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Asia Power set to book \$10.7m gain

By ALEXANDRA HO

ASIA Power Corporation, which owns, manages and operates power plants in China, will dispose of its 35 per cent equity stake in Shenzhen Nari Technologies Co for 146.3 million yuan (S\$29.6 million) cash.

Shenzhen Nari is a power-related technology company specialising in the design, manufacturing, and assembly of computerised automation systems used to regulate electricity flow and protect power grid systems.

Asia Power is selling its interest to Chang Yuan Xin Cai (Hong Kong), and is expected to recognise an estimated net gain of about \$10.7 million, based on the audited financial statements of the group and Shenzhen Nari as at Dec 31, 2005. The gains exceed the net earnings of \$10.1 million achieved for fiscal 2005.

Under the sale and purchase agreement, Asia Power will transfer its interest in Shenzhen Nari to APC Technology Investment, a newly incorporated wholly owned subsidiary of Asia Power, before facilitating the sale of its 100 per cent interest in APC to Chang Yuan.

Explaining the sale, Asia Power executive director and CEO Zhang Gang Zhu said: 'The company intends to focus on environmentally friendly and renewable energy power generation plants, especially hydropower electricity generation plants, as its main engine of growth. The disposal of Shenzhen Nari, when completed, will represent a divestment of auxiliary business activities, and free up cash for the company to continue its pursuit to focus on its investment strategy and realise its strategic objectives.'

The gains from disposing Shenzhen Nari will be recognised this fiscal

year, Mr Zhang added, and will contribute positively to Asia Power's growth and financial performance in the year ahead.

Asia Power's shares closed half a cent higher at 31.5 cents yesterday