Wasion Group Holdings Limited
威勝集團控股有限公司

(formerly known as "Wasion Meters Group Limited 威勝儀表集團有限公司" and "Wasion Group Limited 威勝集團有限公司")

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3393)

ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

FINANCIAL HIGHLIGHTS

- Turnover amounted to approximately RMB345.51 million (Period 2007: RMB291.72 million), representing an increase of approximately 18%.
- Revenue from sales of three-phase electronic power meters increased by approximately 3% to RMB178.66 million as compared with Period 2007.
- Revenue from sales of single-phase electronic power meters increased by approximately 72% to RMB79.69 million as compared with Period 2007.
- Revenue from data collection terminals and power management systems products increased by approximately 16% to RMB84.07 million as compared with Period 2007.
- Profit for the period amounted to approximately RMB66.38 million (Period 2007: RMB59.05 million), representing an increase of approximately 12%.
- Basic earnings per share for the period was RMB8.1 cents (Period 2007: RMB8.4 cents).
- The board of directors do not recommend the payment of an interim dividend for the six months ended 30 June 2008.

The board of directors (the "Board") of Wasion Group Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (hereafter collectively referred to as the "Group") for the six months ended 30 June 2008, together with the unaudited comparative figures for the corresponding period in 2007 ("Period 2007"), as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2008

		Six months ended 30 June	
		2008	2007
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Turnover	*3*	**345,506**	291,716
Cost of sales		**(186,903)**	(157,241)
Gross profit		**158,603**	134,475
Other revenue		**16,886**	5,920
Administrative expenses		**(45,577)**	(36,186)
Selling expenses		**(37,224)**	(27,698)
Research and development expenses		**(13,596)**	(8,585)
Finance costs		**(8,435)**	(6,887)
Profit before taxation		**70,657**	61,039
Income tax expense	*5*	**(4,276)**	(1,986)
Profit for the period	*6*	**66,381**	59,053
Dividends	*7*	**66,867**	49,297
Earnings per share	*8*		
Basic		**RMB8.1 cents**	RMB8.4 cents
Diluted		**RMB7.9 cents**	RMB8.2 cents

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2008

	Notes	**30 June 2008 RMB'000 (unaudited)**	31 December 2007 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	9	**342,211**	185,446
Prepaid lease payments		**96,572**	44,681
Intangible assets		**267,419**	202,177
Available-for-sale investments		**16,951**	—
Goodwill		**110,326**	56,831
		833,479	489,135
Current assets			
Inventories		**188,689**	149,906
Prepaid lease payments		**2,340**	2,131
Trade and other receivables	10	**757,517**	684,255
Amounts due from related parties		**30,940**	—
Pledged bank deposits		**30,807**	81,385
Bank balances and cash		**207,794**	508,743
		1,218,087	1,426,420
Current liabilities			
Trade and other payables	11	**268,543**	277,206
Amounts due to related parties		**110,493**	129,624
Taxation payable		**8,006**	12,761
Borrowings — due within one year	12	**280,126**	208,790
		667,168	628,381
Net current assets		**550,919**	798,039
Total assets less current liabilities		**1,384,398**	1,287,174
Non-current liabilities			
Borrowings — due after one year	12	**153,000**	42,000
Deferred tax liabilities		**32,501**	21,896
		185,501	63,896
Net assets		**1,198,897**	1,223,278
Capital and reserves			
Share capital	13	**8,433**	8,422
Reserves		**1,190,464**	1,214,856
Equity attributable to equity holders of the Company		**1,198,897**	1,223,278

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

In the current period, certain comparative figures of the condensed consolidated income statement and the condensed consolidated balance sheet have been reclassified. The directors are of the opinion that such changes are for the purpose of better presentation of financial information.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

In the current interim period, the Group has applied, for the first time, the following new interpretations ("new Interpretations") issued by the HKICPA, which are effective for the Group's financial year beginning 1 January 2008.

HK(IFRIC) — Int 11	HKFRS 2 — Group and Treasury Share Transactions
HK(IFRIC) — Int 12	Service Concession Arrangement
HK(IFRIC) — Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new Interpretations had no material effect on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustments has been required.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007.

