



**ASIA POWER CORPORATION LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration No.: 199701487C)

## **PROPOSED DISPOSAL OF APC HYDRO POWER (INVESTMENT) PTE. LTD. ("APC HYDRO POWER")**

### **1. INTRODUCTION**

The Board of Directors of Asia Power Corporation Limited (the "**Company**" or "**APC**") wishes to announce that the Company has on 3 July 2008 entered into a Sale & Purchase Agreement ("**S&P Agreement**") with Chongqing Dingtai Energy Sources (Group) Co., Ltd (重庆鼎泰能源(集团)有限公司) ("**Chongqing Dingtai**"), a company incorporated in the People's Republic of China. Pursuant to the S&P Agreement, the Company will sell and Chongqing Dingtai will purchase the Company's entire shareholding interest (the "**Interest**") in APC Hydro Power (the "**Disposal**").

Upon completion of the Disposal, APC Hydro Power will cease to be owned by, and be a subsidiary of, the Company.

### **2. PARTICULARS OF APC HYDRO POWER**

APC Hydro Power was set up as an investment holding company for the purpose of holding a 31.6% equity interest in Chongqing Yujiankou Hydroelectricity Co., Ltd (重庆鱼剑口水电有限公司) ("**Chongqing Yujiankou**"), a hydropower plant located in the city of Chongqing. Chongqing Dingtai holds 29% equity interest in Chongqing Yujiankou.

### **3. CONSIDERATION**

- 3.1. The consideration ("**Consideration**") to be paid by Chongqing Dingtai to the Company for the Disposal shall be the United State Dollar ("**USD**") amount equivalent to Renminbi ("**RMB**") 63,384,860 (approximately S\$12,588,600)<sup>1</sup>. The exchange rate between the USD and RMB shall be based on the central parity rate announced by the People's Bank of China on the day each portion of the Consideration is remitted by Chongqing Dingtai.
- 3.2. Chongqing Dingtai shall make payment of the Consideration to the Company in three tranches:
  - (a) 10% of the Consideration (RMB 6,338,486) shall be paid to the Company in the form of a performance bond ("**Performance Bond**") within five business days of the date of the S&P Agreement;
  - (b) within 10 business days of the receipt of the Approval Certificate for Overseas Investment (境外投资批准证书) ("**Approval Certificate**") from the appropriate

<sup>1</sup> The exchange rate of S\$1.00 : RMB 5.0351 has been used in this announcement.

regulatory authority, Chongqing Dingtai shall complete the procedures in relation to, *inter alia*, foreign exchange and banking that are required in respect of overseas investment and pay 30% of the Consideration (the USD equivalent of RMB 19,015,458) (the "**Second Tranche Payment**") to the Company. Upon receipt of the Second Tranche Payment, the Company shall refund the Performance Bond plus interest calculated at the bank's interest rate for a three-month fixed deposit to Chongqing Dingtai; and

- (c) 70% of the Consideration (the USD equivalent of RMB 44,369,402) (the "**Third Tranche Payment**") less bank charges and relevant taxes shall be paid to the Company within five business days of the receipt by Chongqing Dingtai of (i) the updated business profile information of APC Hydro Power that reflects the transfer of shares to Chongqing Dingtai and the change of directors and (ii) a copy of the updated Register of Members that has been certified by the company secretary of APC Hydro Power.

3.3. The S&P Agreement sets out, *inter alia*, the following consequences in respect of breaches of the terms for payment of Consideration:

- (a) if Chongqing Dingtai does not make the Second Tranche Payment within the stipulated time, it shall pay the Company a penalty sum to be calculated at the rate of 0.1% of the Second Tranche Payment per day. If Chongqing Dingtai does not make the Second Tranche Payment after 30 days from the stipulated time, the Company has the right to terminate the S&P Agreement and retain the Performance Bond. If Chongqing Dingtai continues its performance of the S&P Agreement thereafter, the Performance Bond shall not form part of the Consideration;
- (b) if Chongqing Dingtai does not make the Third Tranche Payment within the stipulated time, it shall pay the Company a penalty sum to be calculated at the rate of 0.1% of the outstanding Consideration per day;
- (c) if the Company or its nominee does not refund the Performance Bond in accordance with the terms of the S&P Agreement, the Company shall be liable to pay Chongqing Dingtai a penalty sum to be calculated at the rate of 0.1% of the value of the Performance Bond per day;
- (d) if the Company does not register the transfer of the shares in APC Hydro Power, update the register of directors and send the relevant documents to Chongqing Dingtai (the "**Relevant Procedure**") within the stipulated time, the Company shall be liable to pay Chongqing Dingtai a penalty sum to be calculated at the rate of 0.1% of the Second Tranche Payment per day. If the Company does not complete the Relevant Procedure after 30 days from the stipulated time, Chongqing Dingtai has the right to terminate the S&P Agreement and the Company shall be liable to pay Chongqing Dingtai a penalty sum equivalent to 10% of the Consideration.

