

IPCO INTERNATIONAL LIMITED

(Incorporated in Singapore)
(Company Registration No. 199202747M)

UPDATE ON PIPELINE AND GAS SUPPLY CONCESSION PROJECT IN WEIHAI, SHANDONG PROVINCE, NANHAI NEW DISTRICT AREA IN THE PEOPLE'S REPUBLIC OF CHINA

The Board of Directors (“the Board”) of Ipco International Limited (“Ipco”), refers to its announcement dated 17 December 2014 in relation to the Concession Agreement with Weihai, Shandong Province, Nanhai New District Regulatory Commission, People's Republic of China (“PRC”).

Ipco, through its wholly-owned subsidiary Excellent Empire Limited, which in turn through its wholly-owned subsidiary China Environment Energy Protection Investment Limited (“China Environmental”), via its wholly-owned subsidiary Xiaogan Zhonghuan Gas Investment and Management Co., Ltd (“Xiaogan Zhonghuan”) and through its newly formed subsidiary, Weihai Nanhai Zhonghuan Natural Gas Co., Ltd, has signed a Four Parties Joint Cooperation Agreement on 6 May 2015 with:

- Weihai Nan Hai New District Regulatory Commission
- China Construction Electric Power Construction Co., Ltd (“CCEPCC”)
- China Nuclear Power Engineering Co., Ltd (“CNPEC”)

Weihai Nanhai Zhonghuan Natural Gas Co., Ltd (“Weihai Nanhai Zhonghuan”)

Weihai Nanhai Zhonghuan is a newly formed natural gas distribution company for supplying and distributing natural gas to Weihai, Nanhai New District Development area in Shandong Province, PRC. It is 90% owned by Xiaogan Zhonghuan, with the remaining 10% owned by Haiyang City Xiang He Natural Gas Technical Consultancy Co., Ltd.

China Construction Electric Power Construction Co., Ltd (“CCEPCC”)

China Construction Electric Power Construction Co., Ltd, a subsidiary of China State Construction Engineering Corporation Ltd, has considerable expertise and experience in the technology for constructing power plants, including nuclear, thermal, wind, hydroelectric, oil-fired, natural gas, and biomass. The company’s main business is in the construction of nuclear power stations, conventional power plants and clean energy power plants. Projects undertaken by the company comprise more than 30 provinces, municipalities and autonomous regions in China, including Hong Kong and Macao, and extend to international markets, such as Vietnam, Pakistan, Botswana, and Algeria.

China Nuclear Power Engineering Co., Ltd (“CNPEC”)

China Nuclear Power Engineering Co., Ltd. is engaged in the contracting, construction, management, consultation and supervision of industrial and civil projects, including nuclear power, conventional power, heating supply, gas, harbor, highway, hydraulic, feedwater and water discharge projects, as well as engineering technology services. The company was founded in 2004 and is based in Shenzhen, PRC. China Nuclear Power Engineering Co., Ltd. is a subsidiary of China Guangdong Nuclear Power Group.

The Joint Cooperation Agreement is to enable the construction of four units of Natural Gas Steam Combined Cycle Power Plants in Weihai, Shandong Province, Nanhai New District Development Area by **CCEPCC** and **CNPEC**.

As announced on 17 December 2014, Ipco International Limited (“Ipco”), through China Environmental, had signed a gas supply agreement with China Power International New Energy Holding Ltd (“CPINE”). As certain conditions have not been fulfilled, both parties have mutually agreed to terminate the contract.

A substitute gas supply agreement between Weihai Nanhai Zhonghuan and CCEPCC is expected to be signed by the 4th quarter of 2015, whereby Weihai Nanhai Zhonghuan will supply 880 million cubic meters of natural gas per annum to CCEPCC for the Steam Combined Cycle Power Plants in Weihai, Nanhai New District Area. Pipelines will extend from a main gateway to a new Gas Receiving Station, as well as to CCEPCC's plant in Weihai, Nanhai New District Area. The total investment cost is estimated at RMB 120 million. As construction is expected to commence in the 1st quarter of 2016, this should not have a significant financial impact in the current year.

This Agreement represents an important expansion of China Environmental's natural gas operations in the People's Republic of China and will strengthen China Environmental's position in a key and rapidly growing economic sector.

BY ORDER OF THE BOARD

Carlson Clark Smith

Executive Director and Chief Financial Officer

8 May 2015