3. SEGMENT INFORMATION

Business Segments

For management purposes, the Group is currently organised into the following operating activities: (i) the development, manufacture and sale of electronic meters ("electronic meters") and (ii) the development, manufacture and sale of data collection terminals ("data collection terminals").

These divisions are the bases on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

Six months ended 30 June 2008 (unaudited)

	Electronic meters *RMB'000*	**Data collection terminals** *RMB'000*	**Eliminations** *RMB'000*	**Consolidated** *RMB'000*
TURNOVER				
External sales	**261,441**	**84,065**	**—**	**345,506**
Inter-segment sales *(note)*	**975**	**4,755**	**(5,730)**	**—**
Total	**262,416**	**88,820**	**(5,730)**	**345,506**
RESULTS				
Segment results	**59,885**	**21,231**	**—**	**81,116**
Unallocated income				**12,111**
Unallocated corporate expenses				**(22,570)**
Profit before taxation				**70,657**
Income tax expense				**(4,276)**
Profit for the period				**66,381**

Note: Inter-segment sales are charged at prevailing market rates.

Six months ended 30 June 2007 (unaudited)

	Electronic meters *RMB'000*	Data collection terminals *RMB'000*	Eliminations *RMB'000*	Consolidated *RMB'000*
TURNOVER				
External sales	219,495	72,221	—	291,716
Inter-segment sales *(note)*	610	4,645	(5,255)	—
Total	220,105	76,866	(5,255)	291,716
RESULTS				
Segment results	54,105	19,927	—	74,032
Unallocated income				2,572
Unallocated corporate expenses				(15,565)
Profit before taxation				61,039
Income tax expense				(1,986)
Profit for the period				59,053

Note: Inter-segment sales are charged at prevailing market rates.

4. SEASONALITY OF OPERATIONS

The Group's operations are subject to seasonal fluctuations. The Group sees the second half of every year its peak season of operations when demands for its products are significantly higher due to the increase of purchases by the power grid customers in the second half of the year. Accordingly, the interim result for the six months ended 30 June 2008 is not necessarily an indication of the operation of the Group that would be achieved for the year ending 31 December 2008.

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax — The PRC Enterprise Income Tax		
Current period	**5,538**	2,625
Overprovision in prior years	**(448)**	(635)
	5,090	1,990
Deferred tax — current period	**(814)**	(4)
Income tax expense	**4,276**	1,986

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 2007 and 2008.

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.

The subsidiary in Macau established under the Macau Offshore law as a Macau offshore company has been exempted from Macau income tax during the six months ended 30 June 2007 and 2008.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law ("Implementation Regulations"). The New Law and Implementation Regulations changed the tax rate to 25% for certain subsidiaries from 1 January 2008 onwards. According to the Circular of the State Council on the Implementation of Transitional Preferential Policies for Enterprise Income Tax (Guofa [2007] No. 39), certain tax exemption and deduction for the Foreign Enterprise Income Tax is still applicable until the end of the five-year transitional period under the New Law.

According to the New Law, starting from 1 January 2008, withholding income tax will be imposed on dividends relating to profits earned in year 2008 onwards to foreign investors for the companies established in the PRC. Deferred tax has not been provided for in the interim financial information in respect of the temporary differences attributable to such profits as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging (crediting) the following items:		
Amortisation of intangible assets	**17,876**	7,514
Depreciation of property, plant and equipment	**7,284**	6,172
Release of prepaid lease payments	**587**	543
Interest income	**(2,995)**	(1,978)
Exchange gain	**(10,886)**	(3,848)

7. DIVIDENDS

On 21 May 2008, a cash dividend of HK$0.09, equivalent to RMB0.08 (2007: HK$0.07, equivalent to RMB0.07) per share was paid to shareholders as the final dividend for 2007.

The directors do not recommend the payment of an interim dividend for the period (2007: nil).

