WASION METERS GROUP LIMITED
威勝儀表集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3393)

ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

FINANCIAL HIGHLIGHTS

- Turnover amounted to approximately RMB291.72 million (period 2006: RMB203.68 million), representing an increase of approximately 43%.
- Revenue from sales of three-phase electronic power meters increased by approximately 40% to RMB173.04 million as compared with period 2006.
- Revenue from sales of single-phase electronic power meters increased by approximately 71% to RMB46.46 million as compared with period 2006.
- Revenue from data collection terminals and power management systems products increased by approximately 37% to RMB72.22 million as compared with period 2006.
- Profit for the period amounted to approximately RMB59.05 million (period 2006: RMB41.05 million), representing an increase of approximately 44%.
- Basic earnings per share for the period were RMB0.08 (period 2006: RMB0.06).
- The board of directors do not recommend the payment of an interim dividend for the six months ended 30 June 2007.

The board of directors (the "Board") of Wasion Meters Group Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (hereafter collectively referred to as the "Group") for the six months ended 30 June 2007, together with the unaudited comparative figures for the corresponding period in 2006, as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2007 — unaudited

		Six months ended 30 June	
		2007	2006
	Notes	***RMB'000***	*RMB'000*
Turnover	*3*	**291,716**	203,680
Cost of sales		**(157,241)**	(107,254)
Gross profit		**134,475**	96,426
Other revenue		**5,824**	3,293
Other net income		**96**	68
Research and development costs		**(8,585)**	(6,118)
Distribution costs		**(27,698)**	(19,494)
Administrative expenses		**(30,040)**	(23,794)
Other operating expenses		**(6,146)**	(4,228)
Profit from operations		**67,926**	46,153
Finance costs	*5*	**(6,887)**	(4,976)
Profit before taxation	*5*	**61,039**	41,177
Income tax	*6*	**(1,986)**	(130)
Profit attributable to equity shareholders of the Company		**59,053**	41,047
Earnings per share (RMB)			
Basic	*8*	**0.08**	0.06
Diluted	*8*	**0.08**	—

CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2007 — unaudited

	Notes	At 30 June 2007 RMB'000	At 31 December 2006 RMB'000
Non-current assets			
Fixed assets	9		
— Property, plant and equipment		**100,208**	96,807
— Construction in progress		**20,188**	4,653
— Interests in leasehold land held for own use under operating leases		**103,447**	38,290
Intangible assets		**160,409**	60,040
Goodwill		**43,324**	—
		427,576	199,790
Current assets			
Inventories		**144,203**	106,594
Trade and other receivables	10	**463,944**	393,558
Pledged deposits		**94,590**	71,489
Cash and cash equivalents		**66,398**	158,182
		769,135	729,823
Current liabilities			
Trade and other payables	11	**254,296**	174,601
Bank loans		**282,545**	163,700
Current taxation		**2,801**	4,765
		539,642	343,066
Net current assets		**229,493**	386,757
Total assets less current liabilities		**657,069**	586,547
Non-current liabilities			
Bank loans		**42,000**	—
Deferred tax liabilities		**17,601**	671
		59,601	671
NET ASSETS		**597,468**	585,876
CAPITAL AND RESERVES			
Share capital		**7,331**	7,331
Reserves		**590,137**	578,545
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		**597,468**	585,876

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with Hong Kong Accounting Standard 34 ("HKAS 34"), Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issuance on 12 September 2007.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2006 annual financial statements.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2006 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set out financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standards on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the HKICPA.

The financial information relating to the financial year ended 31 December 2006 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2006 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 2 April 2007.

2 New and revised HKFRSs

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies applied in these financial statements for the periods presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 Segment reporting

The entity's primary format for reporting segment information is business segments. Revenue from external customers represents the sales value of goods supplied to customers and income from provision of software development services.

The Group comprises the following business segments:

Electronic power meters	:	the development, manufacture and sale of single-phase and three-phase electronic power meters.
Data collection terminals and related services	:	the development, manufacture and sale of data collection terminals and provision of software development services.

