Wasion Holdings Limited
威勝控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3393)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

- Turnover amounted to RMB8,716.54 million (2023: RMB7,252.27 million), representing an increase of 20%.
- Revenue from Power AMI increased by 21% to RMB3,198.76 million as compared with 2023.
- Revenue from Communication and Fluid AMI increased by 24% to RMB2,614.80 million as compared with 2023.
- Revenue from ADO increased by 17% to RMB2,902.99 million as compared with 2023.
- Net profit for the year attributable to owners of the Company increased by 35% to RMB705.61 million (2023: RMB521.23 million).
- Basic earnings per share for the year amounted to RMB71.4 cents (2023: RMB52.7 cents).
- The board of directors has proposed a final dividend of HK$0.38 (equivalent to RMB0.354) per share for the year ended 31 December 2024.

The board of directors (the "**Board**") of Wasion Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (hereafter collectively referred to as the "**Group**") for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	**2024** ***RMB'000***	2023 *RMB'000*
Revenue	*3*	**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	*4*	**232,942**	142,484
Selling expenses		**(737,643)**	(649,479)
Administrative expenses		**(367,796)**	(327,358)
Research and development expenses		**(730,404)**	(681,375)
Impairment losses on financial assets and contract assets, net		**(99,396)**	(73,517)
Finance costs		**(125,528)**	(131,530)
Share of profits of an associate		**275**	756
Profit before tax	*5*	**1,207,588**	860,732
Income tax expense	*6*	**(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
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
— Basic		**RMB71.4 cents**	RMB52.7 cents
— Diluted		**RMB71.2 cents**	RMB52.7 cents

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

FOR THE YEAR ENDED 31 DECEMBER 2024

	2024	2023
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024

	Notes	**2024**	2023
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**2,167,583**	1,958,179
Investment properties		**4,460**	15,019
Right-of-use assets		**203,809**	183,838
Goodwill		**330,636**	330,636
Other intangible assets		**511,578**	523,826
Investment in a joint venture		**—**	—
Investment in an associate		**9,426**	9,151
Equity investments designated at fair value through other comprehensive income		**82,222**	65,771
Financial assets at fair value through profit or loss		**232,497**	26,149
Loan receivables		**—**	85,000
Prepayments, other receivables and other assets		**256,835**	73,489
Deferred tax assets		**153,786**	119,564
		3,952,832	3,390,622
CURRENT ASSETS			
Inventories		**1,264,093**	1,205,919
Trade and bills receivables	*9*	**5,821,016**	4,550,227
Contract assets	*10*	**388,495**	404,953
Loan receivables		**85,000**	—
Prepayments, other receivables and other assets		**860,615**	802,606
Financial assets at fair value through profit or loss		**—**	200,000
Structured deposits		**50,000**	120,000
Pledged deposits		**514,547**	560,896
Cash and bank balances		**2,790,300**	2,644,896
		11,774,066	10,489,497
CURRENT LIABILITIES			
Trade and bills payables	*11*	**5,081,672**	3,938,543
Other payables and accruals		**537,619**	453,131
Financial liabilities at fair value through profit or loss		**14,580**	49,939
Interest-bearing bank borrowings		**1,615,723**	1,679,302
Lease liabilities		**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)
AT 31 DECEMBER 2024

	2024	2023
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**971,473**	835,144
Lease liabilities	**19,515**	3,795
Deferred tax liabilities	**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	**9,906**	9,906
Reserves	**5,422,701**	5,156,730
	5,432,607	5,166,636
Non-controlling interests	**1,888,321**	1,609,985
Total equity	**7,320,928**	6,776,621

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2024

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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.

The 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. The financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The 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.

(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.

3. REVENUE AND OPERATING SEGMENT INFORMATION

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

— Power advanced metering infrastructure segment, which engages in the development, manufacture and sale of smart power meters and provision of respective system 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.

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:				
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**

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:				
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

Geographical information

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. OTHER INCOME, GAINS AND LOSSES, NET

	2024	2023
	RMB'000	*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.

