

DAYEN ENVIRONMENTAL LIMITED

TERMINATION OF THE ISSUE OF CONVERTIBLE NOTES DUE 2011

The Board of Directors of Dayen Environmental Limited (the "Company") refers to the announcements made on 12 March 2008 and 7 April 2008.

On 12 March 2008, the Company announced that it proposed to issue unsecured, non-interest bearing convertible notes due 2011 in the aggregate amount of S\$50 million (the "Notes") to Pacific Capital Investment Management ("Pacific Capital") pursuant to a binding term sheet (the "Term Sheet") and supplementary term sheet (the "Supplementary Term Sheet") relating to the issue of the Notes signed between the Company and Pacific Capital.

The formal subscription agreement (the "Subscription Agreement") between Pacific Capital and the Company in relation to the issue of the Notes was entered into on 5 May 2008.

The issue of the Notes was conditional upon, *inter alia*, the written approval by the Singapore Exchange Securities Trading Limited ("SGX-ST") to the Company's application to waive (the "Waiver") the limit imposed by Rule 825 of the Listing Manual of the SGX-ST on the number of new shares arising from the exercise/conversion of outstanding warrants or other convertible securities of the Company.

In response to the Company's application for the Waiver on 24 March 2008, the SGX-ST wrote to the Company on 7 April 2008 and required the Company to obtain approval from its shareholders for the expansion and diversification of its businesses as one of the pre-conditions to the grant of the Waiver by SGX-ST. Due to recent developments of the Company, the Company is unable to pursue its plans to expand and diversify its business. As such, the Company's application for the Waiver has failed.

In view of the above, the Company and Pacific Capital (each a "Party" and collectively referred to as the "Parties") entered into a termination agreement on 15th September 2008 (the "Termination Agreement") to terminate the Subscription Agreement and any and all other agreements, side letters or supplemental agreements, whether formal or informal, written or unwritten, expressed or implied, which were entered into by the Parties in connection with the Subscription Agreement and/or the issue of the Notes (the "Other Agreement") and to release and discharge the other Party from all duties, obligations or liabilities owing to it under the Subscription Agreement and the Other Agreements, subject to the terms and conditions of the Termination Agreement.

By order of the Board

John Lee Thian Guan
Executive Chairman
16th September 2008