36,082**	7,396
Pension scheme contributions***		**95,407**	83,014
Total		**1,124,550**	846,525
Provision/(reversal of provision) of impairment losses, net:			
Trade receivables		**110,093**	75,007
Contract assets		**(697)**	(1,694)
Other receivables		**(10,000)**	204
Total		**99,396**	73,517
Fair value losses/(gains), net:			
Derivative instruments — transactions not qualifying as hedges		**4,853**	34,866
Financial assets at FVTPL		**1,652**	(149)
		6,505	34,717
(Gain)/loss on disposal of items of property, plant and equipment		**(551)**	5,271
Write-down of inventories to net realisable value**		**27,933**	43,635
Foreign exchange (gains)/losses, net	5	**(414)**	3,523

6. PROFIT BEFORE TAX (CONTINUED)

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

** Included in “Cost of inventories sold” in profit or loss.

*** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 RMB’000	2023 RMB’000
Interest on bank loans	**124,850**	130,994
Interest on lease liabilities	**678**	536
Total	**125,528**	131,530

8. DIRECTORS’ AND CHIEF EXECUTIVE’S REMUNERATION

Directors’ and chief executive’s remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) , section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 RMB’000	2023 RMB’000
Fees	**574**	567
Other emoluments:		
Salaries, allowances and benefits in kind	**6,272**	5,693
Pension scheme contributions	**184**	150
Equity-settled share award expenses	**1,616**	—
Total	**8,646**	6,410

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

A director was granted share awards of the Company, in respect of their services to the Company, under the Share Award Scheme of the Company, further details of which are set out in note 35 to the financial statements. Certain directors were granted restricted share awards of a listed subsidiary, in respect of their services to the listed subsidiary, under the restricted share award scheme of the subsidiary, further details of which are set out in note 35 to the financial statements. The fair value of such restricted share awards, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

No share option was granted to directors during the years ended 31 December 2024 and 2023.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2024	2023
	RMB'000	RMB'000
Mr. Luan Wenpeng	**109**	108
Mr. Chan Cheong Tat	**356**	351
Mr. Wang Yaonan	**109**	108
Total	**574**	567

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive directors and chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Equity settled share award expenses RMB'000	Total remuneration RMB'000
2024					
Executive director and chief executive:					
Mr. Kat Chit	—	1,641	—	—	1,641
Executive directors:					
Mr. Ji Wei	—	547	—	—	547
Ms. Zheng Xiao Ping	—	572	—	—	572
Mr. Tian Zhongping	—	1,003	66	1,229	2,298
Ms. Li Hong	—	1,585	82	387	2,054
Non-executive director:					
Ms. Cao Zhao Hui	—	924	36	—	960
Total	—	6,272	184	1,616	8,072

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Equity settled share award expenses RMB'000	Total remuneration RMB'000
2023					
Executive director and chief executive:					
Mr. Kat Chit	—	1,621	—	—	1,621
Executive directors:					
Mr. Ji Wei	—	540	16	—	556
Ms. Zheng Xiao Ping	—	568	—	—	568
Mr. Tian Zhongping	—	655	24	—	679
Ms. Li Hong	—	1,505	77	—	1,582
Non-executive director:					
Ms. Cao Zhao Hui	—	804	33	—	837
Total	—	5,693	150	—	5,843

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group included four (2023: four) directors of the Company. Details of the remuneration for the year of the remaining one (2023: one) highest paid employee who is a non-director of the Company are as follows:

	2024 **RMB'000**	2023 RMB'000
Salaries, allowances and benefits in kind	**1,613**	1,550
Pension scheme contributions	**16**	16
Equity-settled share award expenses	**205**	121
Total	**1,834**	1,687

The remuneration of the non-director highest paid employee fell within the following band:

	Number of employees	
	2024	2023
HK$1,500,001 to HK$2,000,000	**1**	1

No share options were granted to the non-director and non-chief executive highest paid employee in respect of his services to the Group during the years ended 31 December 2024 and 2023.

Under the share award scheme of the Company, 50,000 (2023: 50,000) shares were distributed to the non-director and non-chief executive highest paid employee in respect of his services to the Group during the year ended 31 December 2024.

During both years, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

10. 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 each of the years ended 31 December 2024 and 2023.

Tax on profits assessable in the PRC has been calculated at the applicable PRC corporate income tax ("CIT") rate of 25% (2023: 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 three consecutive years from years 2021 to 2024, years 2022 to 2025 or years 2023 to 2026.

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

Macau Complementary Tax has been provided at the rate of 12% (2023: 12%) on the assessable profits arising in Macau 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.

	2024 **RMB'000**	2023 RMB'000
Current		
Charge for the year	**191,743**	122,956
Underprovision/(overprovision) in prior years	**4,675**	(1,529)
	196,418	121,427
Deferred tax (note 33)	**(18,992)**	(21,288)
Total tax charge for the year	**177,426**	100,139

10. INCOME TAX (CONTINUED)

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions where the operations of the Group are substantially based to the tax expense at the effective tax rate is as follows:

	2024 RMB'000	2023 RMB'000
Profit before tax	**1,207,588**	860,732
Tax at the statutory tax rate at 25%	**301,897**	215,184
Expenses not deductible for tax	**51,058**	66,955
Income not subject to tax	**(5,874)**	(3,132)
Lower tax rate enacted by local authority	**(15,698)**	(18,794)
Tax concessions/exemption granted to PRC and Macau subsidiaries	**(119,140)**	(88,137)
Additional tax deduction on research and development expenses of PRC subsidiaries	**(79,401)**	(81,801)
Tax losses not recognised	**25,396**	10,892
Tax losses utilised from previous periods	**(1,887)**	(4,571)
Adjustments in respect of current tax of previous periods	**4,675**	(1,529)
Profits attributable to an associate	**(69)**	(189)
Withholding tax on the PRC subsidiary's dividend income	**16,469**	5,261
Tax charge	**177,426**	100,139

The share of tax attributable to an associate amounting to RMB25,000 (2023: RMB229,000) is included in "Share of profits of an associate" in the profit or loss.

11. DIVIDENDS

	2024 RMB'000	2023 RMB'000
Final — HK28 cents per ordinary share for 2023 (2023: HK23 cents per ordinary share for 2022)	**254,252**	206,262

A final dividend of HK38 cents (2023: HK28 cents) per share amounting to approximately HK$378,434,000 (equivalent to RMB352,171,000) (2023: HK$278,846,000 (equivalent to RMB254,252,000)) in respect of the year ended 31 December 2024 has been proposed by the directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares, excluding a pool of shares maintained by a trustee as disclosed in note 35 to the financial statements, of 988,217,324 (2023: 988,628,251) outstanding during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year 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. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (CONTINUED)

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 because the exercise price of the share options granted to employees and consultants as disclosed in note 35 to the financial statements was higher than the average market price of the Company's shares during the year.

	2024 **RMB'000**	2023 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**705,612**	521,233
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	**(585)**	—
Profit attributable to owners of the parent, used in the diluted earnings per share calculation	**705,027**	521,233

	2024 **Number of shares**	2023 Number of shares
Share		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	**988,217,324**	988,628,251
Effect of dilutive potential ordinary shares arising from share awarded	**1,915,443**	—
Weighted average number of ordinary shares outstanding during the year used in the diluted earnings per share calculation	**900,132,767**	988,628,251

13. PROPERTY, PLANT AND EQUIPMENT

	Owned buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024							
At 1 January 2024:							
Cost	1,560,602	95,099	633,257	121,434	36,115	251,479	2,697,986
Accumulated depreciation	(254,965)	(56,977)	(314,048)	(92,677)	(21,140)	—	(739,807)
Net carrying amount	1,305,637	38,122	319,209	28,757	14,975	251,479	1,958,179
At 31 December 2023 and 1 January 2024, net of accumulated depreciation	1,305,637	38,122	319,209	28,757	14,975	251,479	1,958,179
Additions	167,100	29,866	84,089	13,825	1,295	75,406	371,581
Transfer	173,247	—	20,203	2,732	40	(196,222)	—
Transfer from investment properties (note 14)	10,217	—	—	—	—	—	10,217
Disposals/write-off	(1,794)	—	(5,606)	(1,227)	(13)	—	(8,640)
Depreciation provided during the year	(32,135)	(25,916)	(53,818)	(13,083)	(3,211)	—	(128,163)
Exchange realignment	(17,125)	(791)	(12,571)	(866)	(20)	(4,218)	(35,591)
At 31 December 2024, net of accumulated depreciation	1,605,147	41,281	351,506	30,138	13,066	126,445	2,167,583
At 31 December 2024:							
Cost	1,894,603	122,420	703,667	134,190	37,180	126,445	3,018,505
Accumulated depreciation	(289,456)	(81,139)	(352,161)	(104,052)	(24,114)	—	(850,922)
Net carrying amount	1,605,147	41,281	351,506	30,138	13,066	126,445	2,167,583

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Owned buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2023							
At 1 January 2023:							
Cost	1,308,832	81,323	529,495	117,661	35,847	200,094	2,273,252
Accumulated depreciation	(229,621)	(42,924)	(275,423)	(89,734)	(19,981)	—	(657,683)
Net carrying amount	1,079,211	38,399	254,072	27,927	15,866	200,094	1,615,569
At 31 December 2022 and 1 January 2023, net of accumulated depreciation	1,079,211	38,399	254,072	27,927	15,866	200,094	1,615,569
Additions	118,033	12,375	118,943	12,476	1,574	182,892	446,293
Acquisition of a subsidiary (note 37)	—	—	1,138	55	—	—	1,193
Transfer	131,928	608	—	174	—	(132,710)	—
Transfer to investment properties (note 14)	(991)	—	—	—	—	—	(991)
Disposals/write-off	(2,657)	—	(8,326)	(717)	(37)	—	(11,737)
Depreciation provided during the year	(25,097)	(14,083)	(51,851)	(11,922)	(2,420)	—	(105,373)
Exchange realignment	5,210	823	5,233	764	(8)	1,203	13,225
At 31 December 2023, net of accumulated depreciation	1,305,637	38,122	319,209	28,757	14,975	251,479	1,958,179
At 31 December 2023:							
Cost	1,560,602	95,099	633,257	121,434	36,115	251,479	2,697,986
Accumulated depreciation	(254,965)	(56,977)	(314,048)	(92,677)	(21,140)	—	(739,807)
Net carrying amount	1,305,637	38,122	319,209	28,757	14,975	251,479	1,958,179

At 31 December 2024, the Group's owned buildings with a carrying amount of RMB569,999,000 (2023: RMB538,477,000) were pledged as security for the Group's bank loans, as further detailed in note 32 to the financial statements.