5. PROFIT BEFORE TAX

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

	2024	2023
	RMB'000	*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	**128,163**	105,373
Depreciation of investment properties	**342**	342
Depreciation of right-of-use assets	**15,528**	14,759
Amortisation of other intangible assets (excluding the deferred expenditure amortised)*	**20,724**	16,098
Lease payments not included in the measurement of lease liabilities	**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	**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)		
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	**(414)**	3,523

* 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.

6. 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	2023
	RMB'000	*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	**(18,992)**	(21,288)
Total tax charge for the year	**177,426**	100,139

7. DIVIDENDS

	2024	2023
	RMB'000	*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.

8. 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, 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.

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 was higher than the average market price of the Company's shares during the year.

	2024	2023
	RMB'000	*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	2023
	Number of shares	*Number of shares*
Shares		
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	**990,132,767**	988,628,251

9. TRADE AND BILLS RECEIVABLES

	2024	2023
	RMB'000	*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	2023
	RMB'000	*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

10. CONTRACT ASSETS

	2024	2023
	RMB'000	*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.

11. TRADE AND BILLS PAYABLES

	2024	2023
	RMB'000	*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	2023
	RMB'000	*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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

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.

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.

OTHER INFORMATION

Employees and Remuneration Policies

As at 31 December 2024, the Group had 5,280 (2023: 4,929) staff. Employee remuneration is determined on performance, experience and prevailing market conditions, with compensation policies being reviewed on a regular basis. The Company has adopted a share option scheme to recognize and acknowledge the contributions made or will be made to the Group by the eligible participants. The Company has also adopted a share award plan in which the eligible employees will be entitled to participate. The purposes of the share award plan are to recognise the contributions by certain employees and to provide them with incentives in order to retain them for the continual operation and development of the Group and also to attract suitable personnel for further development of the Group.

Dividends

The Board has proposed a final dividend of HK$0.38 (2023: HK$0.28) per share to shareholders of the Company (the "**Shareholders**") whose name appear in the register of members of the Company on Friday, 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 will be paid on 11 June 2025.

Closure of Register of Members

The register of members will be closed for the following periods:

(a) For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting to be held on Thursday, 15 May 2025 ("**AGM**"), the register of members will be closed from Monday, 12 May 2025 to Thursday, 15 May 2025, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with the Company's branch share registrar in Hong Kong, MUFG Corporate Markets Pty Limited situated at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong not later than 4:30 p.m. on Friday, 9 May 2025.

(b) For the purpose of determining shareholders who qualify for the final dividend, the register of members will be closed from Thursday, 22 May 2025 to Friday, 23 May 2025, both days inclusive. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company's branch share registrar in Hong Kong, MUFG Corporate Markets Pty Limited situated at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong not later than 4:30 p.m. on Wednesday, 21 May 2025.

Purchase, Sale or Redemption of Listed Securities

During the year ended 31 December 2024, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

Compliance with the Corporate Governance Code of the Listing Rules

During the 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 forth 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.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules.

Specific enquiry has been made with all the directors and the directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2024.

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

AUDIT COMMITTEE

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

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

The annual results of the Group for the year ended 31 December 2024 have been reviewed by the Audit Committee.

SCOPE OF WORK ON THE RESULTS ANNOUNCEMENT BY AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Company's auditor to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by the Company's auditor on the preliminary announcement.

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

The electronic version of this announcement will be published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.wasion.com. The annual report of the Company for the year ended 31 December 2024 containing all the information required by Appendix D2 to the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

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

Executive Directors
Ji Wei
Kat Chit
Li Hong
Zheng Xiao Ping
Tian Zhongping

Non-executive Director
Cao Zhao Hui

Independent non-executive Directors
Chan Cheong Tat
Luan Wenpeng
Wang Yaonan

By order of the Board
Wasion Holdings Limited
Ji Wei
Chairman

Hong Kong, 27 March 2025