

ASIA POWER CORPORATION LTD

Full Year Financial Statement And Dividend Announcement

Full-year financial statement on consolidated results for the year ended 30 June 2001
These figures have not been audited.

	Group			Company		
	S\$'000		%	S\$'000		%
	2001	2000	Change	2001	2000	Change
1.(a) Turnover	108,562	60,894	78.3	3,936	5,463	(28.0)
1.(b) Investment income	0	0	n.a.	0	0	n.a.
1.(c) Other income including interest income	1,694	2,454	(31.0)	245	415	(41.0)
2.(a) Operating profit before income tax, minority interests, extraordinary items, interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items	20,411	15,397	32.6	2,870	4,499	(36.2)
2.(b)(i) Interest on borrowings	(1,013)	(1,281)	(20.9)	(4)	0	100.0
2.(b)(ii) Depreciation and amortisation	(4,050)	(3,169)	27.8	(93)	(50)	86.0
2.(b)(iii) Foreign exchange gain/(loss)	(128)	189	(167.7)	143	335	(57.3)
2.(c) Exceptional items	2,764	0	n.m.	2,998	0	n.m.
2.(d) Operating profit before income tax, minority interests and extraordinary items but after interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items	17,984	11,136	61.5	5,914	4,784	23.6

		Group			Company		
		S\$'000		%	S\$'000		%
		2001	2000	Change	2001	2000	Change
2.(e)	Income derived from associated companies	1,598	1,663	(3.9)	0	0	n.a.
2.(f)	Less income tax	(3,716)	(555)	569.5	(399)	(115)	247.0
2.(g)(i)	Operating profit after tax before deducting minority interests	15,866	12,244	29.6	5,515	4,669	18.1
2.(g)(ii)	Less minority interests	(7,604)	(4,884)	55.7	0	0	n.a.
2.(h)	Operating profit after tax attributable to members of the company	8,262	7,360	12.3	5,515	4,669	18.1
2.(i)(i)	Extraordinary items	0	0	n.a.	0	0	n.a.
2.(i)(ii)	Less minority interests	0	0	n.a.	0	0	n.a.
2.(i)(iii)	Extraordinary items attributable to members of the company	0	0	n.a.	0	0	n.a.
2.(i)(iv)	Transfer to/from Exchange Reserve	0	0	n.a.	0	0	n.a.
2.(i)(v)	Capitalisation by way of bonus issue	0	(1,778)	(100.0)	0	(1,778)	(100.0)
2.(i)(vi)	Transfer to Reserve Fund	(100)	(817)	(87.8)	0	0	n.a.
2.(j)	Operating profit after tax and extraordinary items attributable to members of the company	8,262	7,360	12.3	5,515	4,669	18.1

Group Figures

		Latest year	Previous year
3.(a)	Operating profit [2(g)(i) above] as a percentage of turnover [1(a) above]	14.61%	20.11%
3.(b)	Operating profit [2(h) above] as a percentage of issued capital and reserves at end of year	16.08%	16.64%
3.(c)	Earnings per ordinary share for the year based on 2(h) above after deducting any provision for preference dividends:-		
	(i) Based on existing issued share capital	2.58 cents	2.39 cents
	(ii) On a fully diluted basis	2.58 cents	2.39 cents
3.(d)	Earnings per share based on 2(j) above:-		
	(i) Based on existing issued share capital	2.58 cents	2.39 cents
	(ii) On a fully diluted basis	2.58 cents	2.39 cents
3.(e)	Net tangible asset backing per ordinary share	13.82 cents	13.82 cents

The calculation of earnings per share is based on the weighted average number of ordinary shares of 320,000,000 and 307,868,852 for the years 2001 and 2000 respectively.

		Group			Company		
		S\$'000	%	Change	S\$'000	%	Change
		2001	2000		2001	2000	
4.(a)	Sales reported for first half year	48,744	26,997	80.6	0	0	n.a.
4.(b)	Operating profit [2(g)(i) above] reported for first half year	6,708	5,564	20.6	(445)	(586)	(24.1)
4.(c)	Sales reported for second half year	59,818	33,897	76.5	3,936	5,463	(28.0)
4.(d)	Operating profit [2(g)(i) above] reported for second half year	9,158	6,680	37.1	5,960	5,255	13.4

- 5.(a) Amount of any adjustment for under or overprovision of tax in respect of prior years

The tax charge for the Company and the Group contain adjustments of underprovision of S\$26,000 (2000: S\$15,000) and S\$649,000 (2000: S\$15,000) for prior years respectively.

- 5.(b) Amount of any pre-acquisition profits

There was a pre-acquisition loss amounting to S\$1,569,000 for the current year (2000: S\$NIL).