14. INVESTMENT PROPERTIES

	2024 RMB'000	2023 RMB'000
At 1 January:		
Cost	**18,976**	17,985
Accumulated depreciation	**(3,957)**	(3,615)
Net carrying amount	**15,019**	14,370
At 1 January	**15,019**	14,370
Transfer (to)/from property, plant and equipment (note 13)	**(10,217)**	991
Depreciation provided during the year	**(342)**	(342)
At 31 December, net of accumulated depreciation	**4,460**	15,019
At 31 December:		
Cost	**5,923**	18,976
Accumulated depreciation	**(1,463)**	(3,957)
Net carrying amount	**4,460**	15,019

The Group's investment properties consist of 1 (2023: 3) commercial spaces in the PRC. The directors of the Company determined that the Group's investment properties consist of different classes of assets based on the nature, characteristics and risks of each property. The fair value of the Group's investment properties at 31 December 2024 was RMB6,444,000 (2023: RMB23,788,000), based on valuations performed by Hunan Pengcheng Asset Real Estate Appraisal Co., Ltd., independent professionally qualified valuers.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 15 to the financial statements.

14. INVESTMENT PROPERTIES (CONTINUED)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2024 using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Recurring fair value measurement for:				
Investment properties	**—**	**—**	**6,444**	**6,444**

	Fair value measurement as at 31 December 2023 using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for:				
Investment properties	—	—	23,788	23,788

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2023: Nil).

Set out below is a summary of the valuation technique used and the key input to the valuation of investment properties:

	Valuation technique	**Significant unobservable input**	**Range or weighted average**	
			2024	2023
Investment properties	Direct comparison approach	Prevailing market price (per sq. m.)	**RMB4,897**	RMB3,950 to RMB4,905

Direct comparison approach

The fair value of investment properties is generally derived using the direct comparison method.

The valuation was arrived at by adopting the direct comparison approach with reference to the recent transactions of similar properties under the prevailing property market conditions. A significant increase (decrease) in the prevailing market price in isolation would result in a significant increase (decrease) in the fair value of the investment properties.

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of properties used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of properties generally have lease terms between 1 year and 11 years (2023: 1 year and 12 years). Other equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside of the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land RMB'000	**Leased properties** RMB'000	**Total** RMB'000
As at 1 January 2023	178,286	13,341	191,627
Additions	—	6,393	6,393
Depreciation provided for the year	(3,109)	(11,650)	(14,759)
Exchange realignment	—	577	577
As at 31 December 2023 and 1 January 2024	**175,177**	**8,661**	**183,838**
Additions	**—**	**37,132**	**37,132**
Depreciation provided for the year	**(4,942)**	**(10,586)**	**(15,528)**
Exchange realignment	**(1,347)**	**(286)**	**(1,633)**
As at 31 December 2024	**168,888**	**34,921**	**203,809**

At 31 December 2024, the Group's leasehold land with a carrying amount of RMB43,086,000 (2023: RMB39,854,000) were pledged as security for the Group's bank facilities, as further detailed in note 32 to the financial statements.

15. LEASES (CONTINUED)

The Group as a lessee (Continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January	**9,016**	13,826
New leases	**37,132**	6,393
Accretion of interest recognised during the year	**678**	536
Payments	**(11,160)**	(12,202)
Exchange realignment	**(430)**	463
Carrying amount at 31 December	**35,236**	9,016

	2024 RMB'000	2023 RMB'000
Analysed into:		
Current portion	**15,721**	5,221
Non-current portion	**19,515**	3,795
Carrying amount at 31 December	**35,236**	9,016

The maturity analysis of lease liabilities is disclosed in note 44 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	**678**	536
Depreciation charge of right-of-use assets	**15,528**	14,759
Expense relating to short-term leases (included in administrative expense)	**23,047**	19,139
Total amount recognised in profit or loss	**39,253**	34,434

(d) The total cash outflow for leases is disclosed in note 38(b) to the financial statements.

15. LEASES (CONTINUED)

The Group as a lesser

The Group leases its investment properties (note 14) consisting of 1 (2023: 3) commercial spaces in the PRC under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits. Rental income recognised by the Group during the year was RMB4,593,000 (2023: RMB2,395,000), details of which are included in note 5 to the financial statements.

At the end of the reporting period, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2024 **RMB'000**	2023 RMB'000
Within one year	**—**	600

16. GOODWILL

	2024 **RMB'000**	2023 RMB'000
At 1 January and 31 December:		
Cost	**345,989**	345,989
Accumulated impairment	**(15,353)**	(15,353)
Net carrying amount	**330,636**	330,636

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units ("CGU") for impairment testing:

- Power advanced metering infrastructure CGU;
- Communication and fluid advanced metering infrastructure CGU; and
- Advanced distribution operations CGU

16. GOODWILL (CONTINUED)

Impairment testing of goodwill (Continued)

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	2024 RMB'000	2023 RMB'000
Power advanced metering infrastructure CGU	**217,601**	217,601
Communication and fluid advanced metering infrastructure CGU	**53,495**	53,495
Advanced distribution operations CGU	**59,540**	59,540
Total	**330,636**	330,636

The basis of the value-in-use calculations of the above CGUs or group of CGUs containing goodwill and their major underlying assumptions are summarised below:

	Power advanced metering infrastructure CGU	Communication and fluid advanced metering infrastructure CGU	Advanced distribution operations CGU
Terminal growth rates			
2024	2.0%	2.0%	2.0%
2023	2.0%	2.0%	2.0%
Pre-tax discount rates			
2024	12.3%	12.8%	11.8%
2023	15.6%	14.6%	13.1%

16. GOODWILL (CONTINUED)

Impairment testing of goodwill (Continued)

Assumptions were used in the cash flow projections of the CGUs for 31 December 2024 and 2023. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins — The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rates — The discount rates used are before tax and reflect specific risks relating to the relevant units.

Growth rates — The growth rates are determined with reference to the growth rate for the relevant units, adjusted for relevant businesses and market development, and economic conditions.

The values assigned to the key assumptions on market development of the respective industries, budgeted gross margins, discount rates and growth rates are consistent with external information sources.

17. OTHER INTANGIBLE ASSETS

	Development costs* RMB'000	Patents, copyrights, trademarks, and software systems RMB'000	Technology know-how RMB'000	Customer relationship and contracts RMB'000	Total RMB'000
31 December 2024					
At 1 January 2024:					
Cost	**1,608,571**	**152,823**	**126,025**	**64,818**	**1,952,237**
Accumulated amortisation	**(1,156,887)**	**(99,130)**	**(109,498)**	**(62,896)**	**(1,428,411)**
Net carrying amount	**451,684**	**53,693**	**16,527**	**1,922**	**523,826**
Cost at 1 January 2024, net of accumulated amortisation	**451,684**	**53,693**	**16,527**	**1,922**	**523,826**
Additions	**116,318**	**43,172**	**—**	**—**	**159,490**
Exchange realignment	**—**	**(14)**	**—**	**—**	**(14)**
Amortisation provided during the year	**(151,000)**	**(13,393)**	**(6,546)**	**(785)**	**(171,724)**
Net carrying amount	**417,002**	**83,458**	**9,981**	**1,137**	**511,578**
At 31 December 2024:					
Cost	**1,724,889**	**195,979**	**126,025**	**64,818**	**2,111,711**
Accumulated amortisation	**(1,307,887)**	**(112,521)**	**(116,044)**	**(63,681)**	**(1,600,133)**
Net carrying amount	**417,002**	**83,458**	**9,981**	**1,137**	**511,578**
31 December 2023					
At 1 January 2023:					
Cost	1,509,694	118,018	126,025	64,818	1,818,555
Accumulated amortisation	(1,016,647)	(91,899)	(102,952)	(60,574)	(1,272,072)
Net carrying amount	493,047	26,119	23,073	4,244	546,483
Cost at 1 January 2023, net of accumulated amortisation	493,047	26,119	23,073	4,244	546,483
Additions	98,877	19,416	—	—	118,293
Acquisition of a subsidiary (note 37)	—	15,388	—	—	15,388
Amortisation provided during the year	(140,240)	(7,230)	(6,546)	(2,322)	(156,338)
Net carrying amount	451,684	53,693	16,527	1,922	523,826
At 31 December 2023:					
Cost	1,608,571	152,823	126,025	64,818	1,952,237
Accumulated amortisation	(1,156,887)	(99,130)	(109,498)	(62,896)	(1,428,411)
Net carrying amount	451,684	53,693	16,527	1,922	523,826

* Development costs represent expenses capitalised during the development phase of internal projects for the development of new technology and new products expected to generate future economic benefits through transfer of goods to customers.

18. INVESTMENT IN A JOINT VENTURE

	2024 RMB'000	2023 RMB'000
Cost of investment	**24,000**	24,000
Cumulative share of post-acquisition losses and other comprehensive expenses	**(24,000)**	(24,000)
Total	**—**	—

Particulars of the Group's joint venture are as follows:

Name	Particular of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Smart Metering Solution (Changsha) Co., Ltd. ("Smart Metering")	Ordinary shares	The PRC/ Mainland China	51	Research, development, manufacturing, and selling meter products, meter data management systems, smart meter solution systems and the provision of related consulting services

The Group's shareholding in the joint venture is held through a wholly-owned subsidiary of the Company.

According to the Memorandum of Association of Smart Metering, unanimous consent from all directors is required for major business operating and financing decisions. The directors of the Company consider that no control is obtained and the investment in Smart Metering was classified as an investment in a joint venture.

The investment in a joint venture is accounted for using the equity method in these consolidated financial statements.

