

DAYEN ENVIRONMENTAL LIMITED

(Incorporated in the Republic of Singapore)
Company Registration Number 198602051G

ANNOUNCEMENT

ISSUE OF REDEEMABLE CUMULATIVE CONVERTIBLE PREFERENCE SHARES BY SUBSIDIARY

1. INTRODUCTION

Dayen Environmental Limited (the “**Company**”) wishes to announce that Dayen Oil Water Technologies Pte. Ltd. (the “**JVCO**”), a company jointly-owned by the Company and Oneway Investment Pte Ltd, has on 11 March 2009 entered into a subscription agreement (the “**Subscription Agreement**”) with CIC Environmental Services Sdn Bhd (the “**Subscriber**”). Subject to the terms and conditions of the Subscription Agreement, the JVCO has agreed to allot and issue an aggregate of 42,857,143 new redeemable cumulative convertible preference shares (“**RCPS**”) to the Subscriber in two tranches as set out in Paragraph 2 below. The aggregate consideration for the aforesaid subscription will be S\$3,000,000.01 based on 42,857,143 RCPS at an issue price of S\$0.07 per RCPS.

2. PRINCIPAL TERMS OF THE RCPS

The principal terms and conditions of the RCPS (the “**Terms**”) are set out in the articles of association of the JVCO and are summarised as follows:

Aggregate Issue Size	:	42,857,143 RCPS.
Issue Price	:	S\$0.07 per RCPS.
First Closing (in respect of the first tranche of RCPS)	:	The subscription by the Subscriber for, and the allotment and issue by the JVCO of, the first tranche of 7,142,857 RCPS will take place on the date no later than seven Business Days (as defined herein) after the date of the Subscription Agreement provided that the relevant conditions precedent set out in the Subscription Agreement are satisfied (the “ First Closing Date ”). “ Business Days ” means a day (excluding Saturday, Sunday and public holidays) on which commercial banks are open for business in Singapore.
Second Closing (in respect of the second tranche of RCPS)	:	The subscription by the Subscriber for, and the allotment and issue by the JVCO of, the second tranche of 35,714,286 RCPS will take place five Business Days after the satisfaction of the relevant conditions precedent set out in the Subscription Agreement but in any event no later than three months after the First Closing Date.
Dividend Rights	:	Subject to the Terms, a holder of the RCPS (“ RCPS Holder ”) may be entitled to a cumulative dividend

(**“Preference Dividend”**).

The gross amount of a Preference dividend payable in respect of each RCPS shall be at the rate of 7.5 per cent in each financial year of the JVCO on the capital for the time being paid up on such RCPS, provided that such Preference Dividend shall be pro-rated if the RCPS is not in issue or held throughout the entire financial year.

A Preference Dividend which is declared on the same date as any ordinary dividend shall rank and be paid in priority to that ordinary dividend.

- Conversion : A RCPS Holder shall have the option to convert his RCPS into fully paid-up new ordinary shares of the JVCO (each, **“Conversion Share”**) at the conversion ratio of one RCPS to one Conversion Share, subject to adjustments from time to time in accordance with the Terms. This option to convert will be available to the RCPS Holder for a two-year period commencing on (and including) the date of issue of the first tranche of RCPS pursuant to the Subscription Agreement (the **“Issue Date”**) and ending at (and including) 5.00 p.m. (Singapore time) on the last day of such period.
- Maturity Date : The date falling 24 months after the Issue Date (or on such later date as may be approved by the ordinary shareholders of the JVCO and the RCPS Holders in a general meeting).
- Redemption at the option of RCPS Holder : A RCPS Holder shall have the option to have all or any of his RCPS redeemed at any time on or after the date falling 12 months after the Issue Date by providing a written notice to the JVCO (the **“RCPS Redemption Notice”**) in accordance with the Terms.
- Upon the date of redemption of such RCPS, the JVCO shall pay each RCPS Holder an amount equal to the Redemption Amount (as defined below) in respect of each RCPS which is subject to the RCPS Redemption Notice.
- Final Redemption on the Maturity Date : Unless earlier redeemed, the JVCO shall redeem each RCPS in cash on the Maturity Date by giving notice to the relevant RCPS Holder in accordance with the Terms.
- On the Maturity Date, the Company shall pay each RCPS Holder an amount equal to the Redemption Amount (as defined below) in respect of each RCPS held by him.
- Redemption Amount : In relation to any RCPS, the sum of S\$0.07, being the issue price of each RCPS.

3. CONVERSION SHARES

The actual number of Conversion Shares to be issued by the JVCO pursuant to the conversion of the RCPS can only be determined upon the computation of the conversion ratio prevailing at the date of

conversion. For illustrative purposes, assuming a conversion ratio of one RCPS to one Conversion Share and no adjustments to the conversion ratio, a full conversion of the RCPS will result in the issue of 42,857,143 Conversion Shares, representing approximately 30.0 per cent of the enlarged issued share capital of the JVCO as at the date of this announcement. Following such conversion, the Company's shareholding in the JVCO will be reduced from 51 per cent to 35.7 per cent, and the JVCO will cease to be a subsidiary of the Company.

4. FINANCIAL EFFECT

The above transactions are not expected to have any material impact on the net tangible assets or earnings per share of the Company for the financial year ending 30 September 2009.

5. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or the controlling shareholders of the Company have any interest, direct or indirect, in the above transactions, other than by reason of being such a Director or controlling shareholder.

By Order of the Board

John Lee Thian Guan

Deputy Chairman

11 March 2009