5.(c) Amount of profits on any sale of investments and/or properties

Item 5c Table

Sale of investments/properties	\$Profit/(Loss)
Sale of investments: 2001	\$2,764,000.00
2000	\$18,000.00
There were no sale of properties for the latest and previous years.	

5.(d) Any other comments relating to Paragraph 5

The pre-acquisition loss arose from the acquisition of Shenzhen NARI Technologies Co., Ltd through Asia Technologies Limited(BVI) during the current financial year.

6. Segmental Results

	Turnover		Operating profit before taxation	
	2001 S\$'000	2000 S\$'000	2001 S\$'000	2000 S\$'000
<u>BY BUSINESS SEGMENT</u>				
Investment holding	1	-	(1,549)	(1,202)
Power plants	86,471	60,894	14,532	13,094
Power-related technology	22,090	-	5,467	-
	108,562	60,894	18,450	11,892
Add/ (less):				
Interest income	-	-	547	525
Interest expenses	-	-	(1,013)	(1,281)
	108,562	60,894	17,984	11,136

7.(a) Review of the performance of the company and its principal subsidiaries

Group

Group turnover improved significantly by 78.3% to \$108.6 million for the year ended 30 June 2001 compared to \$60.9 million for the last financial year. Group operating profit before income tax, minority interests, extraordinary items, interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items increased from \$15.4 million in 2000 to \$20.4 million in 2001. This was mainly due to the contribution of turnover and profit before taxation of the newly acquired subsidiary, Shenzhen NARI Technologies Co., Ltd ("SNARI"). The profit after taxation of SNARI was RMB25.7 million (S\$5.5 million).

The other main reason for the increase in the Group turnover was the change to a lease arrangement from the management contract of generators No.7 and No.8 in Heilongjiang Asiapower Xinbao Heating &

Power Co., Ltd ("Xinbao"). This accounted for the increase in electricity generation volume and hence higher revenue was recorded. The average on-grid electricity price was also increased from RMB0.243/KWH to RMB0.283/KWH.

Depreciation and amortisation expenses increased by 27.8% mainly due to amortisation of goodwill amounting to S\$552k arising from the acquisition of Asia Technologies Limited(BVI) Group.

The exceptional item refers to the gain on disposal of 23% of the associated company, Changzhou Changya Electric Power Co., Ltd ("Changya"). The Company reduced its shareholdings in Changya from 48% to 25% in accordance with the Share Transfer and Capital Enlargement Agreement, whereby, the Company made additional contribution to maintain 25% of the enlarged share capital of Changya. At the time of restructuring, Changya changed its name to Changzhou Suyuan Electric Power Co., Limited ("Changzhou Suyuan"). Following the transfer of assets, Changzhou Suyuan is in the process of receiving endorsement from the State-Owned Assets Administrative Bureau in terms of the captioned transfer.

The Company's subsidiary, Asia Power (Neijiang) Hydroelectricity Co., Ltd ("Neijiang"), experienced the longest dry season in the history of Tuojiang River for this financial year 2001. Its turnover declined by 17.2% from S\$3.1 million to S\$2.5 million for year ended 30 June 2001. Profit from Neijiang also reduced by S\$1.2 million mainly attributable to the unfavorable weather condition and a one-time consultancy fee received in 2000 for liaising with local electricity bureau to a third party amounting to S\$0.6 mon. There was no such income in 2001.

The income tax charge arose mainly due to the provision for income tax for SNARI and Xinbao. Pursuant to the Income Tax Law of the People's Republic of China for Foreign Investment Enterprises, Xinbao was subjected to an income tax rate of 15% for a three-year period after the income tax exemption for two years from its first profit-making year. As Xinbao has commenced its fourth profit-making year on 1 January 2001, income tax is provided at a rate of 15% on the profit and is payable to the local tax bureau.

Company

At the company level, turnover declined by 28.0% to \$3.9 million in 2001 due to lower dividend income received from a subsidiary. Operating profit before income tax, minority interests and extraordinary items but after interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items of \$5.9 million was higher in the current year against the previous year of \$4.8 million due to capital gain on partial disposal of the associated company.

- 7.(b) A statement by the Directors of the Company on whether "any item or event of a material or unusual nature which would have affected materially the results of operations of the Group and Company has occurred between the date to which the report refers and the date on which the report is issued". If none, to include a negative statement.

In the opinion of the Directors, no items, transactions or event of a material and unusual nature has arisen since the end of the year under review to the date of this announcement, which would affect substantially the results of the operations of the Group and the Company.

8. Commentary on current year prospects

Despite the global economic downturn, China has maintained a stable economic growth rate of about 8%, an outstanding achievement in a sluggish world economy. With its strong economic growth fuelled by its expanding low-cost manufacturing base and large domestic market, China has attracted some two-third of Asia's total foreign direct investment.

