



## CHINA ENVIRONMENT LTD.

(Registration No.: 200301902W)

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### PROPOSED CHANGE OF AUDITORS

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The Board of Directors (the “Board”) of China Environment Ltd (the “Company”), and together with its subsidiaries (the “Group”), wishes to announce that the Company had on 4 February 2016 requested the auditors of the Company, Baker Tilly TFW LLP, Singapore’s (“Baker Tilly”) to resign as auditors of the Company pursuant to difficult working relationship between Baker Tilly’s component auditor (i.e. Baker Tilly China) with the Company’s management team in China (“management team”).

The Board, after rounds of discussion with the management team and due consideration of all circumstances, included but not limited to requesting Baker Tilly to either deploy its external audit team directly from Singapore or to engage another reputable Certified Public Accounting firm in China as its component auditor in China to complete the external audit of our China subsidiaries.

Baker Tilly did not agree to the management team’s proposal. As they are of the view that a change of the entire team in January 2016, following the performance of the interim audit, may compromise on the effectiveness of the audit process. Baker Tilly are also of the view that the management team should not determine who the component auditors they are working with.

In the circumstances, the management team has proposed to change the Company’s auditors. The Board is of the view that the change of Auditors is in the best interest of the Company and Shareholders and thus requested and accepted the resignation of Baker Tilly as auditors of the Company on 15 April 2016.

Baker Tilly had submitted its application to Accounting and Corporate Regulatory Authority (“ACRA”) to resign as auditors of the Company under Section 205AB of the Companies Act on the same day.

ACRA had approved Baker Tilly to resign as auditor of the Company and its subsidiaries, accordingly Baker Tilly had also given notice to the Company on 20 May 2016. The Board would like to express their appreciation to Baker Tilly for the services rendered by Baker Tilly in the past since 23 July 2009.

The Board has identified a suitable independent auditor, i.e. RT LLP (“RT”), to be the new auditors of the Company. The Proposed Change of Auditors was also reviewed

and recommended by the Company's Audit Committee. The process of appointing new auditors has commenced and a circular to shareholders together with a notice of the extraordinary general meeting will be despatched in due course.

The Company had on 3 June 2016 received RT's letter giving notice to the Company of their consent to act as auditors of the Company for the financial year ended 31 December 2015.

The Company confirms that it is in compliance with Rules 712 and 715 of the Listing Manual of the Singapore Exchange Securities Trading Limited in relation to the proposed appointment of RT as its Auditors.

The Proposed Change of Auditors is subject to shareholders' approval and pursuant to Section 205(15) of the Companies Act (Chapter 50) of Singapore, the resignation of Baker Tilly as auditors of the Company will take effect upon the appointment of another auditor at a general meeting. As such, the appointment of RT as auditors of the Company in place of Baker Tilly will take effect upon the approval of the same by shareholders of the Company at an extraordinary general meeting ("EGM") to be convened.

A circular setting out further information on the Proposed Change of Auditors, together with a notice of the EGM to be convened, will be despatched by the Company to its shareholders in due course.

**By Order of the Board**

Norman Winata  
Executive Chairman  
3 June 2016