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**DONGJIANG ENVIRONMENTAL COMPANY LIMITED\***

**東江環保股份有限公司**

*(a joint stock limited company incorporated in the People's Republic of China)*

**(Stock Code: 00895)**

**PROPOSED DISMISSAL OF INTERNATIONAL AUDITORS**

The board (the **“Board”**) of directors (the **“Directors”**) of Dongjiang Environmental Company Limited\* (the **“Company”**) proposes to dismiss the international auditors of the Company, SHINEWING (HK) CPA Limited (**“SHINEWING (HK)”**), in light of the recent acceptance of Mainland accounting and auditing standards and Mainland audit firms by The Stock Exchange of Hong Kong Limited (the **“Stock Exchange”**).

According to the “Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong” published by the Stock Exchange in December 2010, Mainland incorporated issuer listed in Hong Kong are allowed to prepare their financial statements using Mainland accounting standards, and Mainland audit firms approved by the China Ministry of Finance (**“MOF”**) and the China Securities Regulatory Commission (**“CSRC”**) are allowed to service these issuers using Mainland auditing standards.

SHINEWING CERTIFIED PUBLIC ACCOUNTANTS (信永中和會計師事務所有限責任公司)(**“SHINEWING CPA”**) and SHINEWING (HK) are, respectively, the Mainland and international auditors of the Company. In order to improve the efficiency of and reduce the cost of disclosure, and to reduce the audit expenses, the Board proposes to, subject to the approval by the shareholders of the Company at an extraordinary general meeting (**“EGM”**) to be convened, dismiss its international auditors, SHINEWING (HK), whilst SHINEWING CPA will be the only auditors auditing the Company’s financial statements for the financial year ended 31 December 2010 in accordance with the China Accounting Standards for Business Enterprises, and undertaking the role of international auditors in compliance with the Rules Governing the Listing of Securities in the Stock Exchange. SHINEWING CPA is a firm of practicing accountants which has been approved by the MOF and the CSRC as eligible to act as reporting accountants and/or auditors for Mainland incorporated companies listed in Hong Kong.

SHINEWING (HK) has confirmed that there were no matters regarding the proposed dismissal that need to be brought to the attention of the shareholders of the Company. The Board is not aware of any matter regarding the proposed dismissal that needs to be brought to the attention of the shareholders of the Company. The Board and the audit committee of the Company confirmed that there were no disagreement between the Company and SHINEWING (HK) regarding the proposed dismissal.

It is expected that the proposed dismissal will not affect the publication of the Company's results for the financial year ended 31 December 2010.

The first EGM of the Company in 2011 will be held at 11th Floor, Dongjiang Environmental Building, No. 9 Langshan Road, Nanshan District, Shenzhen, the People's Republic of China at 2:00 p.m. on Tuesday, 1 March 2011 for the shareholders of the Company to consider and, if thought fit, approve, the proposed dismissal of the international auditors. A circular containing, among other things, details of the proposed dismissal of the international auditors of the Company will be despatched to the shareholders of the Company as soon as possible.

By order of the Board  
**Dongjiang Environmental Company Limited \***  
**Zhang Wei Yang**  
*Chairman*

Shenzhen, the PRC, 14 January 2011

*As at the date of this announcement, the Board comprises three executive Directors, being Mr. Zhang Wei Yang, Mr. Chen Shu Sheng and Mr. Li Yong Peng; three non-executive Directors, being Mr. Feng Tao, Mr. Wu Shui Qing and Ms. Sun Ji Ping; and three independent non-executive Directors, being Mr. Ye Ru Tang, Mr. Hao Ji Ming and Mr. Liu Xue Sheng.*

*\* For identification purpose only*