



NEWS RELEASE

CHINA ENERSAVE ACQUIRES 270 MW POWER PLANT

- **China Enersave acquires 51% equity interest in Yima power plant for US\$45 million**
- **US\$35 million consideration payable in cash and US\$10 million in new ordinary shares of China EnerSave**
- **Yima power plant is coal -fired with an installed capacity of 270MW**
- **In FY2005, Yima generated revenues of RMB337 million and net profit after tax of RMB110 million**

Upon completion of the acquisition, the energy division will account for a major portion of China EnerSave's revenue.

SINGAPORE, 16 June 2006 – Singapore listed China EnerSave Ltd ("the Group" or "China EnerSave") today announced that it has entered into conditional sale and purchase agreements to acquire a 51% equity interest in Yima Jinjiang Energy Comprehensive Utilisation Company Limited ("Yima" or "the Company"), an owner and operator of a coal-fired power plant with an installed capacity of 270MW (comprising 2 units of 135MW generators) in the People's Republic of China ("the PRC" or "China").

Acquired for a consideration of US\$45 million, this transaction will be satisfied by a cash payment of US\$35 million with the balance of US\$10 million to be satisfied by the allotment and issue of 96,121,000 ordinary shares of China EnerSave at 16.5 cents per share. To satisfy the cash consideration and other purposes in connection with the proposed acquisition, China EnerSave is proposing to raise additional capital for the sum of US\$40 million by way of a placement of new ordinary shares for cash. The new shares issued will be placed to both institutional and private investors. China EnerSave will announce the details of the placement at the appropriate time.



The key considerations underlying this acquisition comprise the profitability of Yima; the future prospects of Yima in the PRC; that Yima is an operating power plant with relatively new equipment; and the availability of substantial coal resources in close proximity to the plant making it self-sufficient. In FY2005, the Yima power plant turned in revenues amounting to RMB 337 million and yielded RMB 110 million in net profit after tax.

Under the terms and conditions of the sale and purchase agreements, the vendors are required to procure the conditional approvals from the relevant Chinese regulatory authorities; undertake the acquisition of coal reserves with extraction rights to allow Yima to be substantially self sufficient as to its coal requirements; and that the coal reserves are required to maintain an extraction output of not less than 15 years.

Located in Henan Province, Yima has a 30-year license, to operate the power plant commencing from 2002. Presently Yima has two 135 MW generators that were commissioned respectively on 15 July 2004 and 20 October 2004. Subsequently, following the approval Central and provincial power grids, the Yima power plant commenced operation in January 2005.

This acquisition further expands China EnerSave's role in the energy sector. The Group first embarked into the energy sector in 2004 through the introduction of waste-to-energy technology and the construction of its first power waste-to-energy power plant in Huizhou. This is followed by the introduction of biomass technology in 2005. Currently the Group is constructing three biomass plants in China. Together with Yima, China EnerSave will have interests in 5 power plants in the PRC.

On the engineering front, China EnerSave also recently completed the acquisition of Amanda Industries Pte Ltd ("Amanda"), a company which provides integrated fabrication services to the energy industry. Amanda recently secured new orders for heat treatment and installation works amounting to about S\$11.4 million. This brings its order book to S\$39.8 million as at 13 June 2006.

"Going forward, contributions from the energy sector are expected to play an increasingly important and dominant role in the financial performance of China Enersave's business thereby enhancing its role as a participant in the energy sector." Said Mr. Simon Koo – CEO of China EnerSave

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