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings for the purposes of basic and diluted earnings per share	**66,381**	59,053
Weighted average number of ordinary shares for the purpose of basic earnings per share	**817,463,699**	704,247,787
Effect of dilutive potential ordinary shares in respect of:		
Share options	**15,836,980**	11,562,588
Contingently issuable shares for acquisition of subsidiaries	**7,006,569**	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**840,307,248**	715,810,375

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent RMB115,166,000 (2007: RMB13,062,000) on the construction of new factory and office premises and RMB7,436,000 (2007: RMB5,154,000) on additions of the property, plant and equipment in order to upgrade its manufacturing capabilities.

In addition, property, plant and equipment amounted to RMB41,872,000 (2007: RMB72,734,000) was acquired through business combination.

10. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 3 months to 12 months to its trade customers.

The following is an aged analysis of the Group's trade receivables net of allowance for doubtful debts at the balance sheet date:

	30 June	31 December
	2008	2007
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables:		
Within 3 months	**307,556**	341,806
Between 4 to 6 months	**35,902**	67,467
Between 7 to 12 months	**236,591**	73,174
Over 1 year	**77,560**	61,434
	657,609	543,881
Other receivables	**99,908**	140,374
	757,517	684,255

11. TRADE AND OTHER PAYABLES

The following is an aged analysis of the Group's trade payables at the balance sheet date:

	30 June 2008 *RMB'000* **(unaudited)**	31 December 2007 *RMB'000* (audited)
Trade payables:		
Within 3 months	**115,262**	120,418
Between 4 to 6 months	**92,013**	89,343
Over 6 months	**22,291**	10,853
	229,566	220,614
Other payables	**38,977**	56,592
	268,543	277,206

12. BORROWINGS

During the period, the Group obtained and renewed bank loans of approximately RMB210,208,000 (2007: RMB280,357,000). The loans carry interest at market rates ranging from 6.72% to 8.96% (2007: 5.02% to 7.34%) per annum and are repayable in instalments over a period of 5 years. The proceeds were used for general working capital purposes and to finance the acquisition of property, plant and equipment.

13. SHARE CAPITAL

	Number of shares	**Nominal value** *HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2008 and 30 June 2008	**100,000,000,000**	1,000,000
		RMB'000
Issued and fully paid:		
At 1 January 2007 and 30 June 2007	**704,247,787**	7,331
Issue of shares	**112,680,000**	1,091
At 31 December 2007	**816,927,787**	8,422
Exercise of share options	**1,500,000**	13
Shares repurchased	**(258,000)**	(2)
At 30 June 2008	**818,169,787**	8,433

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In view of the prevailing environment for resources, the PRC government is striving to enhance the people's awareness on environmental protection and to promote energy saving and reduction in pollutants discharged as well as to expedite the pace for building up an energy saving and environmental friendly society with its focus on energy saving. With the implementation of the revised Energy Conservation Law, the PRC government has imposed stringent requirements on, and exerted stronger control over energy saving and pollutants discharge. This promoted a stronger demand for power companies to better manage energy saving which in turn drove the demand for the Group's electronic power meters and power management systems. This subsequently contributed to the steady growth of the Group's business while further promoted the Group's net profit.

The further enhancement of demand side management of power has essentially driven the demand of power management terminals and multi-rate time charging electronic power meters. However, on the ground that the electricity consumption of each province is different, it is expected that the work with respect to the enhancement of demand side management of power would be implemented in phases. The effect of energy saving through demand side management of power in the more developed eastern part of China is more obvious, thus the initiative of bringing it into practice is higher. The capital input in the western part of China is less than that in the eastern part of China. This is because some high-power consuming industries are not sensitive to the price of electricity, thus the practice of demand side management of power is being brought out relatively slowly. However, the Group believes that the demand for power management terminals and multi-rate charging electronic power meters will remain strong over a long period of time. Wasion Group will make significant contribution to energy saving and pollutants discharged reduction in electrical industries with its leading market share and outstanding product quality.

The PRC government undertook various construction projects to improve the country's power network and has implemented policies like new socialism villages, one family one meter and power saving, and it is expected that the domestic electronic power meter market will continue to grow in the coming five years. With the establishment of more urban residential areas, there will also be an increase in demand for electronic power meter market.

