

**WASION METERS GROUP LTD:  
THIS COMPANY IS TOP HEAVY IN DEBT**

Considering that the Turnover of Wasion Meters Group Ltd () (Code: 3393, Main Board, The Stock Exchange of Hongkong Ltd) for the Financial Year, ended December 31, 2004, was about 321.10 million renminbi (about \$HK308.75 million) and the annualised Turnover (**TARGET**'s calculations) for the 2005-Year was about 358.79 million renminbi (about \$HK344.99 million), the Company would appear to have been, and may still be, top heavy in debt which, as at October 31, 2005, was about 180.25 million renminbi (about \$HK173.32 million).

The total borrowings of this Company, which is engaged in the development, manufacture and sales of electronic power meters and data collection terminals, represented at least half of the Turnover of the annualised 2005-Year.

Which must be considered high by any standards.

More about the matter of the Company's debts later on in this analysis.

**The Float**

Wasion Meters went public on the Main Board of The Stock Exchange of Hongkong Ltd on December 6, 2005, when it Offered and Placed a total of 180 million, one-cent (Hongkong) Shares at \$HK1.13 per Share.

The Offer Price was a Premium of just one cent over the minimum price that the Company had set for its Shares.

The flotation was oversubscribed by about 3.10 times, insofar as the 18 million, Public Offer Shares were concerned, while the Placing Shares were said to have been *'fully subscribed'*.

The Prospectus of the Company stated that the Offer Price would be between a high of \$HK1.60 per Share and a low of \$HK1.12 per Share.

Clearly, the number of valid applications for the New Offered Shares in this flotation only just managed to meet the grade and so the Offer Price per Share was pitched at one cent over the minimum level of \$HK1.12 per Share.

Wasion Meters stated, in the Prospectus, that it wanted to raise between \$HK172 million and \$HK258 million for the following purposes:

1. Between \$HK80 million and \$HK116 million for the continuing development of the Company's products and to increase production capacity and development of multi-purposes meters;
2. Between \$HK44 million and \$HK65 million to expand the Company's product range through the acquisition of, and investments in, components production;
3. Between \$HK24 million and \$HK39 million to enhance the Company's sales and marketing activities;
4. Between \$HK17 million and \$HK29 million to expand the Company's research and development capability; and,

5. Between \$HK7 million and \$HK9 million to be used as additional Working Capital.

The Company ended up, after paying all expenses, with about \$HK173 million, which was close to the bottom of the Management's target range for a cash injection.

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