



In the second half of 2000, the ELSTER-AMCO Group signed two joint ventures in China which promises a lucrative future in one of the world's biggest markets.

In September, Elster Produktion GmbH wrapped up 18 months of active negotiations by signing a joint venture agreement with Shanghai Gas Meter & Appliance Co. Ltd. to give birth to Elster's first industrial manufacturing facility in China. The new facility will run under the name "Shanghai ELSTER-AMCO Gas Equipment Company Ltd."

At the official signing of the agreement Elster Produktion was represented by Jost Körte (Managing Director), Ralf Schuler (Group Financial Controller) and Philip Lam (Regional Director for Asia) and SGMA was represented by its Managing Director Xu Jun and the chairman of the Shanghai Business Group Mr. Ge Weichang. The ceremony was attended by high ranking Chinese officials, municipalities, party officials, a consul from the German embassy and about 100 people from the gas industry.

Elster Produktion GmbH will hold 55% of the equity and SGMA will own the remaining 45%.

JOINT VENTURES

A gateway into China

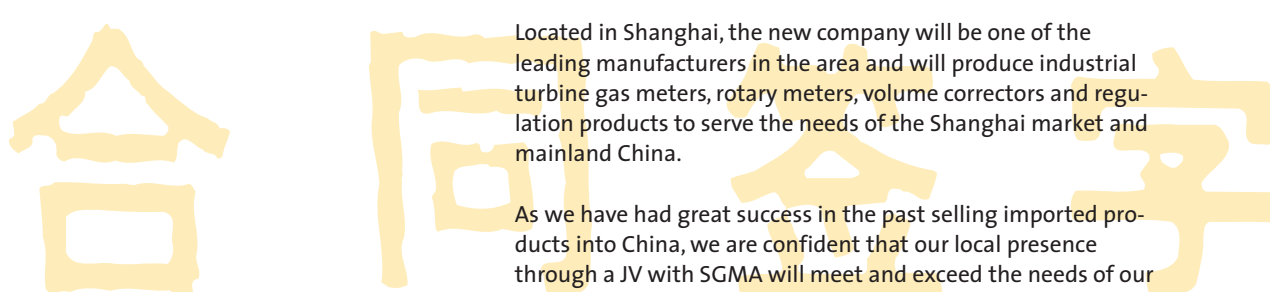


Shanghai's industrial turbine gas meters

Located in Shanghai, the new company will be one of the leading manufacturers in the area and will produce industrial turbine gas meters, rotary meters, volume correctors and regulation products to serve the needs of the Shanghai market and mainland China.

As we have had great success in the past selling imported products into China, we are confident that our local presence through a JV with SGMA will meet and exceed the needs of our customers by providing them with quality products of a typical German standard, quick delivery and after-sales service coupled with a competitive price.

It is anticipated that production will begin in Shanghai by the 2nd quarter of 2001.



Chongqing's residential gas meters

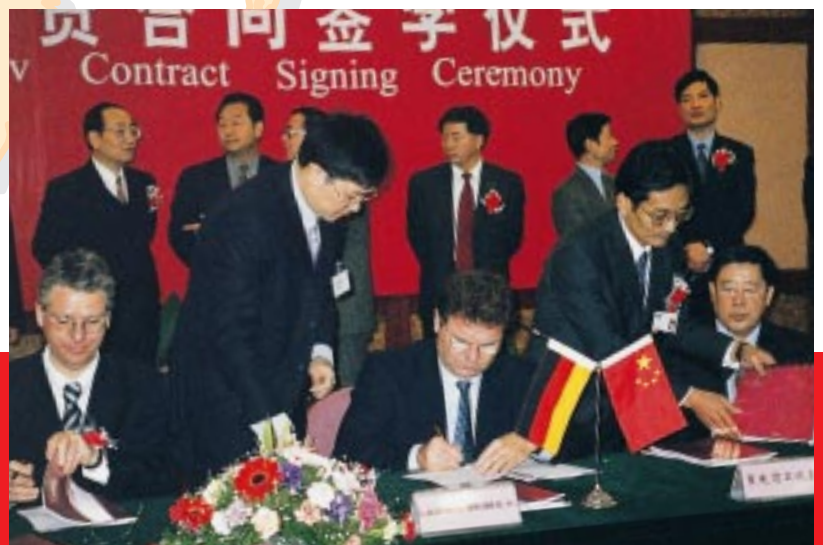
Two months later, on November 16, G. Kromschroder AG and Chongqing Qianwei Instrument and Meter Factory completed the negotiations on a joint venture to produce residential meters in China. The Chairman of Kromschroder, Dr. Hubert Dombrowski, the Technical Director Ingo Prasse and the Regional Director for Asia, Philip Lam represented the German company at the signing of the agreement while the Chinese partners were represented by the Managing Director, Duan You De. The new facility has been named "Qianwei Kromschroeder Meters Chongqing Co. Ltd".

Also in attendance were Mr. Pao, the Mayor of Chongqing, Mr. Huang, President of China Shipbuilding, the parent company and distinguished guests, dignitaries and customers. Located in Sichuan province, Chongqing is the largest city in China and the only municipality in central and western China directly under the central government. The JV brings together a closer relationship with unique strengths: the world leader in gas meter manufacturing and a major manufacturer of gas meters and market leader in China. From the first contact in 1986, the relationship with Qianwei

has been warm and professional. With patience, perseverance and determination from everyone, the agreement finally materialised in the year of the Dragon. The JV will manufacture the BK2.5, Kromschroeder's state-of-the-art residential gas meter to meet the needs of the customers in China. It is anticipated that production of the BK-G2.5 in Chongqing will commence in the 4th Quarter of 2001.

Fast Facts about Chongqing

- located at the confluence of Yangtze and Jialing rivers
- famous for its Dazu stone sculptures and the three Gorges of the Yangtze river
- total population of 30 million, area of 82,000 km²
- headquarters of the nationalists and the capital of China during World War 2
- major river port and industrial centre
- became a province in March 1997



Signing Ceremony in Shanghai (le) and in Chongqing (ri)

Fast Facts about Shanghai

- one of the largest cities in China
- located in the eastern part of China
- total population of 15 million
- major river port and industrial centre

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COME AND SEE:

GAS CHINA

25th–28th APRIL 2001

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