The Group has discontinued the recognition of its share of losses of the joint venture because the share of losses of the joint venture exceeded the Group's interest in the joint venture and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised share of profit of this joint venture for the current year and unrecognised share of losses cumulatively were RMB3,411,000 (2023: RMB3,555,000) and RMB2,996,000 (2023: RMB6,407,000), respectively.

19. INVESTMENT IN AN ASSOCIATE

	2024 RMB'000	2023 RMB'000
Cost of investment	**5,160**	5,160
Gain on bargain purchase	**3,123**	3,123
	8,283	8,283
Share of post-acquisition profits	**1,143**	868
	9,426	9,151

Particulars of the Group's associate are as follows:

Name	Particular of issued shares held	Place of registration and business	Effective interest attributable to the Group	Principal activity
Xiang Tan Wei Tai Photovoltaic Power Generation Co., Ltd. ("Wei Tai")	Ordinary shares	The PRC/Mainland China	20.4%	Manufacture of solar power plants

The Group's shareholding in Wei Tai is held through a non-wholly-owned subsidiary of the Group, and the percentage of the Company's voting power held and profit sharing entitlement in relation to Wei Tai is approximately 30%.

The following table illustrates the aggregate financial information of the Group's associate that is not individually material:

	2024 RMB'000	2023 RMB'000
Share of the associate's profit for the year	**275**	756
Share of the associate's total comprehensive income	**275**	756
Carrying amount of the Group's investment in the associate	**9,426**	9,151

20. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Notes	2024 RMB'000	2023 RMB'000
Equity investments designated at FVTOCI			
Equity investments listed in Hong Kong, at fair value		**21,294**	12,816
Equity investments listed in the PRC, at fair value		**459**	663
Unlisted equity investment — A, at fair value	(i)	**41,876**	37,341
Unlisted equity investment — B, at fair value	(ii)	**8,773**	6,371
Unlisted equity investment — C, at fair value	(iii)	**9,820**	8,580
Total		**82,222**	65,771

Notes:

(i) The unlisted equity investment A is 17.42% of equity interest in a private company established in the PRC, which is mainly engaged in the development and manufacture of smart meters and new technology utility products.

(ii) The unlisted equity investment B is 3.00% of equity interest in a private company established in the PRC, which is mainly engaged in the development of solar energy plants.

(iii) The unlisted equity investment C is 7.88% of equity interest in a private company established in the PRC, which is mainly engaged in the provision of solutions for waste lead and lithium batteries and new energy recycling materials in the fields of new materials and energy.

The above equity investments were irrevocably designated as investments at FVTOCI as the Group considers these investments to be strategic in nature.

During the year ended 31 December 2024, the Group received dividends in the amount of RMB460,000 (2023: RMB3,955,000) from certain of its equity investments.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	2024 RMB'000	2023 RMB'000
Unlisted investments in a trust fund, at fair value	(i)	**200,000**	200,000
Unlisted preference shares, at fair value	(ii)	**8,076**	10,032
Unlisted fund investments, at fair value	(iii)	**24,421**	16,117
		232,497	226,149
Less: Current portion		**—**	(200,000)
Total		**232,497**	26,149

They are mandatorily classified as financial assets at FVTPL as their contractual cash flows are not solely payments of principal and interest.

Notes:

(i) Amounts represent investments in trust funds made by the Group through a financial institution. The trust funds invest in ranges of debt instrument products which are generally government bonds and corporate loans. The trust fund investments of RMB200,000,000 will expire in April 2027, and the balance is classified as non-current assets as at 31 December 2024.

(ii) Amounts represent preference shares issued by a private entity in PRC, and the Group has preferential right to subscribe any future shares allotted to maintain its shareholding percentage or dispose of the shares at the same proportion as that of the other shareholders if any of such shareholders propose to dispose of its shares.

(iii) On 25 November 2022, the Group invested in a private limited partnership ("private fund") in the PRC. Pursuant to the agreement, the Group committed to an aggregate investment of RMB80,000,000. As at 31 December 2023, the aggregate cash consideration paid by the Group amounted to RMB16,000,000, which represented 19.14% of the private fund. On 22 October 2024, the Group further invested in the private fund with cash consideration of RMB8,000,000, and thus, as at 31 December 2024, the Group had paid a total of RMB24,000,000 as investment costs, which represented 19.03% of the private fund, with accumulated fair value gains of RMB421,000.

22. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	**324,995**	261,096
Work in progress	**322,700**	305,683
Finished goods	**616,398**	639,140
Total	**1,264,093**	1,205,919

23. TRADE AND BILLS RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	**6,052,550**	4,644,367
Bills receivable	**179,869**	251,701
	6,232,419	4,896,068
Less: Impairment loss on trade receivables	**(411,403)**	(345,841)
Net carrying amount	**5,821,016**	4,550,227

Due to the nature of the Group's business, the settlement terms of trade receivables are based on the achievement of certain milestones of each sales transaction. There were no specific 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 is an amount due from the Group's joint venture of RMB30,299,000 (2023: RMB48,009,000), which is 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:

	2024 RMB'000	2023 RMB'000
0–90 days	**2,827,374**	1,892,469
91–180 days	**1,284,054**	1,084,690
181–365 days	**1,097,616**	877,920
1–2 years	**483,380**	482,165
Over 2 years	**128,592**	212,983
Total	**5,821,016**	4,550,227

Details related to ECLs are set out in note 44 to the financial statements.

24. CONTRACT ASSETS

	2024 RMB'000	2023 RMB'000
Contract assets	**391,339**	408,494
Less: Impairment loss on contract assets	**(2,844)**	(3,541)
Net carrying amount	**388,495**	404,953

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 actual completion, the expiry of the defect liability period or a pre-agreed time period.

Included in the Group's contract assets was an amount due from the Group's joint venture of RMB9,458,000 as at 31 December 2023, which was repayable on credit terms similar to those offered to the major customers of the Group.

Details related to ECLs are set out in note 44 to the financial statements.

25. LOAN RECEIVABLES

	2024 RMB'000	2023 RMB'000
Loan receivables	**85,000**	85,000

The amounts represent loans advanced by the Group to independent third parties under entrusted loan contracts. These loans carry fixed interest at 6% (2023: 6%) per annum and the amounts are repayable in August 2025.

As at 31 December 2024, the Group's loan receivables amounting to RMB85,000,000 (2023: RMB85,000,000) were guaranteed by an independent third party and secured by a property.

Management has performed credit risk assessment by performing a background search on the borrowers. Details related to ECLs are set out in note 44 to the financial statements.

26. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Notes	2024 RMB'000	2023 RMB'000
Life insurance products	(i)	**68,097**	64,759
Prepayment for purchase of property, plant and equipment		**188,738**	—
Prepayment for acquisition of intangible asset		**—**	8,730
Non-current portion		**256,835**	73,489
Purchase prepayments	(ii)	**369,823**	299,420
Bidding deposits		**20,464**	30,083
Advance to staff	(iii)	**97,173**	10,836
Other prepayments		**16,060**	23,853
Other receivables		**79,673**	52,359
Consideration receivable for disposal of subsidiaries	(iv)	**—**	71,039
Consideration receivable for disposal of unlisted equity instruments	(v)	**—**	21,820
Loan receivable from a joint venture	(vi)	**13,770**	17,850
VAT recoverable		**263,652**	275,346
Current portion		**860,615**	802,606
Total		**1,117,450**	876,095

Notes:

(i) In prior years, the Company entered into three life insurance policies with an insurance company to insure three executive directors. Under these policies, the beneficiary and policy holder are the Company. The Company is required to pay an upfront payment for each policy. The Company may request a partial surrender or full surrender of the policy at any time and receive cash back based on the value of the policy at the date of withdrawal, which is determined by the gross premium paid at inception plus accumulated guaranteed interest earned and minus insurance premium charged. If such withdrawal is made at any time during the first to the fifteenth or eighteenth policy years, as appropriate, a pre-determined specified surrender charge would be imposed on the Company. The carrying value of the life insurance products represented the cash surrender value of the insurance contracts.

Particulars of the policies are as follows:

Policy	Insured sum	Upfront payment	Guaranteed interest rates	
			First year	Second year and onwards
Policy A	US$7,557,000	US$3,421,000	4.25% per annum	3% per annum
Policy B	US$10,000,000	US$1,771,000	4% per annum	2% per annum
Policy C	US$13,741,418	US$3,229,513	4.25% per annum	2% per annum

26. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (CONTINUED)

Notes: (Continued)

(ii) During the year ended 31 December 2024, the Group entered into purchase contracts with certain suppliers in order to secure material supply. The purchase prepayments will be utilised within one year from the end of the reporting period.

(iii) The amounts represent loans provided to staff by the Group. They are unsecured, non-guaranteed and repayable on demand, of which amount of RMB90,393,000 carries a fixed interest rate at 3.4% per annum and the remaining amount of RMB6,780,000 is interest-free.

(iv) The balance was unsecured, non-guaranteed, carrying fixed interest at 4.35% per annum and was settled in full in August 2024.

(v) The balance was unsecured, non-guaranteed, carrying fixed interest at 4.35% per annum and was settled in full in December 2024.

(vi) The amount represents an unsecured, non-guaranteed short-term loan to a joint venture which carries a fixed interest at 4.35% per annum and repayable in August 2025.

Details related to ECLs are set out in note 44 to the financial statements.

27. STRUCTURED DEPOSITS

Structured deposits were stated at fair value and represented several deposits placed with banks. The structured deposits were mandatorily classified as financial assets at fair value through profit or loss. As at 31 December 2024, the Group had investment in structured deposits of RMB50,000,000 (2023: RMB120,000,000) and total interest income of approximately RMB14,658,000 (2023: RMB7,686,000) was recognised by the Group during the year.

The fair value was based on the market values provided by financial institutions at the end of the reporting period.

28. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

	Note	**2024** **RMB'000**	2023 RMB'000
Cash and bank balances		**2,939,847**	2,765,792
Time deposits		**365,000**	440,000
Subtotal		**3,304,847**	3,205,792
Less: Pledged for bank facilities	32(b)	**(514,547)**	(560,896)
Total		**2,790,300**	2,644,896

28. CASH AND BANK BALANCES AND PLEDGED DEPOSITS (CONTINUED)

At the end of the reporting period, the cash and bank balances and pledged deposits of the Group denominated in RMB amounted to RMB2,998,355,000 (2023: RMB2,861,857,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits were made for varying periods of between one day and a year depending on the immediate cash requirements of the Group, and earned interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

29. TRADE AND BILLS PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables	**3,403,289**	2,354,548
Bills payable	**1,678,383**	1,583,995
Total	**5,081,672**	3,938,543

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:

	2024 RMB'000	2023 RMB'000
0–90 days	**3,052,922**	2,268,112
91–180 days	**1,380,301**	1,266,595
181–365 days	**442,954**	294,702
Over 1 year	**205,495**	109,134
Total	**5,081,672**	3,938,543

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 is an amount due to the Group's joint venture of RMB5,684,000 (2023: RMB7,135,000) which is repayable on credit terms similar to those offered by the major suppliers of the Group.

30. OTHER PAYABLES AND ACCRUALS

	Notes	2024 RMB'000	2023 RMB'000
Accruals		**153,042**	143,565
Deferred income	(a)	**43,720**	42,380
Other payables	(b)	**103,881**	110,422
Restricted stock repurchase obligation		**77,680**	—
Contract liabilities	(c)	**159,296**	156,764
Total		**537,619**	453,131

Notes:

(a) During the year, the Group received subsidies of RMB42,380,000 from local authorities for multiple research and development projects. These grants are held as deferred income and recognised to profit or loss on a systematic basis to match schedule of relevant projects for period ranging from one to three years. During the year ended 31 December 2024, subsidies of RMB15,034,000 (2023: RMB1,211,000) had been recognised and included in government grants of "Other income, gains and losses, net" in profit or loss.

(b) Other payables are non-interest-bearing and have an average term of three months.

(c) Details of contract liabilities are as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000	1 January 2023 RMB'000
Short-term advances received from customers			
Sale of goods	**159,296**	156,764	175,409

Contract liabilities include short-term advances received from customers to deliver metering products. The increase in contract liabilities in 2024 was mainly due to the increase in short-term advances received from customers in relation to the sale of products at the end of the year.

31. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial liabilities at fair value through profit or loss comprise:

	2024 RMB'000	2023 RMB'000
Forward currency contracts (note)	**14,580**	49,939

Note: As at 31 December 2024, the Group had entered into forward currency contracts, which are not designated for hedge purposes and are measured at fair value through profit or loss. There was a loss in the fair values of non-hedging currency derivatives of RMB4,853,000 (2023: RMB34,866,000) charged to profit or loss during the year.

32. INTEREST-BEARING BANK BORROWINGS

	2024			2023		
	Effective interest rate	**Maturity**	**RMB'000**	Effective interest rate	Maturity	RMB'000
Floating interest rate						
Bank loans — unsecured	**2.00%–12.12%**	**2025–2028**	**2,206,395**	3.10%–8.59%	2024–2028	1,970,417
Bank loans — secured	**2.95%–5.33%**	**2025**	**217,420**	6.38%	2024	45,310
Subtotal			**2,423,815**			2,015,727
Fixed interest rate						
Bank loans — unsecured	**2.50%–3.45%**	**2025**	**105,300**	3.00%–7.28%	2024–2026	354,982
Trust receipt loans — unsecured	**1.00%–1.65%**	**2025**	**58,081**	0.90%–3.00%	2024	143,737
Subtotal			**163,381**			498,719
Total			**2,587,196**			2,514,446

32. INTEREST-BEARING BANK BORROWINGS (CONTINUED)

The maturity of the above bank borrowings is as follows:

	2024 RMB'000	2023 RMB'000
Analysed into:		
Within one year	**1,615,723**	1,679,302
In the second year	**762,450**	620,394
In the third to fifth years, inclusive	**209,023**	214,750
Total	**2,587,196**	2,514,446

Notes:

(a) As at 31 December 2024, bank borrowings of RMB1,166,696,000 were denominated in HK$ at the Hong Kong Interbank Offered Rates ("HIBOR") plus 0.85% to 2.4%, bank borrowings of RMB27,984,000 were denominated in Mexican peso ("MXN") at the Interbank Equilibrium Interest Rate ("TIIE Rates") plus 1.9% and bank borrowing of RMB1,392,516,000 were denominated in RMB with fixed interest rates ranging from 2.5% to 3.45% or floating rate at the Loan Prime Rate ("LPR") minutes 0.1% to 0.57%.

As at 31 December 2023, bank borrowings of RMB1,196,111,000 were denominated in HK$ at the Hong Kong Interbank Offered Rates ("HIBOR") plus 0.9% to 2.6% and bank borrowing of RMB1,318,335,000 were denominated in RMB with fixed interest rates ranging from 0.9% to 3.70% or floating rate at the Loan Prime Rate ("LPR") plus 0% to 0.2%.

(b) The Group's bank facilities are secured by charges over certain assets of the Group as follows:

	Notes	2024 RMB'000	2023 RMB'000
Property, plant and equipment	13	**569,999**	538,477
Leasehold land	15	**43,086**	39,854
Pledged deposits	28	**514,547**	560,896
Total		**1,127,632**	1,139,227

33. DEFERRED TAX

The movements in deferred tax liabilities and assets during the years are as follows:

	Fair value adjustments of right-of-use assets, property, plant and equipment and intangible assets arising on business combination RMB'000	Equity-settled share-based arrangements RMB'000	Withholding taxes RMB'000	Fair value adjustments of equity instruments at FVTOCI RMB'000	ECL provision RMB'000	Unrealised profit on inventories RMB'000	Total RMB'000
At 31 December 2022 and 1 January 2023	(9,790)	—	(3,496)	5,642	44,373	21,236	57,965
Deferred tax (debited)/credited to profit or loss during the year (note 10)	902	—	(5,261)	—	12,120	13,527	21,288
Deferred tax debited to other comprehensive income	—	—	—	(246)	—	—	(246)
Reversal upon payment of withholding tax	—	—	3,709	—	—	—	3,709
At 31 December 2023 and 1 January 2024	(8,888)	—	(5,048)	5,396	56,493	34,763	82,716
Deferred tax (debited)/credited to profit or loss during the year (note 10)	750	3,318	(16,469)	—	21,406	9,987	18,992
Deferred tax debited to other comprehensive income	—	—	—	(1,994)	—	—	(1,994)
Deferred tax credited to equity	—	2,081	—	—	—	—	2,081
Reversal upon payment of withholding tax	—	—	13,119	—	—	—	13,119
At 31 December 2024	(8,138)	5,399	(8,398)	3,402	77,899	44,750	114,914

33. DEFERRED TAX (CONTINUED)

Deferred tax assets and liabilities have not been offset for the purpose of presentation in the consolidated statement of financial position as they are not levied to the same taxable entity by the same tax authority. The following is the analysis of the deferred taxation balances for financial reporting purposes:

	2024 RMB'000	2023 RMB'000
Deferred tax assets	**153,786**	119,564
Deferred tax liabilities	**(38,872)**	(36,848)
	114,914	82,716

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. The applicable rate is 10% for the Group.

At 31 December 2024, deferred tax of RMB8,398,000 (2023: RMB5,048,000) has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China (note 10). Except for this, the aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB5,991,348,000 at 31 December 2024 (2023: RMB5,049,405,000), because it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

The Group has tax losses arising in Mainland China of RMB184,820,000 (2023: RMB163,256,000) that will expire in one to five years for offsetting against future taxable profits and tax losses arising in Brazil of RMB127,407,000 (2023: RMB54,934,000) that may be carried forward indefinitely. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be recognised.

There are no income tax consequences attaching to the payment of dividend by the Company to its shareholders.

34. SHARE CAPITAL

	2024 HK$'000	2023 HK$'000
Authorised:		
100,000,000,000 ordinary shares of HK$0.01 each	**1,000,000**	1,000,000

	2024 RMB'000	2023 RMB'000
Issued and fully paid:		
995,879,675 (2023: 995,879,675) ordinary shares of HK$0.01 (2023: HK$0.01) each	**9,906**	9,906

35. SHARE-BASED PAYMENT TRANSACTIONS

Share option scheme

The Company's share option scheme (the "Scheme") was adopted for the purpose of providing incentives and rewards to eligible participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest ("Invested Entity"). Eligible participants of the Scheme include directors and employees of the Company, its subsidiaries or any Invested Entity, suppliers and customers of the Group or any Invested Entity, any person or entity that provides research, development or other technological support to the Group or any Invested Entity, and any shareholder of any members of the Group or any Invested Entity or any holder of any securities issued by any members of the Group or any Invested Entity. The Scheme became effective on 16 May 2016 and, unless otherwise terminated or amended, will remain in force for 10 years.

The total number of shares which may be issued upon exercise of all share options to be granted under the Scheme and any other share option schemes or share award schemes of the Group must not in aggregate exceed 10% of the Company's shares in issue as at the first date of listing. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time unless prior approval has been obtained from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

35. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Share option scheme (Continued)

Options granted must be taken up within 30 days of the date of grant, upon payment of HK$1 per option. Options may be exercised at any time from the date of grant of the share option to the 10th anniversary of the date of grant. There is no minimum period for which an option must be held before the exercise of the subscription right attaching hereto except otherwise imposed by the board of directors. The exercise price is specified in the rules governing the share option scheme and shall not be lower than the highest of the (i) official closing price of the ordinary shares of the Company on the Stock Exchange on the date of the offer of grant of options; (ii) the average of the official closing prices of the ordinary shares on the Stock Exchange for the five trading days immediately preceding the date of the grant of the options; and (iii) the nominal value of an ordinary share of the Company.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the Scheme as an equity-settled plan.

The following table discloses movements of the Company's share options held by employees and consultants during the current and prior year under the Scheme:

Category	Date of grant	Vesting period	Exercise period	Exercise price* HK$	Outstanding 1 January 2023	Exercised during the year	Outstanding 31 December 2023	Lapsed during the year	Outstanding 31 December 2024
Employees	10.2.2014	10.2.2014 to 9.2.2016	10.2.2016 to 9.2.2024	4.680	9,000,000	—	9,000,000	(9,000,000)	—
Consultants	10.2.2014	10.2.2014 to 9.2.2017	10.2.2017 to 9.2.2024	4.680	9,000,000	—	9,000,000	(9,000,000)	—
Total					18,000,000	—	18,000,000		—
Exercisable at year end					18,000,000		18,000,000		—
Weighted average exercise price (HK$)					4.680		4.680		N/A

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

All share options were lapsed during the year ended 31 December 2024 (2023: Nil).

