

Chairman's Statement



Ji Wei
Chairman

To All Shareholders

On behalf of Wasion Group Holdings Limited ("Wasion Group" or the "Group"), I hereby present the annual report of the Group for the year ended 31 December 2008.

For the year of 2008 under review, Wasion Group faced the same economic turmoil and serious challenges to the macro economy within and outside the PRC just as numerous enterprises within and outside the PRC. During the beginning of year, southern China suffered the attack of ice storm. In May, the unprecedented Sichuan earthquake occurred. It was in October that came the alert for global financial turmoil. Notwithstanding the above, it was encouraging that the Group still managed to tackle the challenges and resolve the difficulties. With the joint effort of the management team and all staff, we achieved growth in various aspects of our work. The operating results of the Group continued to maintain its sustainable growth. For the year ended 31 December 2008, the Group recorded turnover of RMB1,059.39 million, representing an increase of 32% from that in 2007. Net profit increased by 23% to RMB261.53 million. The Group achieved another historical breakthrough in its results. The board of directors (the "Board") recommends the payment of a final dividend of HK\$0.11 (equivalent to RMB0.097) per share in respect of the year ended 31 December 2008.

Apart from the outstanding performance achieved in its operating results, the Group made many new accomplishments in terms of market development, technology and product innovation and management improvement. In 2008, the Group recorded substantial growth in terms of market and business within and outside the PRC. In the meantime, there were breakthrough with respect to the market development for major corporate customers in the PRC and the integrated energy measurement and management business. Wasion Science and Technology Park was completed and commenced operation in different phases in 2008. It is the research and development as well as production base of the Group. At present, all production lines are now moved to the new production base of the Group. The production capacities, quality assurance and standard of production techniques for three-phase meters, single-phase meters and terminals were enhanced in a leapfrog manner. By adhering to the strategic objectives developed by the energy measurement and management experts of the

Chairman's Statement (Continued)

Group, the Group invested more resources in the solutions such as the project for electric energy information collection system, AMR/AMI, integrated energy measurement and monitoring for enterprises, "Energy Saving 120" Wasion Service Centre during the year of 2008. The platform of high-end meters and terminals were further optimized. Cost decreased steadily. This had ensured the leading comparative advantages and the stable profitability of the Group in the highly competitive environment. The Group successfully implemented its enterprise resources planning (ERP) project in 2008, which commenced the reform in the management of information technology for the Group. This in turn laid a foundation for the expansion of the Group and the segmentation of its management, and provided an information technology management platform for the integration of the Group's various businesses. Moreover, the Group also successfully acquired Hunan Weiming Technology Co., Ltd. in May 2008, which included the business of intellectual water meters and gas meters into the listed company. On the one hand, this had enhanced the profitability and room for growth of the Group. On the other hand, the acquisition also achieved the Group's development strategy in energy measurement and management. All of the above laid a solid foundation for the achievement of the Group's operating objectives in 2009.

The year of 2008 had become a part of the history. Despite there will still be a lot of uncertainty in the international economic environment in 2009, and that the growth of economy in the PRC may also slow down, with the additional resources allocated by the State to infrastructure construction, the policies for stimulating domestic demand already in the pipeline, more than RMB60 billion will be invested by the State Grid in the coming three years to construct the Power User Consumption Information Collection System throughout the country. This will provide valuable and new business opportunities to support the sustainable and rapid development of Wasion Group in 2009.

In 2009, we will face both opportunities and challenges. We must capitalize on a good timing and discover an accurate focus for development. We have to be practical and yet aggressive in the initiatives about development, opportunities, responsibilities, safety, quality and costs. Wasion Group must move actively for the competition in the market economy during 2009, so that the strategic objectives of the Group can be achieved successfully. We wish to break another record so that we shall not disappoint the expectations of our investors on the Group.

On behalf of the Board, I would like to express my heartfelt gratitude to all shareholders and our staff. Looking forward to the coming year, the Group will reward our shareholders for their support with outstanding results, under the concerted effort of our staff.

Yours faithfully,

Ji Wei
Chairman

Hong Kong, 6 April 2009





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