	Six months ended 30 June 2007			
	Electronic power meters	**Data collection terminals and related services**	**Inter-segment elimination**	**Consolidated**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Revenue from external customers	**219,495**	**72,221**	**—**	**291,716**
Inter-segment revenue	**610**	**4,645**	**(5,255)**	**—**
Total	**220,105**	**76,866**	**(5,255)**	**291,716**
Segment result	**54,105**	**19,927**		**74,032**
Unallocated operating income and expenses				**(6,106)**
Profit from operations				**67,926**

	Six months ended 30 June 2006			
	Electronic power meters	Data collection terminals and related services	Inter-segment elimination	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	150,984	52,696	—	203,680
Inter-segment revenue	1,446	3,021	(4,467)	—
Total	152,430	55,717	(4,467)	203,680
Segment result	40,071	10,421		50,492
Unallocated operating income and expenses				(4,339)
Profit from operations				46,153

4 Seasonality of operations

The Group's operations are subject to seasonal fluctuations. Demand for its products in general increases during the second half of each year and decreases thereafter.

5 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
Interest on borrowings	**6,664**	4,717
Other borrowing costs	**223**	259
Finance costs	**6,887**	4,976
Amortisation of lease prepayments	**543**	125
Amortisation of intangible assets	**7,514**	5,017
Depreciation	**6,172**	4,238
Interest income	**(1,976)**	(2,674)

6 Income tax

	Six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
Current tax — PRC		
Tax for the period	**2,625**	592
Over provision in respect of prior years	**(635)**	(462)
	1,990	130
Deferred tax		
Origination and reversal of temporary differences	**(4)**	—
	1,986	130

No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax during the six months ended 30 June 2006 and 2007.

The PRC income tax has been calculated at the prevailing income tax rates under the relevant PRC income tax rules and regulations applicable to the subsidiaries. Certain subsidiaries were granted exemptions and relief from the PRC income tax by the relevant local tax bureau.

As a Macau offshore company established under the Macau Offshore law, the subsidiary in Macau was exempted from Macau income tax during the six months ended 30 June 2006 and 2007.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI during the six months ended 2006 and 2007.

A subsidiary in the PRC was granted with tax credits totalling RMB812,000 for the research and development activities during the six months ended 30 June 2007 (six months ended 30 June 2006: RMB1,003,000).

7 Dividends

Dividends attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
Final dividend in respect of the financial year ended 31 December 2006, approved and paid during the interim period, of HK$0.070 (equivalent to RMB0.070) (six months ended 30 June 2006: HK$0.053 (equivalent to RMB0.055)) per ordinary share	**49,297**	38,818

8 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2007 is based on the profit attributable to equity shareholders of the Company of RMB59,053,000 (six months ended 30 June 2006: RMB41,047,000) and the weighted average of 704,247,787 ordinary shares (six months ended 30 June 2006: 704,247,787 ordinary shares) in issue during the period.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 30 June 2007 based on the profit attributable to equity shareholders of the Company of RMB59,053,000 and the weight average of 715,810,375 ordinary shares, calculated as follows:

	2007
	No. of shares
Weighted average number of ordinary shares at 30 June	704,247,787
Effect of deemed issue of ordinary shares under the Company's share option scheme for nil consideration	11,562,588
Weighted average number of ordinary shares (diluted) at 30 June	715,810,375

There were no dilutive potential ordinary shares in issue as at 30 June 2006.

9 Fixed assets

(a) The significant acquisitions of items of fixed assets during the six months ended 30 June 2007 are as follows:

	Six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
Additions of:		
— Property, plant and equipment	**5,154**	5,608
— Construction in progress	**13,062**	2,506
Acquisitions through business combinations	**72,734**	—

(b) The Group's interest in leasehold land and buildings for own use is held by the subsidiaries in the PRC. The interest in leasehold land and buildings represents the land use rights together with the buildings thereon situated in Changsha, the PRC.

(c) As at 30 June 2007, leasehold land and buildings with carrying value totalling RMB59,917,000 (31 December 2006: RMB68,047,000) are mortgaged to banks for certain banking facilities granted to the Group.

10 Trade and other receivables

Included in trade and other receivables are debtors and bills receivable (net of impairment losses) with the following ageing analysis:

	At 30 June	At 31 December
	2007	2006
	RMB'000	*RMB'000*
Within 3 months	**184,299**	234,253
Between 4 to 6 months	**60,048**	24,100
Between 7 to 12 months	**140,993**	15,063
Between 1 to 2 years	**22,057**	21,469
Over 2 years	**245**	477
Trade debtors and bills receivable, net of impairment loss	**407,642**	295,362
Deposits, prepayments and other receivables	**56,302**	98,196
	463,944	393,558

Customers are normally granted credit terms of 3 months to 6 months depending on the Group's assessment of the credit worthiness of individual customers. Subject to negotiation, extended credit terms are available for certain major customers with well-established trading records. The Group chases the customers to settle outstanding balances and monitors the settlement progress on an ongoing basis.