At the end of the reporting period and up to the date of approval of these financial statements, the Company had no share options outstanding under the Scheme (2023: 18,000,000).

No share-based payment expenses have been recognised in profit or loss for the both years as the share options were fully vested in 2016 and 2017, respectively.

35. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Share award scheme

The Company's share award scheme (the "Share Award Scheme") was adopted pursuant to a resolution passed on 3 May 2016. Pursuant to the Share Award Scheme under which eligible employees are entitled to participate. The purpose of the Share Award Scheme is to recognise the contribution 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. The Share Award Scheme became effective on 3 May 2016 and, unless otherwise terminated or amended, will remain in force for 10 years.

The Share Award Scheme is operated through a trustee which is independent of the Group and has the right to, among other conditions, in its sole discretion, determine whether the shares are to be purchased on or off the Stock Exchange from time to time, unless during the year in which the directors of the Company are prohibited by the Listing Rules or any corresponding codes or securities dealing restrictions adopted by the Company. The aggregate number of shares to be awarded under the Share Award Scheme and any other share option schemes or share award schemes of the Group must not in aggregate exceed 10% of the Company's shares in issue at the first date of listing. The maximum number of shares that may be awarded to a selected participant under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

The directors would notify the trustee of the Share Award Scheme in writing upon the grant of any award to any participants. Upon the receipt of such notice, the trustee would set aside the appropriate number of awarded shares in the pool of shares. No new shares would be allotted and issued to satisfy the awards granted under the Share Award Scheme.

The following shares were outstanding under the Share Award Scheme during the year:

	Notes	**2024 Number of shares '000**	2023 Number of shares '000
At 1 January			
Number of shares held by the trustee		**9,694**	9,694
Number of shares granted but not yet vested		**2,970**	—
Maximum number of shares available for grant		**92,318**	95,288
At 31 December			
Number of shares held by the trustee		**8,076**	9,694
Number of shares granted but not yet vested		**3,170**	2,970
Maximum number of shares available for grant*		**89,148**	92,318
Granted during the year	(a)	**3,170**	2,970
Vesting during the year	(a)	**2,970**	—

35. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Share award scheme (Continued)

* As mentioned above, the Company shall not make any further award of shares which will result in the aggregate number of the shares granted under the Share Award Scheme exceeding 10% of the number of issued shares of the Company from time to time. For the avoidance of doubt, shares awarded but lapsed in accordance with the terms of the Share Award Scheme will not be counted for the purpose of calculating the aforesaid 10% scheme limit.

Note:

(a) For the year ended 31 December 2024, a total of 300,000 shares and 2,870,000 shares (0.03% and 0.29% of equity interest in the Company as at 31 December 2024) were granted to a director and 76 selected employees of the Group, respectively, which have a vesting period of 12 months. The fair value of the share awards granted to the director and employee was RMB1,638,000 and RMB15,641,000, respectively, based on closing prices of share at date of grant amounted of HK$5.68 to HK$5.99 per share.

For the year ended 31 December 2023, a total of 2,970,000 shares (0.3% of equity interest in the Company as at 31 December 2023) were granted to 93 selected employees of the Group which have a vesting period of 12 months. The fair value of the share awards was RMB7,941,000, based on closing prices of share at date of grant amounted of HK$2.93 to HK$3.36 per share.

Subsequent to the year ended 31 December 2024 and up to the date of approval of these financial statements, 2,740,000 share awards were granted under the Share Award Scheme, which have a vesting period of 12 months.

During the year ended 31 December 2024, share based payment of RMB13,743,000 (2023: RMB7,396,000) was charged to profit or loss.

The fair value of services received in return for a share award granted is measured by reference to the fair value of the share award granted by the Group. The fair value of the share award granted is measured as the market value at the grant date.

Subsidiary's restricted share award scheme

The establishment of the restricted share award scheme ("Restricted Share Award Scheme") of Willfar Information Technology Company Limited ("Willfar"), a non-wholly-owned subsidiary listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange, was approved at the Willfar's 2024 first extraordinary general meeting ("EGM") on 3 April 2024. The Restricted Share Award Scheme is designed to provide long-term incentives for middle level managers and above (including executive directors) to deliver long-term shareholder returns. The Restricted Share Award Scheme became effective on 3 April 2024 and, unless otherwise terminated or amended, will remain in force for 5 years. The aggregate number of shares to be awarded under the Restricted Share Award Scheme must not in aggregate exceed 10% of the Willfar's shares in issue. The maximum number of shares that may be awarded to a selected participant under the Restricted Share Award Scheme shall not exceed 1% of Willfar's shares in issue from time to time.

The restricted shares will vest over a three-year period, with 40%, 30% and 30% of the total restricted shares vesting respectively on the first trading day after the first, second and third anniversary of the registration of the grant respectively, upon the achievement of vesting conditions with reference to both service period and individual performance of the directors and the employees.

35. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Subsidiary's restricted share award scheme (Continued)

The following shares were outstanding under the Restricted Share Award Scheme during the year:

	Notes	2024 Number of shares '000
At 1 January		
Maximum number of shares available for grant		—
At 31 December		
Number of restricted shares granted but not yet vested		4,000
Maximum number of shares available for grant		46,000
Granted during the year	(a)	4,000

Note:

(a) For the year ended 31 December 2024, a total of 4,000,000 restricted shares (0.8% of equity interest in Willfar as at 31 December 2024) were granted to 134 selected directors and employees of Willfar, which included 1 director of the Company, have a vesting period of 3 years. The fair value of the shares on the grant date was RMB10.31 per share, based on the closing price of RMB29.73 per share on the grant date.

During the year ended 31 December 2024, a share-based payment of RMB22,339,000 (2023: Nil) was charged to profit or loss. Deferred tax impact of equity-settled share-based arrangements of RMB2,081,000 (2023: Nil) was credited to other reserve.

36. RESERVES

(i) Merger reserve represents the difference between the nominal value of shares of the subsidiaries acquired over the nominal value of the shares used by the Company in exchange therefor.

(ii) The PRC statutory reserve is non-distributable and the transfer to this reserve is determined by the board of directors of the subsidiaries established in the PRC in accordance with the relevant laws and regulations of the PRC. According to the relevant rules and regulations in PRC applicable to wholly foreign-owned enterprises, a wholly foreign-owned enterprise is required to transfer at least 10% of its profit after taxation, as determined under the PRC Accounting Regulations, to a reserve fund until the reserve fund balance reaches 50% of the relevant enterprise's registered capital. This reserve can be used to offset accumulated losses or to increase capital upon approval from the relevant authorities.

Pursuant to the relevant PRC regulations, a subsidiary of the Group is required to transfer production and maintenance funds at fixed rates based on relevant bases, such as production volume, to a specific reserve account. The production and maintenance funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of production and maintenance funds utilised are transferred from the specific reserve account to retained earnings.

36. RESERVES (CONTINUED)

(iii) Shares held for the share award scheme represent the own shares of the Company repurchased by a trustee for an employees' share award scheme.

(iv) Other reserve mainly comprises the difference between the consideration paid for acquiring non-controlling interests in subsidiaries of the Company and the amount of interests acquired, and the equity-settled share-based payments of a listed subsidiary.

(v) The Group accounts for changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over those subsidiaries as equity transactions and recognised any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received in other reserve.

During the year ended 31 December 2024, Wasion Energy Technology Co., Ltd., a non-wholly-owned subsidiary of the Group, acquired 35,000,000 ordinary shares, equivalent to 35% equity interest in Hunan Switchgear Co., Ltd., a non-wholly owned subsidiary, for a total consideration of approximately RMB30,000,000. The difference of RMB17,257,000 between the non-controlling interests and the consideration was debited to other reserve.

During the year ended 31 December 2024, Willfar, a non-wholly-owned subsidiary of the Group, acquired 30,487,800 ordinary shares, equivalent to 6.1% equity interest in Hunan Weiming Technology Co., Ltd., a non-wholly owned subsidiary, for a total consideration of approximately RMB65,000,000. The difference of RMB17,005,000 between the non-controlling interests and the consideration was debited to other reserve.

During the year ended 31 December 2023, Wasion Energy Technology Co., Ltd., a non-wholly-owned subsidiary of the Group issued 28,082,298 ordinary shares, equivalent to 3.73% equity interests, to its non-controlling shareholder for a consideration of RMB3.50 to RMB3.68 per share, and a total consideration of approximately RMB100,000,000. The difference of RMB20,945,000 between the non-controlling interests and the consideration was credited to other reserve.

During the year ended 31 December 2023, the Group disposed of 4,759,186 ordinary shares, equivalent to 0.95% equity interests in Willfar, a non-wholly-owned subsidiary established in the PRC and listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange, through the market for a total consideration of RMB142,560,000. The difference of RMB113,904,000 between the non-controlling interests and the consideration was credited to other reserve.

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 149 of this financial statements.

37. BUSINESS COMBINATION

On 27 November 2023, the Group acquired a 100% interest in Hunan Shenghe Intelligent Control Technology Co., Ltd. ("Shenghe Intelligent") through a wholly-owned subsidiary, Wasion Group Limited, from an independent third party (the "Seller"). Shenghe Intelligent is a company established in the PRC and is principally engaged in the development, manufacture and sale of power supply products and solutions. The acquisition of Shenghe Intelligent is to integrate with the upper stream supply chain for the Group's products. Pursuant to the sale and purchase agreement, the consideration for the acquisition was RMB40,080,000.

The fair values of the identifiable assets and liabilities of Shenghe Intelligent as at the date of acquisition were as follows:

	Notes	**Fair value recognised on acquisition** RMB'000
Property, plant and equipment	13	1,193
Other intangible assets	17	15,388
Trade receivables		15,732
Other receivables		17,459
Inventories		12,681
Cash and bank balances		2,110
Trade payables		(19,496)
Other payables		(4,871)
Tax payable		(116)
Total identifiable net assets at fair value satisfied by cash		40,080

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB15,732,000 and RMB17,459,000, respectively. All trade receivables and other receivables are expected to be collectible.