3.4. The Consideration was arrived at after arms length negotiations between the Company and Chongqing Dingtai on a willing buyer and willing seller basis, after taking into consideration the original cost of the Company's investment in Chongqing Yujiankou through APC Hydro Power.

#### 4. MATERIAL CONDITION

- 4.1. The completion of the Disposal is conditional upon the Approval Certificate being obtained within two months of the date of the S&P Agreement. If the Approval Certificate is not obtained within such time, Chongqing Dingtai shall be liable to pay the Company a penalty sum to be calculated at the rate of 7.47% of the outstanding Consideration (the "**Penalty Sum**"). If the Company and Chongqing Dingtai (collectively, the "**Parties**") mutually agree to terminate the S&P Agreement at such time, the Penalty Sum shall not be payable.
- 4.2. If the Approval Certificate is not obtained within three months of the date of the S&P Agreement, the Parties shall renegotiate the terms of the Disposal. If the Parties are unable to agree to new terms for the Disposal 10 days thereafter, the Company shall return the Performance Bond and Second Tranche Payment plus interest thereon at the bank's interest rate for a three-month fixed deposit to Chongqing Dingtai. The Company shall have the right to terminate the S&P Agreement and to commence negotiations with third parties in respect of the disposal of the Interest. However, the Company agrees that Chongqing Dingtai would have the first right to purchase the Interest on the terms any third party is willing to agree to.

#### 5. RATIONALE FOR THE DISPOSAL

The Board of Directors of the Company is of the view that it is in the best interest of the Company to dispose of APC Hydro Power so that the Company can unlock the gains from its investment in Chongqing Yujiankou. As Chongqing Dingtai is an existing shareholder of Chongqing Yujiankou and has expressed interest in acquiring the Interest, the Board of Directors of the Company is of the opinion that it is a good opportunity to undertake the Disposal and realise the gains from the investment in Chongqing Yujiankou since there is a suitable purchaser for the Interest available.

#### 6. FINANCIAL EFFECTS OF THE DISPOSAL

- 6.1. The net proceeds from the Disposal (after taking into account transaction costs) is equivalent to approximately S\$12,188,600.

The Directors are considering various options for the use of the sale proceeds, and will take into consideration capital management of the Company, investment and expansion opportunities that will increase shareholder value and focus the core business of the Company. The Directors will make appropriate announcements where necessary.

- 6.2. Based on the audited financial statements of APC Hydro Power for the financial year ended 31 December 2007 ("**FY2007**"), the book value of APC Hydro Power was approximately S\$10,085,355 based on the Company's cost of investment in APC Hydro Power. The net tangible assets ("**NTA**") of APC Hydro Power was approximately S\$10,505,042 for FY2007, which includes APC Hydro Power's retained earnings. The net profit attributable to APC Hydro Power is approximately S\$869,760 for FY2007.

The excess of the net proceeds from the Disposal (after taking into account transaction costs) over the book value of APC Hydro Power, based on the Consideration is equivalent to approximately S\$2,028,706.

The Company will realise an estimated net gain of approximately S\$2,103,245 from the Disposal. The financial effect in this regard is computed on a one-off basis.

- 6.3. Based on the audited financial statements of the Company for FY2007, the financial effects of the Disposal on the Company would be as follows:
- (a) the NTA per share of the Company would decrease from 16.42 cents to 13.65 cents, assuming that the Disposal had been completed on 31 December 2007; and
  - (b) the earnings per share of the Company would decrease from 3.38 cents to 3.14 cents, assuming that the Disposal had been completed on 1 January 2007.

**7. REQUIREMENTS OF THE LISTING MANUAL (THE "LISTING MANUAL") OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE "SGX-ST")**

- 7.1. Based on the unaudited financial statements of the Company and its subsidiaries (the "Group") for the three months ended 31 March 2008, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual for the purpose of transaction classifications pursuant to Chapter 10 of the Listing Manual are as follows:
- (a) Rule 1006(a) - The net asset value attributable to the disposal of APC Hydro Power of approximately S\$10,505,042 represents approximately 9.3% of the Group's net assets of S\$113,267,000;
  - (b) Rule 1006(b) - Not meaningful as APC Hydro Power incurred a loss of approximately S\$179,729 and the Group recorded net profits of approximately S\$5,515,000; and
  - (c) Rule 1006(c) - The sale consideration of APC Hydro Power represents approximately 12.1% of the Company's market capitalisation of approximately S\$103,826,438 as at 2 July 2008, the market day immediately preceding the date of the S&P Agreement.

Based on the above, the Disposal constitutes a discloseable transaction and does not require the approval of shareholders for the purposes of Chapter 10 of the Listing Manual.

**8. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Disposal.

**9. DOCUMENTS FOR INSPECTION**

Copies of the S&P Agreement may be inspected during the Company's usual business hours (from 9.00 a.m. to 5.00 p.m.) on any business day for a period of three months from the date of this announcement at the registered office of the Company at 5 Shenton Way, UIC Building #25-02, Singapore 068808.

By Order of the Board  
**ASIA POWER CORPORATION LIMITED**

Sha Guangwen  
Director  
3 July 2008