With its scheduled entry into WTO and Beijing's successful bid for the 2008 Olympic Games, China's economic growth is expected to accelerate as more and more global companies are attracted to China. This continued strong economic growth will generate growing demand for energy especially electric power to drive the country's expanding business, industrial and commercial activities. Asia Power being an established power generating company in China market is therefore well-poised to leverage on the expected surge in power demand and grow with the dynamic Chinese economy.

In addition to the robust economy, the China power industry is also undergoing a massive restructuring program. This restructuring will provide new opportunities for potential mergers and acquisitions. The Company will maintain its strategy of growth via strategic mergers and acquisitions in power and

power-related businesses in China. The Company's successful acquisition of Shenzhen NARI Technologies Co., Ltd and the subsequent capital restructuring exercise of the Changzhou Suyuan Electric Power Co., Ltd have broadened its operation basis and diversified its portfolio and hence added a new source of income for the future.

Notwithstanding the above-mentioned overall favorable factors, there is a limitation to any power plant performance due to the fact that the installed capacity is more or less fixed. The demand of electricity is also seasonal, and dependent on the economic development of the locality, which varies from region to region in a huge country like China.

In view of the above factors and barring any unforeseen circumstances, the Directors and Management of the Company are confident of maintaining comparable profitability for the financial year ending June 2002.

9. Dividend

(a) *Present Period*

Name of Dividend	Final
Dividend Type	Cash
Dividend Rate	S\$0.0075 per ordinary share tax exempt
Par value of shares	US\$0.05
Tax Rate	

(b) *Previous Corresponding Period*

Name of Dividend	Interim	Final
Dividend Type	Cash	Cash
Dividend Rate	US\$0.05 per ordinary share tax exempt	US\$0.0029 per ordinary share tax exempt
Par value of shares	US\$1.00	US\$0.05
Tax Rate		

(c) *Total Annual Dividend*

	Latest Year (S\$'000)	Previous Year (S\$'000)
Ordinary	2,400,000	2,791,000
Preference	0	0
Total:	2,400,000	2,791,000

(d) *Date payable*

To be announced at a later date

(e) *Books closing date*

To be announced at a later date

(f) *Any other comments relating to Paragraph 9*

The interim tax exempt dividend as in 9(b) of US\$0.05 per ordinary share of US\$1.00 each on 14,000,000 shares amounting to S\$1.2 million was declared and paid to shareholders in the previous financial year, prior to the listing of the Company.

10. Balance sheet

As At	Group		Company	
	30/06/2001	30/06/2000	30/06/2001	30/06/2000
	S\$'000	S\$'000	S\$'000	S\$'000
Non current assets				
Fixed assets	46,932	43,786	304	150
Investments in subsidiaries	-	-	29,878	20,245
Interest in associated company	6,205	5,151	5,293	4,234
Other financial assets	9	-	9	-
Goodwill arising on consolidation	7,174	-	-	-
	<u>60,320</u>	<u>48,937</u>	<u>35,484</u>	<u>24,629</u>
Current assets	77,525	55,236	6,846	14,815
Current liabilities	(48,479)	(41,056)	(2,942)	(3,348)
Non-current liabilities	(8,148)	(406)	(199)	-
Minority interests	(29,832)	(18,488)	-	-
Net assets	<u>51,386</u>	<u>44,223</u>	<u>39,189</u>	<u>36,096</u>
Share capital and reserves:				
Share capital	26,602	26,602	26,602	26,602
Reserves				
Statutory reserves	1,223	1,600	-	-
Share premium	6,079	6,079	6,079	6,079
Unappropriated profit	12,333	6,594	6,508	3,415
Enterprise development fund	385	455	-	-
Exchange translation reserve	2,750	878	-	-
Capital reserve	2,014	2,015	-	-
	<u>24,784</u>	<u>17,621</u>	<u>12,587</u>	<u>9,494</u>
Total share capital and reserves	<u>51,386</u>	<u>44,223</u>	<u>39,189</u>	<u>36,096</u>

11. Details of any changes in the company's issued share capital

There was no change in the Company's issued share capital since the end of the previous half year.

12. Comparative figures of the group's borrowings and debt securities

(a) Amount repayable in one year or less, or on demand

As at 30/06/2001		As at 31/12/2000	
Secured	Unsecured	Secured	Unsecured
S\$1,621,000	S\$6,184,000	S\$9,400,000	S\$3,895,000

(b) Amount repayable after one year

As at 30/06/2001		As at 31/12/2000	
Secured	Unsecured	Secured	Unsecured

| S\$7,446,000 | 0 | 0 | 0 |

(c) Any other comments relating to Paragraph 12

As reported in the half-year announcement ended 31 December 2000, the subsidiary companies in China have secured and refinanced their long-term bank borrowings.

BY ORDER OF THE BOARD

Pang Hin Long
Company Secretary
12 September 2001