11 Trade and other payables

Included in trade and other payables are creditors and bills payable with the following ageing analysis:

	At 30 June 2007 *RMB'000*	At 31 December 2006 *RMB'000*
Due within 3 months or on demand	**107,765**	77,399
Due after 3 months but within 6 months	**47,732**	48,505
Due over 6 months	**6,412**	—
Trade creditors and bills payable	**161,909**	125,904
Receipts in advance	**15,494**	24,397
Accrued charges and other payables	**76,893**	24,300
	254,296	174,601

Included in trade and other payables is amount due to a related party totalling RMB47,683,000 as at 30 June 2007 (31 December 2006: RMB Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Turnover

The Group posted considerable growth in turnover and net profit in the first half of 2007. The growth was mainly attributable to the advanced technology, reliability and reasonable prices of the Group's products, and most of all, innovation.

Electronic Power Meters

In the period under review, sales of electronic power meters remained the major source of revenue of the Group. Turnover from sales of three-phase electronic power meters and single-phase electronic power meters for the six months ended 30 June 2007 amounted to RMB173.04 million and RMB46.46 million, representing an increase of 40% and 71% respectively as compared with the corresponding period last year and contributed to 59% and 16% of the Group's turnover respectively (period 2006: 61% and 13%).

Data Collection Terminals and Power Management Systems

In the first half of 2007, revenue from sales of data collection terminals and power management systems increased to RMB72.22 million, representing an increase of 37% as compared with the corresponding period last year and accounted for 25% (period 2006: 26%) of the Group's turnover.

FINANCIAL REVIEW

Gross Profit

The robust sales growth in the first half of 2007 drove the growth of gross profit. The Group's gross profit increased by 39% to RMB134.48 million for the six months ended 30 June 2007. The overall gross profit margin is 46% in the first half of 2007, which has a mild decrease as compared with 47% for the first half of 2006.

Profit Attributable to Equity Shareholders of the Company

The profit attributable to equity shareholders of the Company for the six months ended 30 June 2007 grew by 44% to RMB59.05 million as compared with the corresponding period last year which came in line with the growth of the Group's turnover.

Liquidity and Financial Resources

As at 30 June 2007, the Group's current assets amounted to approximately RMB769.14 million (31 December 2006: RMB729.82 million), with cash and cash equivalents totaling approximately RMB66.40 million (31 December 2006: RMB158.18 million).

As at 30 June 2007, the Group's total bank loans amounted to approximately RMB324.55 million (31 December 2006: RMB163.70 million). Net book value of the Group's pledged assets for the bank loans was approximately RMB118.63 million (31 December 2006: RMB123.28 million). In the first half of 2007, the interest rate for the Group's bank borrowings ranged from 5.02% to 7.34% (31 December 2006: 5.02% to 6.73%) per annum.

The gearing ratio (total borrowings divided by total assets) increased from 18% as at 31 December 2006 to 27% as at 30 June 2007. The change was due to the increase in bank borrowings of the Group in the first half of 2007.

Exchange Rate Risk

Most of the businesses of the Group are settled in Renminbi, which is not freely convertible into foreign currencies. Since the amount of foreign currency of the Group used to purchase raw materials exceeded the amount of foreign currency earned from exports, the appreciation of Renminbi during the period did not have any adverse effect on the Group's results. During the first half of 2007, the Group did not enter into any foreign exchange forward contracts or other hedging instruments to hedge against fluctuations.

Significant Investments, Acquisitions and Disposals

On 14 May 2007, the Company has passed a resolution in an extraordinary general meeting to acquire the entire issued share capital of Sinowise Industries Limited ("Sinowise") at a total consideration which in any event will not exceed RMB210,000,000. The sole assets of Sinowise is its 100% equity interest in Hunan Weike Power Meter Co., Ltd. which is principally engaged in the production and sale of single-phase electronic power meters.

Saved as disclosed above, there was no significant investment during the period under review.

Charge on Assets

As at 30 June 2007, the pledge deposits are denominated in Renminbi and Hong Kong dollars and are pledged to banks as security for certain loans and bills facilities granted to the Group. In addition, the Group's land and buildings are pledged to banks as security for bank loans to the Group.

Contingent Liabilities

As at 30 June 2007, the Group had no material contingent liabilities.

PROSPECTS

The Group's future development plans include the followings:

(1) The Group will timely launch technologically-advanced new products with high gross profit margin, rapidly develop new target markets in an effort to raise the Group's market shares therein, expand its product portfolio and increase its market shares through cooperation and acquisitions.