The Group incurred transaction costs of RMB178,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

The directors of the Company consider the acquisition of Shenghe Intelligent as an effort to expand the manufacturing capacities of the Group's products in the PRC.

37. BUSINESS COMBINATION (CONTINUED)

An analysis of the cash flows in respect of the acquisition of the subsidiary is as follows:

	RMB'000
Cash consideration	(40,080)
Cash and bank balances acquired	2,110
Net outflow of cash and cash equivalents included in cash flows from investing activities	(37,970)
Transaction costs of the acquisition included in cash flows from operating activities	(178)
	(38,148)

Since the acquisition, Shenghe Intelligent contributed RMB8,048,000 to the Group's revenue and RMB1,002,000 to the consolidated profit for the year ended 31 December 2023.

Had the combination taken place at the beginning of the year ended 31 December 2023, the revenue of the Group and the net profit of the Group for the year would have been RMB7,280,097,000 and RMB760,691,000, respectively.

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising in financing activities

	Bank borrowings RMB'000	**Lease liabilities** RMB'000
As at 1 January 2023	2,661,642	13,826
Changes from financing cash flows	(295,431)	(11,666)
Additions	—	6,393
Interest expenses	130,994	536
Interest paid classified as operating cash flows	—	(536)
Foreign exchange movement	17,241	463
As at 31 December 2023 and 1 January 2024	**2,514,446**	**9,016**
Changes from financing cash flows	**(81,997)**	**(10,482)**
Additions	**—**	**37,132**
Interest expenses	**124,850**	**678**
Interest paid classified as operating cash flows	**—**	**(678)**
Foreign exchange movement	**29,897**	**(430)**
As at 31 December 2024	**2,587,196**	**35,236**

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 RMB'000	2023 RMB'000
Within operating activities	**23,725**	19,675
Within financing activities	**10,482**	11,666
Total	**34,207**	31,341

39. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank facilities are included in note 32(b) to the financial statements.

40. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	2024 RMB'000	2023 RMB'000
Property, plant and equipment	**61,293**	113,450
Investment in financial assets at FVTPL	**56,000**	64,000
Total	**117,293**	177,450

41. RELATED PARTY DISCLOSURES

(a) The Group had the following transactions with related parties during the year:

	Notes	2024 RMB'000	2023 RMB'000
Sales of goods to a joint venture	(i)	**50,495**	83,741
Purchase of goods from a joint venture	(ii)	**3,636**	3,766
Sales of goods to an associate	(i)	**613**	281
Purchase of goods from a related company	(iii)	**15,790**	12,998
Interest received from a joint venture	(iv)	**647**	745
Rental income received from a joint venture		**393**	393

Notes:

(i) The sales with the joint venture and associate were made according to the prices and conditions offered to the major customers of the Group.

(ii) The purchases from a joint venture were made according to the published prices and conditions offered by the joint venture to its major customers.

(iii) The purchase for the year ended 31 December 2023 constitutes a continuing connected transaction, as defined in Chapter 14A of the Listing Rules; while the purchase for the year ended 31 December 2024 does not constitute a continuing connected transaction as the close member of the director's family changed from being a controlling shareholder to a non-controlling shareholder in the related company in January 2024.

(iv) The interest income derived from the loan to the joint venture which is unsecured and bears interest at 4.35% (2023: 4.35%) per annum and is repayable in 2025.

(b) The remuneration of directors and other members of key management of the Group during the year were as follows:

	2024 RMB'000	2023 RMB'000
Short-term benefits	**8,459**	7,810
Retirement benefit scheme contributions	**200**	166
Equity-settled share award expenses	**1,821**	121
Total	**10,480**	8,097

The remuneration of key management is determined by the remuneration committee of the Company having regard to the performance of individuals and market trends.

42. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2024

Financial assets

	Financial assets at FVTPL RMB'000	Equity investments at FVTOCI RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade and bills receivables	—	—	5,821,016	5,821,016
Loan receivables	—	—	85,000	85,000
Financial assets included in prepayments, other receivables and other assets	68,097	—	113,907	182,004
Equity instruments designated at FVTOCI	—	82,222	—	82,222
Financial assets at FVTPL	232,497	—	—	232,497
Structured deposits	50,000	—	—	50,000
Pledged deposits	—	—	514,547	514,547
Cash and bank balances	—	—	2,790,300	2,790,300
Total	350,594	82,222	9,324,770	9,757,586

Financial liabilities

	Financial liabilities at FVTPL RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade and bills payables	—	5,081,672	5,081,672
Financial liabilities included in other payables and accruals	—	133,148	133,148
Financial liabilities at FVTPL	14,580	—	14,580
Interest-bearing bank borrowings	—	2,587,196	2,587,196
Lease liabilities	—	35,236	35,236
Total	14,580	7,837,252	7,851,832

42. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (Continued)

2023

Financial assets

	Financial assets at FVTPL RMB'000	Equity investments at FVTOCI RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade and bills receivables	—	—	4,550,227	4,550,227
Loan receivables	—	—	85,000	85,000
Financial assets included in prepayments, other receivables and other assets	64,759	—	193,151	257,910
Equity instruments designated at FVTOCI	—	65,771	—	65,771
Financial assets at FVTPL	226,149	—	—	226,149
Structured deposits	120,000	—	—	120,000
Pledged deposits	—	—	560,896	560,896
Cash and bank balances	—	—	2,644,896	2,644,896
Total	410,908	65,771	8,034,170	8,510,849

Financial liabilities

	Financial liabilities at FVTPL RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade and bills payables	—	3,938,543	3,938,543
Financial liabilities included in other payables and accruals	—	135,082	135,082
Financial liabilities at FVTPL	49,939	—	49,939
Interest-bearing bank borrowings	—	2,514,446	2,514,446
Lease liabilities	—	9,016	9,016
Total	49,939	6,597,087	6,647,026

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2024	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Equity investments designated at FVTOCI	**82,222**	65,771	**82,222**	65,771
Financial assets at FVTPL	**232,497**	226,149	**232,497**	226,149
Structured deposits	**50,000**	120,000	**50,000**	120,000
Life insurance products	**68,097**	64,759	**68,097**	64,759
Total	**432,816**	476,679	**432,816**	476,679
Financial liabilities				
Financial liabilities at FVTPL	**14,580**	49,939	**14,580**	49,939
Interest-bearing bank borrowings	**2,587,196**	2,514,446	**2,515,526**	2,414,127
Total	**2,601,776**	2,564,385	**2,530,106**	2,464,066

Management has assessed that the fair values of cash and bank balances, trade and bills receivables, loan receivables, pledged deposits, trade and bills payables, financial assets included in prepayments, other receivables and other assets and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the executive directors and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair values of listed equity investments are based on quoted market prices.

The fair values of unlisted equity investments which were classified as equity investments designated at FVTOCI, and unlisted preference shares and unlisted fund investments which were classified as financial assets at FVTPL, have been estimated using a market-based valuation technique, equity allocation method based on assumptions that are not supported by observable market prices or rates. For market-based valuation technique, the valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation ("EBITDA") multiple, price to earnings ("P/E") multiple and price to book ("P/B") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value.

For valuation based on equity allocation method, the risk-free interest rate is based on the yield to maturity of PRC government bond with a term commensurate with the maturity of the preferential right as of the acquisition date. The expected volatility is estimated based on the historical daily share price volatility of comparable companies with a time horizon close to the life to expiration of the preferential right.

The fair value of the unlisted investments in a trust fund are measured using valuation techniques by the discounted cash flow method. The valuation requires the directors to determine a suitable discount rate in order to calculate the present value of those cash flows. The directors of the Company believe that the estimated fair values which are recorded in the consolidated statement of financial position with net changes in fair value recognised in profit or loss are reasonable, and that they were the most appropriate values at the end of the reporting period.

The fair values of structured deposits were based on the market values provided by the bank at the end of the reporting period. They are estimated with the principal plus estimated interest income based on the expected annual rate of return.

The fair value of the life insurance products purchased for the three executive directors of the Group is determined based on the cash surrender value in accordance with the terms of the life insurance contract which is not an observable input. Management estimates the fair value based on the latest policy monthly statement of the life insurance contract provided by the insurance company. The unobservable input is the cash surrender value quoted by the insurance company according to the life insurance contract. When the cash surrender value is higher, the fair value of the key management insurance will be higher.

The fair values of forward currency contracts are based on quotes from financial institutions.

The fair values of other financial assets and financial liabilities carried at amortised cost approximate to their carrying amounts.

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Set out below is a summary of the significant unobservable input to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December:

2024

	Valuation technique	Significant unobservable input	Multiple	Sensitivity of fair value to the input
Unlisted equity investments — A, designated at FVTOCI	Valuation multiple	EV/EBITDA multiple of peers	11.87	1% increase/decrease in the multiple would result in increase/decrease in fair value by RMB368,000
Unlisted equity investments — B, designated at FVTOCI	Valuation multiple	P/E multiple of peers	13.37	1% increase/decrease in the multiple would result in increase/decrease in fair value by RMB86,000
Unlisted equity investments — C, designated at FVTOCI	Valuation multiple	P/B multiple of peers	2.15	1% increase/decrease in the multiple would result in increase/decrease in fair value by RMB110,000
Unlisted preference shares	Equity allocation method	Expected volatility	51.39%	1% increase/decrease in the volatility would result in decrease/increase in fair value by RMB24,000
Unlisted fund investments*	Valuation multiple	EV/EBITDA multiple of peers	20.14–26.71	1% increase/decrease in the multiple would result in increase/decrease in fair value by RMB103,000

* The valuation of underlying investments included EV/EBITDA multiple of peers, as mentioned above and fair value based on the recent transaction. For the valuation based on the recent transaction price, the valuation is made by reference to the transaction price of the same investment being valued. The directors of the Company believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Set out below is a summary of the significant unobservable input to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December: (Continued)