Early this year, Southern China was adversely impacted by the extreme weather of snowstorm which caused serious destruction to power and transportation facilities. During that period, delivery of the Group's products was affected in the way that some products could not be delivered to customers on schedule. Since the traffic disruption caused by snowstorm was an event of force majeure of which customers during that period well understood and the period being affected by this disaster was short, this did not bring any material effect to the Group's production and operation. In addition, the power grids companies have furthered their investment to the construction of power grids after the disaster so as to improve the power system's ability on resistance to disasters. The reconstruction and improvement of power grids after the disaster will raise a strong demand over the Group's products in power measurement and power management system which serve as a positive momentum to the Group's business growth.

Business Review

Electronic Power Meters

During 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 2008 amounted to RMB178.66 million and RMB79.69 million, representing an increase of 3% and 72% respectively as compared with the corresponding period of last year and contributed to 52% and 23% of the Group's turnover respectively (Period 2007: 59% and 16%).

Data Collection Terminals and Power Management Systems

In the first half of 2008, revenue from sales of data collection terminals and power management systems increased to RMB84.07 million, representing an increase of 16% as compared with the corresponding periods last year and accounted for 24% (Period 2007: 25%) of the Group's turnover.

Successful acquisition of Hunan Weiming

To achieve further development of energy measurement and scope of management of Wasion Group, the Group successfully acquired Hunan Weiming Technology Co., Ltd. ("Hunan Weiming"), a company which focuses on development and sales of intellectual water meters and gas meters, in May 2008. This signified that Wasion Group is well-equipped with respect to energy measurement and business management in the areas of water, electricity, gas and heat. This further enhanced the Group's capability in providing energy measurement and integrated management solutions for customers while perfecting and expanding the Group's production chain and such an initiative helped the Group to lay a foundation for Wasion Group's further development over public power business.

The commencement of operation of Wasion Science and Technology Park

To satisfy the strong market demand, the Group has proactively expanded its production capacity and enhanced its production scale. The construction of the Group's Wasion Science and Technology Park, which is located at Lugu, commenced on 1 August 2007. After a year of intensive construction work, the first SMT production line of Wasion Science and Technology Park commenced production on 8 August 2008. It is expected that all the production lines will commence production by the end of 2008. Taken into consideration of the requirements of production capacity and facilities in the Group's future development, Wasion Science and Technology Park has imported the leading automatic facilities in the industry and the most sophisticated production management system in the PRC, so as to provide strong hardware support for the Group's growing production capacity.

Energy saving and pollutants discharged reduction service

To fulfill the social responsibilities and corporate mission of energy saving and pollutants discharge reduction, the Group has become a member of EMCA (中國節能協會節能服務產業委員會) and jointly established the "Energy Saving 120" Wasion Service Centre with various provincial and municipal governments for the promotion, publicity and technical support of energy saving and pollutants discharge reduction for governments of different levels. Meanwhile, the Group has also undertaken research and development of the integrated solutions for management of consumption reduction and energy conservation with a view to helping the industrial and commercial sectors to achieve the goal of saving energy and reducing emission effectively. This has not only promoted the sales of the Group's existing products, but has also established a new segment for the Group's development while enlarging the Group's basis of non-power grids customers, as well as helping the Group to earn recognition in the new scope of business.

Export markets

Wasion Group continued to explore the international market. The Group's energy measurement and management skills with international advanced standard are serving widely over the world. The Group has also developed cooperative relationships with more than ten countries and regions in Southeast Asia, Middle and Northern Asia, South America and North Africa. In the first half of 2008, export sales amounted to RMB31.99 million, representing a significant increase as compared with the same period of last year and accounted for 9% (Period 2007: 0.38%) of the Group's turnover.

Financial Review

Turnover

The sales of the various products of the Group recorded different extent of growth in the first half of 2008. During the period under review, turnover increased by 18% to RMB345.51 million (Period 2007: RMB291.72 million).

Gross Profit

The sales growth in the first half of 2008 resulted in the growth of gross profit of the same period. The Group's gross profit increased by 18% to RMB158.60 million for the six months ended 30 June 2008. The overall gross profit margin is 46%, which is similar to that for the first half of 2007.

