



## Chairman's Statement

We strive to become a leading provider of total solution for power measurement and management in the world.

## CHAIRMAN'S STATEMENT

To All Shareholders

For the Group, the year 2005 was marked by achievements. The Group stepped up its efforts in marketing and research and development and seized new market opportunities during the year and as a result of which, its three-phase multi-function electronic power meters business achieved steady growth and its new businesses of power management systems and data collection terminals have grown rapidly. The Group recorded satisfactory results for the year. We actively prepared for listing the Company on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and, as a result of the hard work of our spirited team, the Company was listed on 19 December 2005 (the "Listing"). Wasion Meters was the first China-based power meter supplier to float on Hong Kong's stock market. The Listing was a milestone in the Group's development and paved the way for the Group to become an international enterprise.

Wasion Meters has its roots in Hunan province. It is a leading provider of total solution for power measurement and power management systems in China, and mainly provides electronic power meters, data collection terminals and power management systems. The Group insists on staying ahead in the industry by developing advanced technology and products. As

a result, "WM" has become a well-known brand in the three-phase electronic power meter market in China.



Over the years, the Group has adhered to the mission of "supporting modernization of power sales with leading technology and products" in its relentless effort to meet market demand. In 2004, Wasion Meters succeeded in diversifying into data collection terminals and power management systems (such as offering power management solutions and automated power measurement system). The new businesses have not only enabled us to tap into the opportunities arising from the reform in China's power sector, but also have helped to optimize our product mix. They are new drivers to sustain the Group's growth in the future. In 2005, the Group's turnover surged by about 39% to approximately RMB 445.65 million, and its net profit rose by about 41% to approximately RMB 115.97 million. Basic earnings per share were RMB 0.24, an increase of about 41% from that of 2004. On 13 April 2006, the Board of Directors of the Company (the "Board") proposed a final dividend of HK\$0.053 (equivalent to RMB 0.05512) per ordinary share for the year ended 31 December 2005.

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In the Listing process last year, the Company improved its internal workflow and management system, and enhanced its corporate governance and transparency. Such achievements and continuous efforts to train the staff to raise their quality and business skills have laid the foundations for the Group's healthy development in the future.

The Chinese Government's Eleventh Five-Year Plan has begun in 2006. Owing to the continuous economic development, China has experienced power shortages in recent years. To better conserve energy, electricity pricing will become more flexible and complicated. These developments will serve to increase the demand for products such as automated power measurement system, data collection terminals, and multi-function, multi-rate electronic power meters.

To seize these business opportunities, we will carefully apply the proceeds from the Listing to improve production technology, expand production capacity, develop both the domestic and overseas markets and implement reasonable cost control to deliver better business results. On the product front, we will develop more multi-function power meters to widen our product range and satisfy customers' demand for more advanced products. We will also recruit more marketing professionals and set up more offices in both domestic and overseas markets to expand our market shares. As for our cost control measures, we will strive to lower product design cost and optimize our supply chain and production processes to reduce production costs, and in turn push up profits. At the same time, we will seek to leverage the international capital platform to identify suitable partners for cooperation or merger and acquisition, with the aim of expanding our market share, enriching our product portfolio and enhancing our overall competitiveness.

On behalf of the Board, I would like to express my heartfelt gratitude to all shareholders, all the working parties who had assisted in the Company's Listing, and to our staff for helping the Group to achieve outstanding results. In the year to come, we will continue to exert our team spirit and actively listen to and adopt the valuable opinions to us from different parties. We will continue to tap the fast growing power meter industry for huge business opportunities. We will reward our shareholders for their support with good results.

**Ji Wei**

Chairman and Executive Director

13 April 2006