2023

	Valuation technique	Significant unobservable input	Multiple	Sensitivity of fair value to the input
Unlisted equity investments — A, designated at FVTOCI	Valuation multiple	EV/EBITDA multiple of peers	10.89	1% increase/decrease in the multiple would result in increase/decrease in fair value by RMB342,403
Unlisted equity investments — B, designated at FVTOCI	Valuation multiple	P/E multiple of peers	16.96	1% increase/decrease in the multiple would result in increase/decrease in fair value by RMB53,065
Unlisted equity investments — C, designated at FVTOCI	Valuation multiple	P/B multiple of peers	1.11	1% increase/decrease in the multiple would result in increase/decrease in fair value by RMB90,000
Unlisted preference shares	Equity allocation method	Expected volatility	48.6%	1% increase/decrease in the volatility would result in decrease/increase in fair value by RMB22,601
Unlisted fund investments	Valuation multiple	P/B multiple of peers	1.31	1% increase/decrease in the multiple would result in increase/decrease in fair value by RMB161,000

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Assets measured at fair value:				
Equity investments designated at FVTOCI	21,753	—	60,469	82,222
Financial assets at FVTPL	—	200,000	32,497	232,497
Structured deposits	—	50,000	—	50,000
Life insurance products	—	—	68,097	68,097
Total	21,753	250,000	161,063	432,816
Liabilities measured at fair value:				
Financial liabilities at FVTPL	—	14,580	—	14,580

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Assets measured at fair value:				
Equity investments designated at FVTOCI	13,479	—	52,292	65,771
Financial assets at FVTPL	—	200,000	26,149	226,149
Structured deposits	—	120,000	—	120,000
Life insurance products	—	—	64,759	64,759
Total	13,479	320,000	143,200	476,679
Liabilities measured at fair value:				
Financial liabilities at FVTPL	—	49,939	—	49,939

The movements in fair value measurements within Level 3 during the year are as follows:

	2024 RMB'000	2023 RMB'000
Equity investments designated at FVTOCI:		
At 1 January	**52,292**	39,739
Total gains recognised in other comprehensive income	**8,177**	1,855
Additions	**—**	2,400
Transfer from Level 2	**—**	8,298
At 31 December	**60,469**	52,292

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

	2024 RMB'000	2023 RMB'000
Financial instruments designated at FVTPL:		
At 1 January	**26,149**	—
Total (losses)/gains recognised in profit or loss	**(1,652)**	149
Additions	**8,000**	8,000
Transfer from Level 2	**—**	18,000
At 31 December	**32,497**	26,149

	2024 RMB'000	2023 RMB'000
Life insurance products:		
At 1 January	**64,759**	61,560
Total gains recognised in profit or loss	**3,338**	3,199
At 31 December	**68,097**	64,759

During the year ended 31 December 2024, there were no transfers of fair value measurement between Level 1 and Level 2 for financial assets, and no transfers into or out of Level 3.

Certain equity investments designated at FVTOCI and financial assets at FVTPL were previously determined to be Level 2 under the fair value hierarchy based on recent transaction price. As recent transaction prices were unavailable in the active market during the year ended 31 December 2023, equity investments designated at FVTOCI and financial assets at FVTPL with fair values of RMB8,298,000 and RMB18,000,000, respectively, were transferred from Level 2 to Level 3 of the fair value hierarchy. There were no transfers of fair value measurements between Level 1 and Level 2 for financial assets.

As at 31 December 2024, the Group's financial liabilities not measured at fair value but for which fair values were disclosed included interest-bearing bank borrowings with fair value of RMB2,515,526,000 (2023: RMB2,414,127,000). The fair values of these financial liabilities disclosed were measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair values are observable, either directly or indirectly (Level 2).

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial liabilities (2023: Nil).

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings, loan receivables, cash and bank balances and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as financial assets at FVTPL, equity investments designated at FVTOCI, trade and bills receivables, other receivables, trade and bills payables, other payables, lease liabilities and financial liabilities at FVTPL.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk, equity price risk and market risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash and bank balances and debt obligations with a floating interest rate.

The interest rates and terms of repayment of interest-bearing bank borrowings are disclosed in note 32 to the consolidated financial statements. Other financial assets and liabilities of the Group do not have material interest rate risk. Interest-bearing bank borrowings and cash and bank balances are stated at cost and are not revalued on a periodic basis. Floating-rate interest income and expenses are credited or charged to profit or loss as incurred.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on interest-bearing bank borrowings and cash and bank balances) and Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000
31 December 2024		
RMB	**100**	**17,897**
RMB	**(100)**	**(17,897)**
HK$	**100**	**(11,350)**
HK$	**(100)**	**11,350**
US$	**100**	**1,691**
US$	**(100)**	**(1,691)**
31 December 2023		
RMB	100	15,662
RMB	(100)	(15,662)
HK$	100	(11,771)
HK$	(100)	11,771
US$	100	2,210
US$	(100)	(2,210)

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. Approximately 14.3% (2023: 21.7%) of the Group's sales were denominated in currencies other than the functional currencies of the operating units making the sale, while approximately 85.7% (2023: 77.3%) of cost were denominated in the units' functional currencies. It is the Group's policy not to enter into forward contracts until a firm commitment is in place.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in RMB exchange rates against US$ and HK$, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in profit before tax RMB'000
31 December 2024		
If RMB weakens against US$	**5**	**52,303**
If RMB strengthens against US$	**(5)**	**(52,303)**
If RMB weakens against HK$	**5**	**(58,335)**
If RMB strengthens against HK$	**(5)**	**58,335**
31 December 2023		
If RMB weakens against US$	5	24,543
If RMB strengthens against US$	(5)	(24,543)
If RMB weakens against HK$	5	(59,811)
If RMB strengthens against HK$	(5)	59,811

Credit risk and impairment assessment

As at 31 December 2024 and 2023, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arose from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Trade receivables and contract assets arising from contracts with customers

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which covered over 79.3% (2023: 90.5%) of its total receivables as at 31 December 2024. There is no significant concentration of credit risk on trade receivables.

The Group's customer base is diverse and the trade receivables consist of a large number of customers.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk and impairment assessment (Continued)

Trade receivables and contract assets arising from contracts with customers (Continued)

The Group does not hold any collateral over these balances. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. In addition, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group performs impairment assessment based on the probability of default approach by estimating the probability of default, loss given default and exposure at default. The ECL assessment considers all reasonable and supportable information, including past experience and forward-looking information.

The contract assets have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

Bank balances

The credit risks on structure deposits, pledged deposits and bank balances are limited because the counterparties are state-owned banks or financial institutions with high credit ratings assigned by international credit-rating agencies. The management of the Group also considers that these assets are short-term in nature and the probability of default is negligible on the basis of high-credit-rating issuers.

Loan receivables, other receivables and deposits

The directors of the Company make periodic individual assessment on the adequacy of ECLs of loan receivables, other receivables and deposits based on the probability of default approach. Details of the approach are discussed in the section headed "Trade receivables and contract assets arising from contracts with customers".

There are no past due amounts for loan receivables, other receivables and deposits and the Group assesses that there has been no significant increase in credit risk since initial recognition. The 12-month ECL represents the portion of lifetime ECLs that is expected to result from default events that are possible within 12 months after the reporting date. For the years ended 31 December 2024, the Group assessed the ECLs on loan receivables, other receivables and deposits and corresponding loss allowance of RMB5,404,000 (2023: RMB15,404,000) was recognised.

The Group has a concentration of credit risk on liquid funds, which are deposited with several banks with good reputation. The loan receivables disclosed in note 25 are also concentrated in a certain independent third party, and the directors consider the credit risk is significantly reduced as there was history of continuous repayment. Other than the above, the Group does not have significant concentration of credit risk.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk and impairment assessment (Continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets/other items
Low risk (Grade 1)	The counterparty is a regular customer with the Group, with a low risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12-month ECL
Low risk (Grade 2)	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12-month ECL
Watch list (Grade 3)	Debtor with long aged balance, but usually settle the amount in full with a strong financial background	Lifetime ECL — not credit-impaired	12-month ECL
Doubtful (Grade 4)	There have been significant increases in credit risk since initial recognition due to failure to repay as scheduled	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating that the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk and impairment assessment (Continued)

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade and bills receivables					
— Grade 1	179,869	—	—	4,946,908	5,126,777
— Grade 2	—	—	—	420,880	420,880
— Grade 3	—	—	—	352,271	352,271
— Grade 4	—	—	—	166,544	166,544
— Loss	—	—	—	165,947	165,947
Subtotal	179,869	—	—	6,052,550	6,232,419
Contract assets					
— Grade 1	—	—	—	300,390	300,390
— Grade 2	—	—	—	38,074	38,074
— Grade 3	—	—	—	49,682	49,682
— Grade 4	—	—	—	3,193	3,193
Subtotal	—	—	—	391,339	391,339
Financial assets included in prepayments, other receivables and other assets					
— Grade 3	105,541	—	—	—	105,541
Loan receivables					
— Grade 1	85,000	—	—	—	85,000
Loan receivable from a joint venture*					
— Grade 3	—	13,770	—	—	13,770
Pledged deposits					
— Grade 1	514,547	—	—	—	514,547
Cash and bank balances					
— Grade 1	2,790,300	—	—	—	2,790,300
Total	3,675,257	13,770	—	6,443,889	10,132,916

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk and impairment assessment (Continued)

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade and bills receivables					
— Grade 1	251,701	—	—	3,107,510	3,359,211
— Grade 2	—	—	—	589,571	589,571
— Grade 3	—	—	—	665,397	665,397
— Grade 4	—	—	—	88,037	88,037
— Loss	—	—	—	193,852	193,852
Subtotal	251,701	—	—	4,644,367	4,896,068
Contract assets					
— Grade 1	—	—	—	277,300	277,300
— Grade 2	—	—	—	31,508	31,508
— Grade 3	—	—	—	98,428	98,428
— Grade 4	—	—	—	1,258	1,258
Subtotal	—	—	—	408,494	408,494
Financial assets included in prepayments, other receivables and other assets					
— Grade 3	87,846	102,859	—	—	190,705
Loan receivables					
— Grade 1	85,000	—	—	—	85,000
Loan receivable from a joint venture*					
— Grade 3	—	17,850	—	—	17,850
Pledged deposits					
— Grade 1	560,896	—	—	—	560,896
Cash and bank balances					
— Grade 1	2,644,896	—	—	—	2,644,896
Total	3,630,339	120,709	—	5,052,861	8,803,909

* For the loan receivable from a joint venture, and the balance due from the joint venture included in trade receivables and contract assets, which were RMB44,069,000 (2023: RMB73,517,000) in aggregate, management considered the ECL impact was minimal as the Group expects to recover the full amount of the balances.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk and impairment assessment (Continued)

As at 31 December 2024, debtors which are credit-impaired with a gross carrying amount of RMB165,947,000 (2023: RMB193,852,000) were assessed individually. The information about the exposure to credit risk for trade receivables and contract assets which are assessed based on a provision matrix as at 31 December within the lifetime ECL (not credit-impaired) was as follows:

Gross carrying amounts

Internal credit rating	2024 Average loss rate	2024 Trade receivables RMB'000	2024 Contract assets RMB'000	2023 Average loss rate	2023 Trade receivables RMB'000	2023 Contract assets RMB'000
Grade 1–2	**1.7%**	**5,367,788**	**338,488**	1.5%	3,697,081	308,808
Grade 3	**1.9%**	**352,271**	**49,682**	2.5%	665,397	98,428
Grade 4	**90.1%**	**166,544**	**3,193**	92.0%	88,037	1,258
Loss	**100.0%**	**165,947**	**—**	100%	193,852	—
Total		**6,052,550**	**391,363**		4,644,367	408,494

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors, adjusted probability of default, loss given default and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure that relevant information about specific debtors is updated.