Other revenue

In the first half of 2008, the other revenue of the Group amounted to RMB16.89 million (Period 2007: RMB5.92 million) which was mainly comprised of net exchange gain.

Operating Expenses

In the first half of 2008, the Group's operating expenses amounted to RMB96.40 million (Period 2007: RMB72.47 million). The increase in operating expenses was mainly due to the expansion of the Group's operation and implementation of the New Labour Law which resulted in an increase of labour cost and the increase of amortization of intangible assets during the period. Operating expenses accounted for 28% of the Group's turnover in the first half of 2008, with an increase of 3% as compared with 25% in the first half of 2007.

Finance Costs

For the six months ended 30 June 2008, the Group's finance costs amounted to RMB8.44 million (Period 2007: RMB6.89 million). The increase was attributed by the increase of bank borrowings and interest rate.

Operating Profit

Earnings before finance costs and tax for the six months ended 30 June 2008 amounted to RMB79.09 million (Period 2007: RMB67.93 million), representing an increase of 16% as compared with the same period of last year and was in line with the growth of the Group's turnover and net profit.

Profit Attributable to Equity Shareholders of the Company

The profit attributable to equity shareholders of the Company for the six months ended 30 June 2008 grew by 12% to RMB66.38 million as compared with the corresponding period of last year which came in line with the growth of the Group's turnover.

Capital Structure

For the six months ended 30 June 2008, certain employees have exercised share options at an exercise price of HK$2.225, pursuant to which 1,500,000 new shares were issued. Moreover, the Company has also repurchased 258,000 shares of the listed shares on the Stock Exchange during the period in which the repurchased shares were cancelled and the issued share capital of the Company was reduced by the nominal value of these shares.

Liquidity and Financial Resources

The Group's primary sources of working capital and long-term funding needs have been cash flows from operation and financial activities.

As at 30 June 2008, the Group's current assets amounted to approximately RMB1,218.09 million (31 December 2007: RMB1,426.42 million), with cash and cash equivalents totaling approximately RMB207.79 million (31 December 2007: RMB508.74 million).

As at 30 June 2008, the Group's total bank loans amounted to approximately RMB433.13 million (31 December 2007: RMB250.79 million), of which RMB280.13 million (31 December 2007: RMB208.79 million) will be due to be repaid within one year and the remaining RMB153 million (31 December 2007: RMB42 million) will be due in the next five years. Net book value of the Group's pledged assets for the bank loans was approximately RMB221.09 million (31 December 2007: RMB138.44 million). In the first half of 2008, the interest rate for the Group's bank borrowings ranged from 6.72% to 8.96% (31 December 2007: 5.02% to 7.34%) per annum.

The gearing ratio (total borrowings divided by total assets) increased from 13% on 31 December 2007 to 21% on 30 June 2008 as a result of the increase in the Group's bank borrowings.

Exchange Rate Risk

Most of the business of the Group is 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 period under review, 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 21 May 2008, the Company passed an ordinary resolution in an extraordinary general meeting whereby a wholly-owned subsidiary of the Company acquired the entire issued share capital of Newest Luck Investments Limited ("Newest Luck") at a total consideration which in any event will not exceed RMB150,000,000. The sole asset of Newest Luck is its 100% equity interest in Hunan Weiming Technology Co., Ltd. which is principally engaged in the production and sale of electronic water and gas meters.

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

Charge on Assets

As at 30 June 2008, the pledge deposits of the Group 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 2008, the Group had no material contingent liabilities.

PROSPECTS

Energy which relates closely to the livelihood, such as electricity, water and gas, will enter into an era of modernized sales and energy saving. The demand for energy saving for public utilities is imminent and large-scale corporations and medium-sized enterprises have initiated replacement projects on water, electricity and gas meters. This has brought a wider market to Wasion Group which is capable of producing water, electricity and gas meters and also possessing extensive experience in collective meter reading of intelligent power meters and remote meter reading. The Group will not only be a qualified supplier of energy measurement and management products, but also a provider of energy management services. The Group is facing a market where industrial transformation is witnessed with market consolidation and products upgrade. The Group is gradually expanding its scope of operation towards energy measurement and management on the basis of stable development of its core business of power measurement.

