

RESTRUCTURING OF SHENZHEN NARI TECHNOLOGIES CO., LTD

The Board of Directors of Asia Power Corporation Limited (the “Company”) is pleased to announce that one of its subsidiaries, Asia Technologies Limited, a company registered in British Virgin Islands (“ATL”) has undergone a restructuring exercise by entering into a Share Transfer Agreement (the “Agreement”) on 16 January 2002 with the existing and new shareholders of Shenzhen NARI Technologies Co., Ltd (“Shenzhen NARI”) in the disposal of 17% of its direct interest in Shenzhen NARI for a cash consideration of RMB29,325,000.

BACKGROUND

The Company acquired sixty-one per cent (61%) of the issued and paid-up share capital of ATL, an investment holding company, in July 2000, which in turn holds fifty-two per cent (52%) equity interest in Shenzhen NARI, a sino-foreign equity joint venture company established in the People’s Republic of China (“PRC”). The principal activities of Shenzhen NARI are those relating to the design, manufacture and assembly of computerised automation systems, including hardware and software, which are used to regulate electricity flow and protect power grid systems. The registered paid-up capital in Shenzhen NARI is RMB50,000,000.

Prior to the corporate restructuring, the shareholding structure of Shenzhen NARI was as follows:

- (1) Asia Technologies Limited 52%
- (2) Shenzhen Nanjing Automation Research Institute 25%
- (3) Yangpu Pulian Industrial Co. Ltd 23%

As provided in the Agreement, the shareholdings of ATL in Shenzhen NARI will be reduced from 52% to 35% by transferring 8,500,000 shares in Shenzhen NARI for a cash consideration of RMB29,325,000 or RMB3.45 per share to Guangxi Liyuan Group Co., Ltd (the “buyer”).

Upon completion of the Agreement, the new shareholding structure in Shenzhen NARI will be as follows:

- (1) Asia Technologies Limited 35%
- (2) Shenzhen Nanjing Automation Research Institute 20%
- (3) Guangxi Liyuan Group Co., Ltd 25%
- (4) Shanghai State Power Investment Co., Ltd 10%
- (5) Yangpu Pengruida Investment Co., Ltd 10%

CONDITIONS PRECEDENT

Pursuant to the Agreement, the completion of the restructuring exercise is subject to the following conditions:

- (1) the approval of the relevant authorities in the PRC;
- (2) the approval of the shareholders/directors of all parties to the Agreement;
- (3) the unappropriated retained earnings (after distribution of the statutory and capital reserves and employees’ welfare fund) as at 31 December 2001 would be allocated/distributed to the existing shareholders; and
- (4) the audited net assets of Shenzhen NARI would not fall below RMB75 million as at 31 January 2002.

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SALE CONSIDERATION

The sale consideration of RMB29,325,000 was agreed on a “willing- buyer and willing-seller” basis. The book value per share was RMB1.28 as at 30 June 2001. It will be satisfied by cash payment from the buyer not later than the seventh day of the Agreement. The intended use of the sale proceeds is for re-investment purposes.

RATIONALE

To broaden the shareholders’ base and bring in strategic investors

These reputable local shareholders can assist Shenzhen NARI in business development and other areas, opening up more opportunities for Shenzhen NARI to grow, hence enhancing its shareholders’ value.

FINANCIAL EFFECTS

Based on the latest audited financial statements of the Group for the financial year ended 30 June 2001 and the unaudited financial statements of Shenzhen NARI over the same period, the financial impact on the Group’s EPS and NTA are as follows:

EPS

The Group’s EPS would have increased by 31.4% from 2.58 cents to 3.39 cents taking into consideration of net disposal gain of S\$2.58 million.

NTA

The NTA of the Group would have increased by 5.8% from S\$44.21 million to S\$46.79 million, or from 13.82 cents to 14.62 cents per share.

The net profits (after deducting all charges except taxation and excluding extraordinary items) attributable to the assets being disposed of would be S\$625,000.

DIRECTORS’ AND SUBSTANTIAL SHAREHOLDERS’ INTEREST

Pursuant to the definitions as set out under Clause 9A05 of the SGX-ST Listing Manual (the “Listing Manual”), no interested person was involved in the sale of ATL’s 17% stake in Shenzhen NARI.

In addition, in compliance with Clause 1006(1) of the Listing Manual, the details to be disclosed are as follows:

- a. None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the disposal of the 17% stake held by ATL in Shenzhen NARI; and
- b. There is neither service contract nor appointment of any Director to the listed issuer in connection with the corporate restructuring of Shenzhen NARI.