

## DAYEN ENVIRONMENTAL LIMITED

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### APPOINTMENT OF ERNST & YOUNG RISK ADVISORY SERVICES PTE LTD. AS INDEPENDENT AUDITORS

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Further to the announcement by the Securities Exchange Trading Limited (“**SGX-ST**”) on 2 April 2009, the Audit Committee (the “**AC**”) of Dayen Environmental Limited (the “**Company**”) has, in consultations with the SGX-ST, engaged Ernst & Young Risk Advisory Services Pte Ltd. as the Independent Auditors to investigate into the circumstances surrounding the significant transactions and agreements (the “**Independent Audit**”) in the last two years including the breaches to Rules 1010, 703 and 707(1) of the Listing Manual of the SGX-ST (the “**Listing Manual**”).

The scope of the Independent Audit will cover the following matters:-

1. To review and identify significant transactions and agreements (the “**Transactions**”) including those that have breached Rules 1010 and 703 of the Listing Manual and/or compromised the interest of the Company and its minority shareholders;
2. Assess the circumstances to the Transactions as set out in paragraph (1) above, in particular, in relation to:
  - (a) the disposal of the Company’s subsidiary, namely Dayen Water Engineering (Shenyang) Co. Ltd;
  - (b) the second 30-year concession from the Xinmin City Government;
  - (c) the placement on 25 January 2008 and 13 May 2008 for the raising of S\$14.7 million; and
  - (d) the purchase of shares into an Indonesian listing company, namely PT ATPK Resources TBk.
3. Analyse the use and/or the proposed use of proceeds from the fund raising exercise vis-à-vis the announcement made by the Company on 11 February 2009;
4. Assess the internal control and governance structure in relation to the above Transactions undertaken by the Company;
5. Gain an understanding of the circumstances that may have led to the delay of the Company’s annual general meeting and its announcement to the SGX-ST;
6. Assess the financial impact, if any, and the compliance with the Listing Manual in relation to the Transactions; and
7. Any other issues related to the companies within the Group that might be of interest to the SGX-ST and the AC.

The Board will make the requisite announcements as and when there are material developments arising from the Independent Audit.

By Order of the Board

LING YEOW KONG  
Chairman  
Board of Directors

8 April 2009