Through optimized and centralized management, the power grid companies have gradually extended the users of terminals and data collection solutions from major power clients to residential customers. In the meantime, the implementation of the proposed pricing scale shall rely on the automatic meter reading ("AMR") systems and this will foster the rapid development of power meter industry in the direction of AMR. Besides the power grid companies, there was also a rapid growth in the general market demand for advanced integrated power meter monitors. With its edges in the solutions of systems, terminals and power meters, the Group also engaged in the drafting of related technical standards applicable to industries and testing provinces and cities. AMR business can tremendously boost the Group's business growth in terminals and high-end single-phase meters.

Since the influence of numerous internal and external factors this year, many manufacturing enterprises have suffered from the pressure of inflation and the hike of raw material costs while the tightening of the monetary policy also makes the enterprises face difficulties in raising capital under rapid development. There are several small-scale meters production enterprises in the PRC with significant variance in terms of production technology and profit making ability. Those small-scale meters production enterprises with less competitiveness are disadvantaged in the adjustment of economic structure. Nevertheless, this will also bring the opportunity for business consolidation for those enterprises with good product quality, high competitiveness and profit making ability. Wasion Group will make good use of this opportunity to enhance the strategic cooperation with external parties and consolidate its resource to maintain its leading position in the industry.

Looking ahead, the Group will set Wasion Science and Technology Park as the base and integrate its production lines and other functional departments, introduce the international most advanced ERP management system, strengthen operational management, enhance operational efficiency, optimize and streamline techniques and processes, improve technical standard, strengthen product quality supervision and management for effectively optimizing the use of resources, reducing costs and raising the profitability of the Group.

In the second half of 2008, the Group will maintain its momentum of growth. The Group is satisfied with the quantity of orders currently on hand and is confident in achieving the targeted profit of 2008 in the second half of the year. The Group will strive to become the major supplier in the arena of global energy measurement and management, with a view to supporting the modernization of energy measurement and management, promoting the use of energy in a highly efficient manner, building energy saving and environmental friendly society and providing decent return to all shareholders with its leading technology.

OTHER INFORMATION

Employees and Remuneration Policies

As at 30 June 2008, the Group had 2,226 (31 December 2007: 1,886) staff. 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 2008.

Purchase, Sale or Redemption of Listed Securities

During the period, the Company has repurchased its listed shares on the Stock Exchange and the details are as below:

Month of repurchase	Number of shares repurchased	Highest price per share	Highest price per share	Total Consideration Paid
		HK$	*HK$*	*HK$*
June 2008	258,000	3.00	2.88	760,200

The repurchased shares were cancelled and accordingly, the issued share capital of the Company was reduced by the nominal value of these shares.

Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company during the period under review.

Compliance with the Code of Corporate Governance Practices of the Rules Governing the Listing of Securities on 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 2008 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 2008 have been reviewed by the auditors of the Company, Deloitte Touche Tohmatsu, and the Audit Committee.

POST BALANCE SHEET EVENTS

From the balance sheet date of 30 June 2008 to the announcement date, the Company has the following post balance sheet events:

(1) The Company has passed a special resolution in an extraordinary general meeting held on 1 September 2008 to change the name of the Company from Wasion Group Limited (威勝集團有限公司) to Wasion Group Holdings Limited (威勝集團控股有限公司).

(2) During the period from the balance sheet date of 30 June 2008 to the announcement date, the Company has repurchased its listed shares on the Stock Exchange and the details are as below:

Month of repurchase	**Number of shares repurchased**	**Highest price per share**	**Highest price per share**	**Total Consideration Paid**
		HK$	*HK$*	*HK$*
July 2008	428,000	3.01	2.79	1,257,220
August 2008	560,000	2.88	2.39	1,445,060
	988,000			2,702,280

The repurchased shares were cancelled and accordingly, the issued share capital of the Company was reduced by the nominal value of these shares.

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 2008 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 Group Holdings Limited
Ji Wei
Chairman

Hong Kong, 22 September 2008