

## IMMEDIATE RELEASE

### **REMOVAL OF THE APPROVAL-IN-PRINCIPLE CONDITION, WHICH STIPULATED THAT THE COMPANY'S PRINCIPAL SUBSIDIARIES MUST HAVE AT LEAST ONE INDEPENDENT DIRECTOR WHO RESIDES IN SINGAPORE (THE "AIP CONDITION")**

The Board of Directors would like to announce that the Company has received SGX's letter on 24 November 2011 confirming that SGX has no objection to the removal of the AIP condition for the Boards of the Company's principal subsidiaries in relation to the appointment of at least one independent director who is resident in Singapore.

As announced on 17 December 2009, the Company received SGX-ST's in-principle approval for the listing and quotation of the shares on the main board of the SGX-ST for the Very Substantial Acquisition ("VSA") of the Waste to Energy business, subjected to AIP conditions as disclosed in the circular dated 29 December 2009. The Company has complied with all the conditions except for the condition that requires the boards of the principal subsidiaries to have at least one independent director who is resident in Singapore.

Pursuant to Rule 51 of the Company Ordinance of the People's Republic of China ("Rule 51"), if the number of the shareholders of a limited liability company established in the PRC is relatively small, the company is allowed to appoint one executive director without the formation of a board of directors. The principal subsidiary of the Company falls within such category as mentioned in Rule 51.

In order for the principal subsidiary to form a board of directors and expand the number of directors, the principal subsidiary will have to obtain approvals from the relevant authorities in the People's Republic of China. Furthermore, the principal subsidiary operates under a Build-Operate-Transfer ("BOT") agreement with the Municipal Government. The Articles of Association ("the Articles") of the principal subsidiary was filed with the Municipal Government, therefore any changes of the Articles will require the approval of the Municipal Government, which in turn would require the Company to enter into extensive discussions.

The Company has tried to comply with the AIP Condition by seeking approval from the authorities, but until now, the Company has yet to obtain formal consent from the respective authorities. The situation was explained to SGX and SGX has no objection to removal of the AIP condition taking into account the Company's explanation and representations. The Company deliberated on the matter and decided not to appoint an independent director to the Boards of the Company's principal subsidiaries.

- i. The Company has appointed an executive director for its principal subsidiaries, and appointing an executive director for its principal subsidiaries instead of forming a board is in compliance with the laws in China;

- ii. Forming a board for the principal subsidiaries requires a long approval process with the authorities mentioned previously. The principal subsidiaries has gone through the process but has yet to receive a formal approval;
- iii. The executive director of the principal subsidiaries was appointed on merit. He is not a major shareholder of the Company nor an executive director of the Company;
- iv. The role and responsibilities of the executive director of the principal subsidiaries have been clearly set out in the Articles with proper checks and balances in place; and
- v. The board of directors of the Company, through its China headquarters, has full oversight responsibilities over the executive director of the principal subsidiaries, who are accountable to the board of the Company.
- vi. The Company needs to set up a subsidiary for each of the Build-Operate-Transfer project (“BOT project”) and the Company has 10 BOT projects on hand at the moment. It will be difficult to appoint at least one independent director who is the resident in Singapore to the Boards of all the subsidiaries and future subsidiaries.
- vii. Lastly, the appointment of at least one independent director who resides in Singapore will increase the cost to the Company and may affect the timeliness on decision making.

By Order of the Board,

Lin Yan  
Executive Chairman and the Group CEO  
12 December 2011