(2) The Group aims at meeting market demand through internal adjustments and expanding its production capacity of three-phase electronic electric power meters and data-collection terminals in its existing production plants. In addition, the Group's plan to build a new production plant in the Science and Technology Park in Changsha City, Hunan Province (湖南長沙科技園) is proceeding as planned, and the plant is expected to commence operation in the first half of 2008.

(3) In view of the current international market condition, the Group has set forth two targets for expansion in the overseas markets: (i) to expand the Group's sales rapidly in the Asian and African markets, which mainly include Egypt, Bangladesh and Indonesia; and (ii) to promote the brand name of the Group's products internationally and improve its product design and quality control in Europe and the Americas, mainly including France, Germany and the US. With a view to achieving the above targets and making additional efforts in developing overseas markets, the Group established Changsha Weisheng Import and Export Trading Company Limited (長沙威勝進出口貿易有限公司) in August 2007, which is responsible for the Group's overall development, sales and servicing functions in the overseas markets, including the establishment and management of overseas sales offices, importing new technologies, products, experiences and management concepts, as well as agency of products importation.

(4) In order to satisfy the increasing demand for energy management from local governments and all power consuming units, and in turn to accomplish the two compulsory targets as set out in the "Eleventh Five Year Plan", namely requiring that power consumption per unit of GDP shall be reduced by 20% and the total volume of major pollutants discharged shall be cut by 10% by 2010, the Group established Changsha Weisheng Energy Industrial Technology Company Limited (長沙威勝能源產業技術有限公司) ("Weisheng Energy") in July 2007, which mainly provides customers with innovative energy-saving technologies and helps customers optimize energy management and increase the efficiency in energy saving. Wasion Energy is deeply aware of its customers' needs through the Group's edges in electric power measurement, supervision and management analysis. Together with the Group's traditional advantages in the industry and in technology, Wasion Energy will put its effort in integrating the most advanced technologies and products from home and abroad and bringing power management into a brand new and more professional development.

Weisheng Energy enjoys the following business opportunities:

(i) Providing its customers with practical energy-saving technologies, products and professional engineering, in which specific products include electronic power meters and power measurement management analysis systems, leveraging the Group's technologies, products and solutions in automatic power measurement.

(ii) Providing its customers with practical technologies, products and professional engineering of technological energy-saving, including energy-saving renovation of equipment and production processes as well as energy-saving automatic control system, etc..

(iii) Cooperating with local governments and power bureaus to set up energy-saving services centers, helping all governmental organizations implement specific energy-saving measures and providing them with guidelines, including power management consultation and overall energy-saving solutions focusing on power and power quality measurement, supervision, management, analysis and assistance in decision-making.

OTHER INFORMATION

Employees and Remuneration Policies

As at 30 June 2007, the Group had 1,549 (31 December 2006: 1,294) staff. The staff costs (including other benefits and contributions to defined contribution plan) amounted to RMB30.49 million (period 2006: RMB24.13 million) in the first half of 2007. Employee remuneration is determined on performance, experience and prevailing market conditions, with compensation policies being reviewed on a regular basis. The Company has also adopted a share option scheme to recognize and acknowledge the contributions made or will be made to the Group by the eligible participants.

Interim Dividend

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2007.

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2007, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

Compliance with the Code of Corporate Governance Practices of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules")

In the opinion of the Board, the Company has been in compliance throughout the six months ended 30 June 2007 with the Code of Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The Board acknowledges its responsibility for the Group's systems of internal controls and has assumed this responsibility through formalizing the Group's financial and legal procedures.

AUDIT COMMITTEE

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

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

The interim results of the Group for the six months ended 30 June 2007 have been reviewed by the auditors of the Company, KPMG, and the Audit Committee.

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

The electronic version of this announcement will be published on the website of the Stock Exchange at http://www.hkex.com.hk and on the website of the Company at www.irasia.com/listco/hk/wasion/index.htm. An interim report for the six months ended 30 June 2007 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the shareholders of the Company and published on the website of the Stock Exchange and the Company in due course.

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

Executive Directors	*Independent non-executive Directors*
Ji Wei	Wu Jin Ming
Cao Zhao Hui	Pan Yuan
Wang Xue Xin	Hui Wing Kuen
Zheng Xiao Ping	
Liao Xue Dong	
Zeng Xin	

By order of the Board
Wasion Meters Group Limited
Ji Wei
Chairman

Hong Kong, 12 September 2007