The movements of impairment allowance of trade receivables are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	**345,841**	270,834
Provision for impairment losses, net	**110,093**	75,007
Write-off	**(44,531)**	—
At end of year	**411,403**	345,841

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk and impairment assessment (Continued)

Gross carrying amounts (Continued)

The movements of impairment allowance of contract assets are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	**3,541**	5,235
Reversal of provision for impairment losses, net	**(697)**	(1,694)
At end of year	**2,844**	3,541

The movements of impairment allowance of other receivables are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	**15,404**	15,200
(Reversal of provision)/provision for impairment losses, net	**(10,000)**	204
At end of year	**5,404**	15,404

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk and impairment assessment (Continued)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of long term bank loans and projected cash flows from operations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

31 December 2024

	On demand RMB'000	No later than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Trade and bills payables	**—**	**5,081,672**	**—**	**—**	**5,081,672**
Other payables and accruals	**133,148**	**—**	**—**	**—**	**133,148**
Financial liabilities at FVTPL	**—**	**14,580**	**—**	**—**	**14,580**
Interest-bearing bank borrowings	**—**	**1,643,804**	**1,040,255**	**—**	**2,684,059**
Lease liabilities	**—**	**16,299**	**19,458**	**1,996**	**37,753**
Total	**133,148**	**6,756,355**	**1,059,713**	**1,996**	**7,951,212**

31 December 2023

	On demand RMB'000	No later than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Trade and bills payables	—	3,938,543	—	—	3,938,543
Other payables and accruals	135,082	—	—	—	135,082
Financial liabilities at FVTPL	—	49,939	—	—	49,939
Interest-bearing bank borrowings	—	1,719,791	927,290	—	2,647,081
Lease liabilities	—	5,376	2,978	864	9,218
Total	135,082	5,713,649	930,268	864	6,779,863

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments included in equity investments designated at FVTOCI (note 20) as at 31 December 2024. The Group's listed investments are listed on the stock exchanges and are valued at quoted market prices at the end of the reporting period.

The following table demonstrates the sensitivity to every 10% change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period, of the Group's profit before tax and equity.

	Carrying amount of equity investments RMB'000	Increase/ (decrease) in equity* RMB'000
31 December 2024		
Investments listed in:		
Hong Kong — Equity investments designated at FVTOCI	**21,294**	**2,129/(2,129)**
PRC — Equity investments designated at FVTOCI	**459**	**50/(50)**
31 December 2023		
Investments listed in:		
Hong Kong — Equity investments designated at FVTOCI	12,816	1,282/(1,282)
PRC — Equity investments designated at FVTOCI	663	66/(66)

* Excluding accumulated losses

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustment to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made to the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management (Continued)

The Group monitors capital using a gearing ratio, which is total debt divided by total assets. Total debt represents interest-bearing bank borrowings. The gearing ratios as at the end of the reporting periods were as follows:

	2024 RMB'000	2023 RMB'000
Total debt	**2,587,196**	2,514,446
Total assets	**15,726,898**	13,880,119
Gearing ratio	**16.5%**	18.1%

45. NON-CONTROLLING INTERESTS

	Interest attributable to shares held in subsidiaries RMB'000	Treasury shares of a listed subsidiary RMB'000	Total RMB'000
At 1 January 2023	1,629,670	(157,098)	1,472,572
Profit for the year	239,360	—	239,360
Exchange differences on translation of foreign operations	(446)	—	(446)
Repurchase of shares by a listed subsidiary	—	(141,950)	(141,950)
Deemed partial disposal of interests in subsidiaries	107,711	—	107,711
Dividend paid to non-controlling interests	(67,262)	—	(67,262)
At 31 December 2023 and 1 January 2024	1,909,033	(299,048)	1,609,985
Profit for the year	324,550	—	324,550
Exchange differences on translation of foreign operations	445	—	445
Equity-settled share-based arrangements of a listed subsidiary	9,758	—	9,758
Partial acquisition of interests in a subsidiaries	(60,738)	—	(60,738)
Cancellation of repurchased shares of a listed subsidiary	(112,091)	201,928	89,837
Dividend paid to non-controlling interests	(85,516)	—	(85,516)
At 31 December 2024	1,985,441	(97,120)	1,888,321

45. NON-CONTROLLING INTERESTS (CONTINUED)

Details of the Group's subsidiary that has material non-controlling interests are set out below:

	2024	2023
Percentage of equity interest held by non-controlling interests:		
Willfar	**40.4%**	41.4%

	2024 RMB'000	2023 RMB'000
Profit for the year attributable to non-controlling interests:		
Willfar	**255,958**	204,615
Dividends paid to non-controlling interests of Willfar	**85,516**	67,262
Accumulated balances of non-controlling interests at the reporting date:		
Willfar	**1,446,174**	1,426,061

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	Willfar	
	2024 RMB'000	2023 RMB'000
Revenue	**2,744,771**	2,225,249
Total expenses	**(2,091,657)**	(1,727,223)
Profit for the year	**653,114**	498,026
Total comprehensive income for the year	**653,114**	498,026
Current assets	**4,356,376**	3,700,317
Non-current assets	**655,078**	586,347
Current liabilities	**(1,469,046)**	(1,144,577)
Non-current liabilities	**(21,379)**	(22,880)
Net cash flows from operating activities	**474,935**	415,602
Net cash flows used in investing activities	**(17,817)**	(3,571)
Net cash flows used in financing activities	**(205,240)**	(305,982)
Net increase in cash and cash equivalents	**251,878**	106,049

46. STATEMENT OF THE FINANCIAL POSITION OF THE COMPANY

	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**1,218,029**	1,213,367
Other non-current assets	**68,862**	65,907
Total non-current assets	**1,286,891**	1,279,274
CURRENT ASSETS		
Other receivables	**337**	330
Cash and bank balances	**36,655**	13,231
Total current assets	**36,992**	13,561
CURRENT LIABILITIES		
Other payables	**5,294**	5,181
Due to subsidiaries	**644,648**	648,981
Total current liabilities	**649,942**	654,162
NET CURRENT LIABILITIES	**(612,950)**	(640,601)
TOTAL ASSETS LESS CURRENT LIABILITIES	**673,941**	638,673
NET ASSETS	**673,941**	638,673
EQUITY		
Issued capital	**9,906**	9,906
Reserves (note)	**664,035**	628,767
Total equity	**673,941**	638,673

46. STATEMENT OF THE FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Merger reserve RMB'000	Share option reserve RMB'000	Shares held for share award reserve RMB'000	Other reserve RMB'000	(Accumulated loss)/retained profits RMB'000	Total RMB'000
At 1 January 2023	678,266	198,399	27,730	(34,894)	33,164	(120,039)	782,626
Total comprehensive income for the year	—	—	—	—	—	45,007	45,007
Shares granted under the share award scheme	—	—	—	7,396	—	—	7,396
Dividend paid	(206,262)	—	—	—	—	—	(206,262)
At 31 December 2023 and 1 January 2024	472,004	198,399	27,730	(27,498)	33,164	(75,032)	628,767
Total comprehensive income for the year	—	—	—	—	—	282,067	282,067
Shares granted under the share award scheme	—	—	—	13,743	—	—	13,743
Purchase of shares under the share award scheme	—	—	—	(6,290)	—	—	(6,290)
Transfer of share option reserve upon the expiry of share options	—	—	(27,730)	—	—	27,730	—
Dividend paid	(254,252)	—	—	—	—	—	(254,252)
At 31 December 2024	217,752	198,399	—	(20,045)	33,164	234,765	664,035

47. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2025.

FINANCIAL SUMMARY

RESULTS

	Year ended 31 December				
	2020	2021	2022	2023	**2024**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Revenue	3,948,750	4,590,762	5,855,844	7,252,272	**8,716,541**
Profit (loss) for the year attributable to:					
Owners of the Company	231,190	268,084	323,797	521,233	**705,612**
Non-controlling interests	112,979	159,890	187,363	239,360	**324,550**
	344,169	427,974	511,160	760,593	**1,030,162**

ASSETS AND LIABILITIES

	As at 31 December				
	2019	2020	2021	2023	**2024**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Total assets	11,270,083	12,672,139	13,026,055	13,880,119	**15,726,898**
Total liabilities	(5,593,625)	(6,592,277)	(6,897,579)	(7,103,498)	**(8,405,970)**
	5,676,458	6,079,862	6,128,476	6,776,621	**7,320,928**
Equity attributable to:					
Owners of the Company	4,523,301	4,631,926	4,655,904	5,166,636	**5,432,607**
Non-controlling interests	1,153,157	1,447,936	1,472,572	1,609,985	**1,888,321**
	5,676,458	6,079,862	6,128,476	6,776,621	**7,320,928**

Wasion Holdings Limited
威勝控股有限公司

www.wasion.com
Units 706-7, 7/F Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong