

Notice of Annual General Meeting and Class Meeting for Holders of Company's Domestic Shares and H Shares for the Issue of A Shares Convertible Bonds of the Company

NOTICE IS HEREBY GIVEN that the tenth Annual General Meeting ("AGM") of members and class meeting for holders of Company's Domestic shares ("Domestic Shares class meeting") and H Shares, respectively ("H Shares class meeting") for the issue of A shares convertible bonds of the Company of Tianjin Capital Environmental Protection Company Limited (the "Company") will be held at 4/F., Conference Room, Tianjin Capital Environmental Protection Company Limited, 45 Guizhou Road, Heping District, Tianjin, the People's Republic of China (the "PRC") on 16th April, 2002 at 9:30 am, 11:00 a.m. and 11:30 a.m., respectively for the purpose of passing the resolutions as listed below:

I. As ordinary resolutions:

1. To consider and approve the Annual Report of the Company for the year ended 31st December, 2001;
2. To consider and approve the Report of the Director of the Company for the year ended 31st December, 2001;
3. To consider and approve the Report of the Supervisory Committee 2001;
4. To review the Auditors' Reports as submitted by PricewaterhouseCoopers Zhong Tian CPAs Co., Ltd., Certified Public Accountants, PRC and PricewaterhouseCoopers, Certified Public Accountants, Hong Kong on the Financial Statements of the Company for 2001, and to consider and approve the Financial Statements of the Company, as respectively audited by the domestic and overseas certified public accountants;
5. To consider and approve the Financial Report of the Company for the year 2001 and Financial Budget for the year 2002;
6. To consider and approve the proposed distribution of profits of the Company for the year ended 31st December, 2001;
7. To consider and approve the re-appointment of PricewaterhouseCoopers Zhong Tian CPAs Co., Ltd., Certified Public Accountants, PRC and PricewaterhouseCoopers, Certified Public Accountants, Hong Kong as the auditors of the Company for the year ending 31st December, 2002 and to authorize the board of directors of the Company to determine the terms for such appointment;
8. To consider and approve the rules governing the procedures for operating the shareholders' general meeting of the Company (Annex 1);
9. To consider and approve the application of Mr. Li Weibin and Mr. Guan Weili for the resignation as the independent non-executive directors, and to consider and approve the resolution concerning the nomination of Mr. Gao Zong Ze and Mr. Wang Xiang Fei for the independent directors (Please refer to the separate circular on the proposed change of the independent non-executive directors);
10. To consider and approve the 2002 development plan of the Company, and to confirm or endorse the matters that the Board implements pursuant to the development plan;
11. To consider and approve the proposed scheme of remuneration for the directors;

II. As special resolutions:

1. To consider and approve the amendment of the Articles of Association of the Company (Annex 2).
2. To consider and approve of the proposal on the issue of A Shares Convertible Bonds of the Company (Please refer to separate circular on the proposed issue of the A Shares Convertible Bonds):
 - (1) the major terms in respect of the proposal on the issue of A Shares Convertible Bonds including but not limited to the issue size, the arrangement for placing to the Company's existing shareholders, use of proceeds, conversion price, the adjustment principle and the amendment to the conversion price;
 - (2) the feasibility study in respect of the use of proceeds from the issue of A Shares Convertible Bonds;
 - (3) the report on the use of proceeds from the previous fund raising exercise (note 7);
 - (4) authorizing the board of directors of the Company with full power to issue the A Shares Convertible Bonds and to implement all related matters in respect thereof; and
 - (5) the validity period for the issue of A Shares Convertible Bonds.
3. To consider and approve the proposal to grant the mandate to the Board to allot and issue new Shares not exceeding 20% of existing H shares issued and outstanding (H Shares):
 - a) Subject to paragraphs c) and d), and pursuant to the Rules governing the listing of securities of Hong Kong Stock Exchange Limited (as amended from time to time) and the Company Law of the People's Republic of China ("PRC"), the Directors of the Company are authorized to exercise all the rights of the Company, to allot and issue new Shares individually and collectively during the Relevant Period is generally and unconditionally approved, and the terms and conditions for the Directors to exercise their authority to determine the allotment and issue of new Shares include, inter alia:
 - (1) the number of new Shares to be issued;
 - (2) the Issue Price of the new Shares;
 - (3) the date for the commencement and closing of the issue;
 - (4) the number of new Shares to be issued to the existing shareholders; and
 - (5) to make or grant offer proposals, agreements and options as may be necessary in the exercise of such powers.

- b) To make or grant offer proposals, agreements and options to the Directors of the Company as required or may be required in the exercise of such powers during the Relevant Period as referred to in paragraph a) or after the expiry of the Relevant Period.
- c) The total nominal amount of overseas listed foreign shares (other than those issued under the PRC Company Law and the Articles of Association of the Company (the "Articles of Association") by the capitalisation of the statutory public welfare funds) agreed to allot or conditionally or unconditionally agreed to allot by the Directors of the Company pursuant to paragraph a) (whether pursuant to the exercise of options or otherwise) shall not exceed 20% of the overseas listed foreign shares of the Company existing in issue.
- d) Upon the exercise of the powers pursuant to paragraph a) above, the Directors of the Company shall
 - (1) comply with the PRC Company Law and the Rules governing the listing of securities of Hong Kong Stock Exchange Limited (as amended from time to time) and
 - (2) obtain the approval from China Securities Regulatory Commission.
- e) For the purpose of this resolution:

"Relevant Period" refers to the period from the date of the passing of this resolution to the earliest of following three:

 - (1) twelve months after the passing of this resolution;
 - (2) conclusion of the forthcoming annual general meeting of the Company; and
 - (3) the date of the passing of a special resolution to revoke or amend the mandate as referred to in this resolution by shareholders in shareholders general meeting.
- f) Subject to the approval by the relevant authorities of the PRC and pursuant to the PRC Company Law, the Directors of the Company is authorized to increase the registered capital of the Company to the required amount respectively when exercising the powers under paragraph a) above.
- g) Subject to the approval by the relevant authorities of the PRC, the Board of Directors is authorized to make appropriate and necessary amendments to the Articles of Association, so as to reflect the changes in the capital of the Company that may have arisen under this mandate.

III. Resolutions to be passed at the Class Meeting for holders of Company's H Shares

To consider and approve the proposal on the issue of A Shares Convertible Bonds of the Company (please refer to the separate circular on the proposed issue of the A Shares Convertible Bonds).

- (1) the major terms in respect of the proposal on the issue of A Shares Convertible Bonds including but not limited to the issue size, arrangement for placing to the Company's existing shareholders, use of proceeds, conversion price, the adjustment principle and the amendment to the conversion price;
- (2) the feasibility study in respect of the use of proceeds from the issue of A Shares Convertible Bonds;
- (3) the report on the use of proceeds from the previous fund raising exercise (note 7);
- (4) authorizing the board of directors of the Company with full power to issue the A Shares Convertible Bonds and to implement all related matters in respect thereof; and
- (5) the validity period for the issue of A Shares Convertible Bonds.

IV. Resolutions to be passed at the class meeting for holders of Company's domestic shares

To consider and approve the proposal on the issue of A Shares Convertible Bonds of the Company (please refer to the separate circular on the proposed issue of the A Shares Convertible Bonds).

- (1) the major terms in respect of the proposal on the issue of A Shares Convertible Bonds including but not limited to the issue size, arrangement for placing to the Company's existing shareholders, use of proceeds, conversion price, the adjustment principle and the amendment to the conversion price;
- (2) the feasibility study in respect of the use of proceeds from the issue of A Shares Convertible Bonds;
- (3) the report on the use of proceeds from the previous fund raising exercise (note 7);
- (4) authorizing the board of directors of the Company with full power to issue the A Shares Convertible Bonds and to implement all related matters in respect thereof; and
- (5) the validity period for the issue of A Shares Convertible Bonds.

V. Other business

By order of the Board
Fu Yana Ip Pui Sum
Company Secretaries

Tianjin, the PRC
28th February 2002

Notice of Annual General Meeting and Class Meeting for Holders
of Company's Domestic Shares and H Shares for the Issue of
A Shares Convertible Bonds of the Company

Legal address of the Company: No. 18 Jinlong Apartment
Shuishang Park North Road
Nankai District
Tianjin, The PRC

Telephone: (8622)-23523036

Facsimile: (8622)-23523100

Notes:

1. The register of members of the Company's H Shares will be closed from 15th March, 2002 to 16th April, 2002, both days inclusive, for the purpose of determining a Shareholder's List for the AGM and the H Shares class meeting. The last lodgement for share transfer must be made on 14th March, 2002 at Hong Kong Registrars Limited by or before 4:00 pm.
2. Each Shareholder having the rights to attend and vote at the AGM and/or the Domestic Shares class meeting and/or the H Shares class meeting is entitled to appoint one or more proxies (whether a Shareholder or not) to attend and vote on his behalf. Should more than one proxy be appointed by one Shareholder, such proxy shall only exercise his voting rights on a poll.
3. Shareholders can appoint a proxy by an instrument in writing (i.e. by using the Proxy Form enclosed). The Proxy Form shall be signed by the person appointing the proxy or an attorney authorised by such person in writing. If the Proxy Form is signed by an attorney, the power of attorney or other documents of authorisation shall be notarially certified. To be valid, the Proxy Form and the notarially certified power of attorney or other documents of authorisation must be delivered to the above legal address of the Company in not less than 24 hours before the time scheduled for the holding of the AGM and/or the Domestic Shares class meeting and/or the H Shares class meeting.
4. Shareholders or proxies who intend to attend the AGM and/or the Domestic Shares class meeting and/or the H Shares class meeting are asked to send the reply slip for attendance duly completed and signed to the Secretarial Office on or before 26th March, 2001 in person, by post or by fax. Please use the Proxy Form or its duplicate in writing.
5. Shareholders or their proxies shall present proofs of their identities upon attending the AGM and/or the Domestic Shares class meeting and/or the H Shares class meeting. Should a proxy be appointed, the proxy shall also present the Proxy Form.
6. The AGM and the Domestic Shares class meeting and the H Shares class meeting are expected to last for about half a day. The shareholders and proxies attending the AGM and/or the Domestic Shares class meeting and/or the H Shares class meeting shall be responsible for their own travelling and accommodation expenses.
7. After the asset restructuring, which was approved by the Shareholders of the Company in the extraordinary meeting held on 20th December, 2000, all the existing assets of the Company are not released to the funds raised previously and the use of such funds is not relevant to the existing operation of the Company. As such, the PRC accountants of the Company are unable to produce a report on the use of funds raised previously.

Annex 1

The rules for governing the procedures for operating the shareholders' general meeting of Tianjin Capital Environmental Protection Company Limited

Chapter 1 General Provisions

- Article 1 In order to ensure that the normal order and efficiency for the meetings of the shareholders' general meeting of Tianjin Capital Environmental Protection Company Limited (hereinafter referred to as the "Company"), to warrant that the shareholders' general meeting exercises its authorities pursuant to the law, to protect the legal rights of the shareholders and the duly performance of their obligations, the Company hereby compiles these Rules in accordance with the Company Law of the People's Republic of China, the Standard Opinion of the shareholders' general meeting for the Listed Companies and the Articles of Association for Tianjin Capital Environmental Protection Company Limited (hereinafter referred to as the "Articles of Association").
- Article 2 The shareholders' general meeting is comprised of all shareholders of the Company, and is organ of authority of the Company.
- Article 3 The Board of Directors shall strictly comply with the Company Law and other laws and regulations concerning every provision for convening the shareholders' general meeting, and shall organize the shareholders' general meeting seriously in accordance with the schedule. All directors of the Company shall assume fiduciary duties for the usual convenance of the shareholders' general meeting, and shall not prevent the shareholders' general meeting to exercise its authorities pursuant to the law.
- Article 4 The shareholders' general meeting can be classified as the annual general meeting and the extraordinary general meeting. The annual general meeting shall be held within six months after the preceding financial year ended.
- If the Company fails to convene the annual general meeting with the aforesaid deadline, it shall report to the stock exchanges with reason and publish the same in an announcement accordingly.
- During the aforesaid period, if the Company fails to convene the annual general meeting without any proper reason, the Board of Directors shall assume the liabilities arising therefrom.
- Article 5 The shareholders' general meeting shall exercise its authorities within the scope as provided in the Company Law, and shall not intervene the disposal of the shareholders regarding their own rights.
- The business to be discussed and decided in the shareholders' general meeting shall be confirmed in accordance to the provisions of the Company Law and the Articles of Association. The annual general meeting may discuss any business as provided in the Articles of Association.

Article 6 The Company shall convene the shareholders' meeting by way of publishing an announcement by the Board of Directors to notify the shareholders forty-five days before the meeting is convened and comply with Article 57 of the Articles of Association for shareholders of overseas listed foreign shares.

Article 7 The annual general meeting and the extraordinary general meeting to be convened at the request of the shareholders or the Supervisory Committee shall not adopt any resolution in writing. The extraordinary general meeting shall not adopt any resolution in writing for the approval of the following issues:

- (I) The increase or reduction in the registered capital of the Company;
- (II) The issue of corporate bonds;
- (III) The separation, merger, dissolution and liquidation of the Company;
- (IV) The amendment of the Articles of Association;
- (V) The profit appropriation plan and the loss recovery plan;
- (VI) The appointment and the removal of the members for the Board of Directors and the Supervisory Committee;
- (VII) The change of the use of proceeds from any fund raising exercise;
- (VIII) The connected transactions requiring the approval of the shareholders' general meeting;
- (IX) The acquisitions or disposals requiring the approval of the shareholders' general meeting;
- (X) The change of registered accountant;
- (XI) Other businesses not to be adopted by any resolution in writing as provided in the Articles of Association.

Article 8 The Company's Board of Directors shall engage legal advisers with professional qualifications in securities to attend the shareholders' general meeting, to advise for the following issues and publish the same in an announcement accordingly:

- (I) To determine whether the shareholder's general meeting is convened and that the procedures for convening the shareholders' general meeting in way that complies with the requirements of laws and regulations and the Articles of Association or not;
- (II) To verify whether the officers are legally and validly qualified to attend the meeting or not;
- (III) To verify whether the shareholders who proposes new resolutions to be proposed in the annual general meeting are qualified or not;

- (IV) To determine whether the voting procedures for the shareholders' general meeting are legal and valid or not;
- (V) To provide legal opinion on other businesses at the request of the Company.

The Company's Board of Directors shall also engage attesting officers to attend the shareholders' general meeting.

Article 9 After the notice for convening the shareholders' general meeting is being published by the Board of Directors, save for the force majeure events or other unforeseeable events, the Board of Directors shall not change the time for convening the shareholders' general meeting. In the event that the time for convening the shareholders' general meeting shall be changed as a result of the occurrence of the force majeure events, the date for the closure of the register for the shareholders shall not change accordingly. In the event that there is any special reason for the Company to postpone the shareholder's general meeting, a notice on the postponement shall be published at least five working days prior to the date that the shareholders' general meeting is originally scheduled. The Board of Directors shall state the reason in the notice on the postponement and publish the postponed date accordingly.

Chapter 2 Businesses to be discussed and resolutions to be proposed in the shareholders' general meeting

Article 10 The resolutions to be proposed in the shareholders' general meeting are the specific resolutions concerning the businesses to be discussed in the shareholders' general meeting. The shareholders' general meeting shall resolve on such specific resolutions.

Article 11 In the notice for convening the shareholders' general meeting, the Board of Directors shall set out the businesses to be discussed in this shareholders' general meeting, and adequately disclose the content for all resolutions to be proposed by the Board of Directors. With respect to resolutions to be proposed involving the alternation of the resolution of previous shareholders' general meeting, content on the resolutions to be proposed shall be complete, and shall not only set out the part to be alternated.

Article 12 After the notice of the meeting is published, no new resolutions for businesses that are not set out in the notice shall be proposed by the Board of Directors. Any amendment to the original motion shall only be made by way of publishing a notice fifteen days before the shareholders' general meeting is convened. Otherwise, the date for convening the shareholders' general meeting shall be delayed according, so as to ensure that there is a fifteen days interval.

Article 13 The resolutions to be proposed in the shareholders' general meeting shall satisfy the following conditions:

- (I) the information of which is not in conflict with the provisions of the laws, regulations and Articles of Association, and is within the scope of the operation and the authorities of the shareholders' general meeting;

(II) the issue is expressly stated and the businesses to be resolved is specific;

(III) to be presented or delivered to the Board of Directors in writing.

Article 14 The Company's Board of Directors shall review and examine the resolutions to be proposed in the shareholders' general meeting in accordance with the provisions of Article 13 of these Rules for the best interest of the Company and its shareholders.

Article 15 The Board of Directors shall explain and state the reasons for its decision of not including any resolutions in the agenda of the shareholders' general meeting. The content of such resolutions to be proposed but not included in the agenda, together with the statement of the Board of Directors on the same shall be published after the conclusion of the shareholders' general meeting with the resolutions of the shareholders' general meeting.

Article 16 In the event that there is any dispute arising from the shareholder whose resolutions proposed were not included in the agenda of the shareholders' general meeting as to the decision of the Board of Directors, such shareholder may require to convene the special general meeting pursuant to the provisions of Article 34 of these Rules.

Article 17 Shareholders holding five per cent or more of the voting powers of the Company individually or jointly, or the Supervisory Committee may propose new resolutions in the annual general meeting.

In the event that the special resolution deals with new businesses not set out in the notice published by the Board of Directors, and that such businesses shall be classified as the businesses as set out Article 7 of these Rules, the proposing party shall submit the resolution to the Board of Directors ten days prior to the date the shareholders' general meeting is convened. The Board of Directors shall review and examine such resolution and publish an announcement regarding the same accordingly.

New resolutions for appropriation proposed by the substantial shareholder with the greatest shareholding shall be submitted to the Board of Directors ten days prior to the date the shareholders' general meeting is convened. The Board of Directors shall review and examine such resolution and publish an announcement regarding the same accordingly. If such resolution cannot be submitted ten days prior to the date the shareholders' general meeting is convened, the substantial shareholder with the greatest shareholding shall not submit new resolutions for appropriation in this annual general meeting.

Apart from the aforesaid, the proposing party may submit the resolution to the Board of Directors in advance. The Board of Directors shall review and examine such resolution and publish an announcement regarding the same accordingly. Resolutions may also be proposed in the annual general meeting directly.

Article 18 With respect to the special resolutions for the annual general meeting as referred to in the previous article, the Board of Directors review and examine such resolutions to be proposed on the following basis:

(I) Relevance. During the course of examination and review by the Board of Directors, so long as the business involved in the resolutions proposed by the shareholders is directly related to the Company, and the dealing of which is not beyond the authority of the shareholders' general meeting as provided in the laws, regulations and the Articles of Association, such resolutions shall be discussed in the shareholders' general meeting. Resolutions not in compliance with the aforesaid requirement shall not be submitted to the shareholders' general meeting for discussion.

In the event that the Board of Directors decide not to submit the resolutions to be proposed to the shareholders' general meeting for voting, it shall explain and state the reasons for its decision in that shareholders' general meeting.

(II) Procedure. The Board of Directors may decide on the procedure for the shareholders proposing the resolutions. If the resolution will be voted separately or jointly, it is necessary to obtain the consent of the proposing party. If the proposing party does not agree on the change, the chairman of the shareholders' general meeting shall seek the shareholders' general meeting to make a decision on the procedure, and conduct a discussion of the same in accordance with the procedures as decided by the shareholders' general meeting.

Article 19 With respect to resolutions concerning the investment, disposal of properties, acquisition and merger, details including the following shall be stated adequately: amount, pricing (or calculation of pricing), book value of asset, effect to the Company, status of review and examination, etc. If it is necessary to conduct an appraisal on the asset, audit or prepare a report by the independent financial adviser in accordance with the following provisions, the Board of Directors shall publish the appraisal, audit or report of the independent financial adviser five working days prior to the date the shareholders' general meeting is convened.

Article 20 In the event that the Board of Directors propose resolutions for the purpose of changing the use of proceeds, it shall state in the notice of the shareholders' general meeting the reason for the change in the use of proceeds, description of the new projects and its effect to the Company in future.

Article 21 For businesses such as issue of shares to the public that shall be reported to the China Securities Regulatory Commission, it shall be proposed in a separate resolution.

Article 22 After the annual report is being reviewed and examined by the Board of Directors, it shall resolve on the profit appropriation plan, and submit the resolution to the annual general meeting. In the event that the Board of Directors propose to increase the registered capital of the Company by transferring the capital reserve fund to the registered capital, the reason for the transfer and increase shall be stated in details, and shall publish in an announcement accordingly. In the event that the Board of Directors announce an bonus

issue of shares or plan to transfer capital reserve fund to the registered capital of the Company, it shall disclose the earnings per share and the net asset value per share before and after such bonus issue or transfer, the effect to the Company in future.

Article 23 The appointment of the registered accountant shall be proposed by the Board of Directors and approved by the shareholders' general meeting by way of poll. In the event that the Board of Directors propose to remove or cease to reappoint the registered accountant, it shall notify the registered accountant in advance, and state its reasons to the shareholders' general meeting accordingly. The registered accountant is entitled to state its opinion to the shareholders' general meeting.

During the interval of the meeting, if the Board of Directors remove the registered accountant with a proper reason, it is entitled to engage other registered accountants on a provisional basis. However, such appointment shall be ratified and approved in the coming shareholders' general meeting.

In the event that the registered accountant resigns, the Board of Directors shall state the reasons for such resignation in the coming shareholders' general meeting. The resigned registered accountant is liable to address the shareholders' general meeting whether the Company has acted improperly or not in writing or assigning a representative to attend the shareholders' general meeting.

Chapter 3 Convening the Extraordinary General Meeting

Article 24 Under any of the following circumstances, the Board of Directors shall convene an extraordinary general meeting within two months:

- (I) when the number of directors is less than the number of directors required by the PRC Company Law or two-thirds of the number of directors specified in the Articles of Association;
- (II) when the unrecovered losses of the Company amount to one third of the total amount of its share capital;
- (III) when shareholder(s) holding ten per cent or more of the Company's shares carrying voting rights (excluding proxies) request(s) in writing the convening of an extraordinary general meeting;
- (IV) when deemed necessary by the Board of Directors;
- (V) as requested by the Supervisory Committee;
- (VI) other conditions as provided in the Articles of Association.

The calculation for the shareholding in (III) shall be made in accordance with the request of the shareholder in writing.

Article 25 The extraordinary general meeting shall only resolve on matters stated in the notice of the meeting.

Article 26 When shareholder(s) holding ten per cent or more of the Company's shares carrying voting rights (hereinafter referred to as "Proposing Shareholder") or the Supervisory Committee request(s) the Board of Directors to convene the extraordinary general meeting, the agenda of the meeting and full details of the resolutions to be proposed in the meeting shall be submitted to the Board of Directors in writing. The resolutions to be proposed in the meeting shall also be filed at the local offices of China Securities Regulatory Commission and the stock exchanges accordingly. The Proposing Shareholder or the Supervisory Committee shall ensure that the contents of the resolutions to be proposed in the meeting are in compliance with the provisions of the law, regulations and the Articles of Association.

Article 27 When the Supervisory Committee or the shareholder(s) request(s) to convene the extraordinary general meeting, the following procedures shall be followed:

(I) to propose the Board of Directors to convene the extraordinary general meeting by way of signing one or several requests in writing which are the same in terms of the form and the content, and state the details of the agenda. After the Board of Directors receives the aforesaid request in writing, it shall publish the notice to convene the extraordinary general meeting as soon as practicable.

(II) If the Board of Directors does not publish the notice for convening the meeting within thirty days after the receipt of the aforesaid requests, the Supervisory Committee or the shareholders proposing to convene the meeting shall convene the meeting on its own three months after the Board of Directors receives such request, subject to the approval of the securities authorities at the place of business of the Company. The procedure for convening such meeting will be substantially the same as the procedures for the Board of Director to convene the shareholders' general meeting.

In the event that the Supervisory Committee or the shareholders convene and hold the meeting on its own as a result of the failure of the Board of Directors to convene the meeting pursuant to the aforesaid request, the Company shall grant the Supervisory Committee or the shareholders the necessary assistance, and shall assume the expenses of the meeting.

Article 28 The Board of Directors shall publish the notice to convene the extraordinary general meeting within fifteen days after receipt of the request in writing. The procedure for convening the meeting shall comply with the relevant provisions of these Rules.

Article 29 With respect to the written resolutions to be proposed in the shareholders' general meeting convened by the Proposing Shareholder, the Board of Directors shall decide whether to convene the shareholders' general meeting or not in accordance with the laws, regulations and the Articles of Association. The resolution of the Board of Directors shall be delivered to the Proposing Shareholder within fifteen days after the receipt of the aforesaid request, and file at the local offices of China Securities Regulatory Commission and the stock exchanges accordingly.

Article 30 When the Board of Directors decides to convene the shareholders' general meeting, it shall publish the notice for convening the extraordinary general meeting. Changes to the original resolutions to be proposed that are made in the notice are subject to the consent of the Proposing Shareholder. After the notice is published, the Board of Directors shall not propose new resolutions. Without the consent of the Proposing Shareholder, the time for convening the shareholders' general meeting shall not be changed or postponed.

Article 31 In the event that the Board of Directors considers that the resolutions to be proposed by the Proposing Shareholder violates the provisions of the law, regulations and the Article of Associations, it shall decide not to convene the shareholders' general meeting, and to respond to the Proposing Shareholder.

Within fifteen days after the receipt of the aforesaid notice, the Proposing Shareholder may decide to waive the request of convening the extraordinary general meeting, and to publish the notice for convening the extraordinary general meeting on its own.

If the Proposing Shareholder waives the request of convening the extraordinary general meeting, it shall report to the local offices of China Securities Regulatory Commission and the stock exchanges accordingly.

Article 32 If the Proposing Shareholder decides to convene the extraordinary general meeting on its own, it shall publish the notice for convening the extraordinary general meeting after giving a notice to the Board of Directors in writing, and reporting to the local offices of China Securities Regulatory Commission and the stock exchanges accordingly. The content of the notice shall fulfill the following provisions:

(I) The content of the resolutions to be proposed shall not add new items. Otherwise, the Proposing Shareholder shall request the Board of Directors to convene the shareholders' general meeting again in accordance with the aforesaid procedure.

(II) The place of the meeting shall be at the the business address of the Company.

Article 33 With respect to the extraordinary general meeting to be convened by the Proposing Shareholder on its own, the Board of Directors and the Secretary to the Board shall duly perform their duties. The Board of Directors shall ensure the usual proceeding of the meeting. The Company shall assume reasonable expenses incurred by the meeting. The procedures for convening the meeting shall fulfill the following provisions:

(I) The meeting will be convened by the Board of Directors. The Secretary to the Board must attend the meeting. Directors and supervisors shall attend the meeting. The Chairman of the Board shall be the chairman of the meeting. If there is any special reason that the Chairman of the Board fails to perform his duties, the Deputy Chairman of the Board or other directors shall be the chairman of the meeting;

(II) The Board of Directors shall engage legal advisers with professional qualifications in securities to provide a legal opinion in accordance with the provisions of Article 7 to these Rules;

(III) The procedures for convening the meeting shall comply with the relevant provisions of these Rules.

Article 34 If the Board of Directors fail to designate a director to become the chairman of the meeting, the Proposing Shareholder shall report to local offices of China Securities Regulatory Commission. After which the Proposing Shareholder shall become the chairman of the meeting. The Proposing Shareholder shall engage legal advisers that have professional qualification in securities to provide a legal opinion in accordance with the provisions of Article 8 of these Rules. The legal costs arising therefrom shall be assumed by the Proposing Shareholder himself. The Secretary to the Board shall duly perform his duties. Other procedures for convening the meeting shall comply with the relevant provisions of these Rules.

Chapter 4 Convening the shareholders' general meeting

Article 35 The Company shall convene the shareholders' general meeting on the principle of simplicity. No additional economic benefit shall be granted to the shareholders (or proxies) attending the meeting.

Article 36 The meeting of shareholders' general meeting shall be convened by the Board of Directors pursuant to the law. The Chairman of the Board shall be the chairman of the meeting. In the event that the Chairman of the Board fails to perform his duties, the Deputy Chairman of the Board or other directors designated by the Chairman of the Board shall be the chairman of the meeting. In the event that the Chairman and the Deputy Chairman of the Board fail to attend the meeting, and the Chairman of the Board fails to designate the chairman of the meeting, the shareholders attending the meeting shall elect a shareholder to become the chairman of the meeting. If, as a result of any reason, such shareholder fails to become the chairman of the meeting, the shareholder (or its proxy) with the greatest number of shares carrying voting rights attending the meeting shall become the chairman of the meeting.

Article 37 Any shareholder shall attend the shareholders' general meeting in person, and shall be entitled to appoint a proxy to attend and vote on his behalf.

The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a legal entity either under seal or under the hand of an attorney duly authorized.

Article 38 Individual shareholders attending the meeting in person shall produce identity card and evidence of shareholding. Proxies attending the meeting shall produce his own identify card, the instrument appointing the proxy and evidence of shareholding.

Shareholders that are legal entities shall attend the meeting by their legal representatives or the attorney duly authorized by their legal representatives. Legal representatives attending the meeting shall produce identity card, valid evidence for their qualification as legal representatives and evidence of shareholding.

Proxies attending the meeting shall produce his own identify card, the instrument appointing the proxy by the legal representative of the legal entity pursuant to the law and evidence of shareholding.

Article 39 Shareholders holding five per cent or more of the total number of issued and outstanding shares of the Company carrying voting rights individually or jointly are entitled to propose new resolutions in the shareholders' general meeting convened by the Company.

Article 40 The Board of Directors and the Supervisory Committee of the Company shall adopt measures essential to guarantee the shareholders' general meeting will be convened in a serious manner following the usual procedures. Apart from the shareholders (or the proxies) attending the meeting, directors, supervisors, Secretary to the Board, senior officers, legal advisers engaged, and parties invited by the Board of Directors, the Company is entitled to reject the admission of other parties to the meeting. The Company shall adopt measures to stop acts that disrupt the proceedings of the shareholders' general meeting, that create disturbances to the meeting and that violate legal right of other shareholders, and report to the relevant authorities for investigation.

Article 41 A shareholder (including proxy) when voting at a shareholders' general meeting may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote.

Article 42 Resolutions of shareholders' general meetings shall be divided into ordinary resolutions and special resolutions.

To adopt an ordinary resolution, votes representing more than one half of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favor of the resolution in order for it to be passed.

To adopt a special resolution, votes representing more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favor of the resolution in order for it to be passed.

Article 43 The following matters shall be resolved by an ordinary resolution at a shareholders' general meeting:

- (I) work reports of the Board of Directors and the Supervisory Committee;
- (II) plan formulated by the Board of Directors for the distribution of profit and for making up losses;
- (III) removal of the members of the Board and the Supervisory Committee, their remuneration and method of payment;
- (IV) annual preliminary and final budgets of the Company;
- (V) annual reports of the Company;
- (VI) matters other than those required by the laws, administrative regulations or Articles of Association of the Company to be adopted by special resolution.

- Article 44 The following matters shall be resolved by a special resolution at a shareholders' general meeting:
- (I) the increase or decrease of registered capital;
 - (II) the issue of corporate bonds;
 - (III) the division, merger, dissolution and liquidation of the Company;
 - (IV) amendments to the Articles of Association;
 - (V) the repurchase by the Company of its own securities;
 - (VI) any other matters considered by the shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and should be adopted by a special resolution.
- Article 45 Save as sanctioned by the shareholders' general meeting with a special resolution, the Company shall not enter into any contract with party other than the directors, managers and other senior officers concerning the designation of all or certain important responsibilities to such person.
- Article 46 The list of the proposing directors and supervisors shall be resolved by the shareholders' general meeting by way of a resolution.
- The Board of Directors shall provide the biographies and descriptions of the proposing directors and supervisors to the shareholders.
- The member of the first Board of Directors shall be nominated by the promoters. Thereafter, the member of each Board of Directors shall be nominated by the preceding Board of Directors. The first Supervisory Committee shall be nominated by the promoters from the representatives of the shareholders. Thereafter, the member of each Supervisory Committee shall be nominated by the preceding Supervisory Committee from the representatives of the shareholders.
- Article 47 At any shareholders' general meeting, decision shall be made by a show of hands. In the event of any special circumstances, decision will be made in accordance with the Articles of Association.
- Article 48 The voting for any resolution by way of poll shall be checked and verified by at least two representatives of shareholders and a supervisor. The result of the poll shall be announced in the meeting.
- Article 49 The chairman of the meeting shall determine whether the resolutions is passed by the shareholders' general meeting in accordance with the results of the poll, and shall announce the results of the poll in the meeting. The results of the poll for the resolution shall be recorded in the minutes.

- Article 50 In the event that the chairman of the meeting is doubtful towards the results of the poll, he can check and verify the votes. In the event that the shareholders attending the meeting or the proxies do not agree with the results announced by the chairman, whilst the chairman does not request the checking and verification of the votes, they are entitled to request the checking and verification of votes after the announcement of the results, and the chairman of the meeting shall immediately check and verify the votes.
- Article 51 When the shareholders' general meeting transacts businesses concerning connected transactions, the connected shareholders shall abstain from voting. The voting rights represented by the number of shares of such shareholder shall be excluded from the total number of valid votes. The announcement on the resolution of the shareholders' general meeting shall adequately disclose the distribution of votes for the non-connected shareholders. In the event that the connected shareholder fails to abstain from voting under special circumstances, the Company may conduct the poll in accordance with the usual procedures, subject to the consent of the relevant authorities being obtained by the Company. Such condition shall be disclosed in details in the announcement of the resolutions for the shareholders' general meeting. Connected shareholders shall abstain from voting concerning connected transactions about: the acquisition or disposal of goods and their pricing, the acquisition of asset or technology and its pricing by the Company, the leasing of plants and equipment and its pricing.
- Article 52 Save as those matters involving commercial secrets that cannot be disclosed in the shareholders' general meeting, the Board of Directors and the Supervisory Committee shall respond or explain the questions and recommendations made by the shareholders.
- Article 53 The shareholders' general meeting shall have minutes. The minutes shall include the following content:
- (I) number of shares carrying voting rights attending the shareholders' general meeting to the total number of shares of the Company;
 - (II) the date and place for convening the meeting;
 - (III) the name of the chairman of the meeting and the agenda of the meeting;
 - (IV) the highlights for the speech made during the discussion for the resolution;
 - (V) the results on the poll for each resolution;
 - (VI) the questions, opinions and recommendations of the shareholders, the respond or explanation by the Board of Directors or Supervisory Committee;
 - (VII) other content considered by the shareholders' general meeting as necessary and as provided in the Articles of Association that are to be included in to minutes.

Article 54 The minutes of the shareholders' general meeting shall be signed by the directors attending the meeting and the person who prepared it. It will be filed as a record of the Company to be maintained by the Secretary to the Board.

The Company shall keep the minutes for a period of twenty years.

Article 55 The number of persons attending the shareholders' general meeting, the number of shares represented by the attending shareholders, the instrument appointing the proxies, the result of the poll for each resolution, the minutes, the legality of the proceeding for the shareholders' general meeting shall be attested.

Article 56 During the annual general meeting, the Board of Directors shall report to the shareholders' general meeting the implementation of various issues resolved in the preceding annual general meeting by the Board of Directors.

Article 57 During the annual general meeting, the Supervisory Committee shall read its report concerning the monitoring of the affairs of the Company for the last year, and the content shall include:

- (I) a review of the financial conditions of the Company;
- (II) that the directors and the senior officers performed their duties fiduciary and the implementation of which in accordance with the laws, regulations, the Articles of Association and the resolution of the shareholders' general meeting;
- (III) other significant events to be reported to the shareholders' general meeting as considered necessary by the Supervisory Committee.

If necessary, the Supervisory Committee may provide its opinion on the resolutions to the shareholders' general meeting, and submit an independent report on the same.

Article 58 The registered accountant shall issue any explanatory statement, qualified opinion, uncertainties or disapproval for the audit report on the financial statements of the Company. The Company's Board of Directors shall explain to the shareholders' general meeting reasons for the registered accountant to issue the aforesaid opinion and their effects to the state of affair, finance and business, of the Company. The Company's Board of Directors shall confirm the preliminary profit appropriation plan or the plan for the transfer of the capital reserve fund to the registered capital.

Article 59 All resolutions to be included in the agenda of the shareholders' general meeting shall be vote on an individual basis. There is no reason to suspend or abort the voting. If there is more than one resolution on the same business to be proposed in the annual general meeting, the voting will be conducted in a sequence in accordance with the time such resolution is proposed.

Article 60 The extraordinary general meeting shall not decide on those matters not stated in the notice of the meeting. In reviewing the content of the resolutions to be proposed as set out in the notice for the extraordinary general meeting, no change shall be made to the content for the resolutions as set out in Article 6 of these Rules. Any changes thereto shall be treated as a new resolution to be proposed, and shall not be voted in this shareholders' general meeting.

Article 61 During the course of deciding the resolutions for the connected transactions by the shareholders' general meeting, each shareholder involved in the connected transaction shall abstain from voting. The voting rights represented by such shareholders shall not be counted into the total number of shares carrying voting rights of attending the shareholders' general meeting. If the connected shareholders fail to abstain from voting under special circumstances, the Company may conduct the poll in accordance with the usual procedures, subject to the consent of the relevant authorities being obtained by the Company.

Article 62 During the course of deciding the resolutions for the election of the directors and supervisors by the shareholders' general meeting, voting shall be conducted against each director and supervisor accordingly. Upon the passing of the resolution for the re-election of the directors and supervisors, the newly appointed directors and supervisors shall report their duties as soon as the meeting was concluded.

Article 63 The Company's Board of Directors shall ensure that the shareholders' general meeting may continuously hold within a reasonable period of time, until the final resolution shall be determined. In the event that the shareholders' general meeting fails to convene as usual or fail to determine any resolution as a result of force majeure events or other unforeseeable reasons, the Company's Board of Directors shall adopt measures to resume the shareholders' general meeting as soon as practicable.

Article 64 Resolutions proposed but not passed in the meeting, or resolutions involving the change of resolutions for the previous shareholders' general meeting, it shall be stated in the announcement for the resolutions of the shareholders' general meeting.

Article 65 The content for every resolution of the shareholders' general meeting shall comply with the provisions of the law and the Articles of Association. The directors attending the shareholders' general meeting shall perform their fiduciary duties and ensure that the truth, accuracy and completeness of the content, and that it did not contain any statement misrepresenting.

For those resolutions that breaches the laws, administrative regulations, interfering the legal rights of the shareholders, the shareholders shall initiate legal proceedings in the People's Court pursuant to the law.

The Shareholders of overseas listed foreign shares can solve the disputes in accordance with clauses of Article 21 of the Articles of Association.

Article 66 The announcement for the resolutions of the shareholders' general meeting shall state the number of shareholders (and proxies) attending the meeting, the total number of shares held (or represented) and their proportion to the total number of shares carrying voting rights of the Company, the way the voting is conducted and the result on the poll for each resolution. The resolution concerning those proposed by the shareholders shall state the name of the Proposing Shareholder, shareholding and the content of the resolution being proposed.

Article 67 The Company's Board of Directors shall complete the payment of dividend or the bonus issue of shares or the increase or transfer of capital within two month after the shareholders' general meeting was concluded, subject to the approval of the profit appropriation plan, plan for the transfer of capital reserve fund to the registered capital being approved by the shareholders' general meeting of the Company.

Chapter 5 Others

Article 68 Whenever there is any dispute arising from the legality and validity as to convening and holding of the shareholders' general meeting, voting procedures thereat, and the resolutions, and such dispute fails to settle between the parties, the relevant party may initiate proceeding in the People's Court.

Article 69 These Rules shall be effective from the date they are approved by the shareholders' general meeting.

Annex 2

Proposal for the amendment of the Articles of Association of Tianjin Capital Environmental Protection Company Limited

In accordance with the relevant requirements of the governance of listed companies published and enacted by the China Securities Regulatory Commission and the State Economic and Trade Commission jointly on 7th January 2002, the Company proposes to amend and supplement the relevant sections of the Articles of Association, so as to further govern its operation and to enhance the corporate governance of the enterprises legal person, and to reflect the content of the Guidance Opinion for the establishment of the system of independent directors of the Listed Companies.

It is hereby proposed to amend Article 6 of the Articles of Association as follows:

Original: Since the date the Company is established, the original articles of association of the Company become effective. The original articles of association will lapse when the new articles of association become effective subject to the passing of a special resolution in the extraordinary general meeting and the approval by the State Economic and Trade Commission.

From the date the Articles of Association become effective, the Articles of Association become a legally binding document governing the organization and action of the company, rights and obligations between the company and its shareholders, and amongst the shareholders.

Proposed amendment: Since the date the Company is established, the original articles of association of the Company become effective. The original articles of association will lapse when the new articles of association become effective subject to the passing of a special resolution in the shareholders' general meeting and the approval by the State Economic and Trade Commission.

From the date the Articles of Association become effective, the Articles of Association become a legally binding document governing the organization and action of the company, rights and obligations between the company and its shareholders, and amongst the shareholders.

It is hereby proposed to amend Article 65 of the Articles of Association as follows:

Original: A shareholder (including proxy) when voting at a shareholders' general meeting may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote.

Proposed amendment: A shareholder (including proxy) when voting at a shareholders' general meeting may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote.

When there is any shareholder that holds 30% or more in the Company, the election of two or more directors in the shareholders' general meeting will adopt accumulative voting system.

Accumulative voting system shall mean every share of the shareholder carry votes that equal to the total number of directors to be elected. The shareholder can vote for one director, or to vote for various directors. The number of votes will determine which director to be elected.

It is hereby proposed to add a new Chapter 11 - Independent Non-executive Directors to the Articles of Association as follows:

Article 101 The independent directors shall perform fiduciary duties and diligence to the Company and all shareholders. The independent directors shall perform its duties in a serious manner, and to protect the overall benefits of the Company in accordance with the laws, regulations, constitution and Articles of Association. In particular, concern will be made as to the protection for the legal rights of the significant and minority shareholders. The independent directors shall perform his duties independently and not being influenced by the major shareholders, beneficial controlling parties or other units or individuals with interests in the Company. The independent directors shall ensure that he has adequate time and effort devoted to perform his duties as an independent director.

Article 102 The independent director does not have a position in the company apart from being a director. There is no relation between the company and its major shareholders and the independent director that will prevent the independent director forming an independent and objective judgment. If the independent director fails to satisfy the criteria for his independence, or there is any event occurred as a result of which it is not appropriate for the independent director to perform his duties, there is not enough independent directors for the company, the company shall reappoint adequate number of independent directors.

Article 103 The independent director shall enjoy independence in the company. The following parties shall not be appointed as an independent director:

- (I) the staff and his immediate family members and major social associates (immediate family members shall mean spouse, parents, children; major social associates shall mean brothers and sisters, father and mother in law, son and daughter in law, spouses of brothers and sisters, and brothers and sisters of spouses) that are employed by the Company and its subsidiaries;
- (II) the natural person shareholders and his immediate family members directly and indirectly hold 1% or above of the issued share capital of the Company;
- (III) the staff and his immediate family member that are employed in the units of shareholders which directly and indirectly hold 5% or above of the issued share capital of the Company or the top five shareholders of the Company;
- (IV) any party that fall into the conditions as described in the three paragraphs above;
- (V) the professionals that provide financial, legal, management consultancy and technical consultancy services to the Company or its subsidiaries;

- (VI) other parties as provided in the articles of association;
- (VII) other parties as endorsed by the China Securities Regulatory Commission.

Article 104 The independent director shall be eligible as to:

- (I) be the director of listed companies pursuant to the laws, administrative regulations and other relevant requirements;
- (II) satisfy the criteria of independence as mentioned above;
- (III) having basic knowledge on the operation of the Company, and familiar with the relevant laws, administrative regulations, constitutions and rules;
- (IV) have five or more years of experience in law, economics or the working experience necessary to the performance of his duties as a director;
- (V) other conditions as provided in the Articles of Association.

Article 105 The nomination, election and the change of independent directors shall be conducted pursuant to and governed by the laws.

- (I) The Company's Board of Directors, Supervisory Committee, shareholder individually or joint holding 1% or more of the issued shares of the company may nominate proposed independent director, subject to the election in the shareholders' general meeting.
- (II) The nominator shall seek the consent of the party being nominated before nominating the same as the independent director. The nominator shall thoroughly understand the profession, academic qualification, title, career history and all part-time positions of the party being nominated, and issue an opinion as to the qualification and the independence of the independent directors. The party being nominated shall publish a declaration to the public concerning that there is no relation between the company and its major shareholders and the independent director that will prevent the independent director forming an independent and objective judgment.

Before the shareholders' general meeting for the election of independent directors is convened, the Company's Board of Directors shall publish the content above pursuant to the relevant provisions.

- (III) Before the shareholders' general meeting for the election of independent directors is convened, the Company shall deliver the relevant information of all the parties being nominated to China Securities Regulatory Commission, the local offices of the China Securities Regulatory Commission at the place of business of the Company and the stock exchange where the Company's shares are listed. If there is any dispute arising from the Company's Board of Directors as to the party being nominated, such opinion of the Board of Directors shall also be delivered in writing accordingly.

If China Securities Regulatory Commission disagree with the party being nominated, he will only become the proposed director but not the proposed independent director.

When the shareholders' general meeting is convened to elect the independent directors, the Company's Board of Directors shall explain whether China Securities Regulatory Commission disagree with the proposed independent director or not.

- (IV) The term of each independent director shall be the same as that of other directors of the company. The independent director is eligible for re-election subject to the occupation of office for a maximum of six years.
- (V) If any independent director fails to attend the meeting of the Board of Directors in person for three consecutive times, the Board of Directors may request the shareholders' general meeting to remove him accordingly.

Save as the aforesaid condition, and the conditions as provided in the Company Law concerning disqualifications of directors, independent directors shall not be removed from office without any reason before the expiration of his term. In the event that the independent director is removed before the expiration of his term, the Company shall disclose the details accordingly as a special item. The independent director may publish a declaration to the public if he considers that the reason for his removal is not sound.

- (VI) The independent directors may resign before the expiration of his term. The resigned independent director shall submit the written report on his resignation to the Board of Directors, and explain in details any matter that shall be noted by the shareholders and creditors of the Company that is related to his resignation.

If the resignation of the independent director lead to the number of independent directors to the total number of the Board of Directors falling below the minimum requirement as provided in relevant constitutional provisions, the resignation report of such independent director shall become effective on the date the appointment of the succeeding independent director becomes effective.

Article 106 Apart from the authorities as granted to the directors pursuant to the Company Law and other relevant laws and regulations, the Company shall confer the following special authority to the independent director:

- (I) Substantial connected transaction (shall mean the amount for the connected transaction propose to be entered into between the Company and the connected party exceeds 3,000,000 or 5% of the audited net assets of the Company) shall be presented to the Board of Directors for discussion after being endorsed by the independent directors;

Before the independent directors arrive at a conclusion, they may engage intermediaries to provide report by the independent financial advisers as the basis of their conclusion.

- (II) To propose to the Board of Directors regarding the appointment or removal of registered accountant;
- (III) To propose to the Board of Directors for convening the extraordinary general meeting;
- (IV) To engage for external auditor and consulting firm independently;
- (V) To solicit votes from the shareholders in the public before the shareholders' general meeting is convened;

The exercise of authorities by the independent directors shall obtain the consent of more than half of all the independent directors. In the event that the proposals as mentioned above were not adopted, or the authorities were not capable to exercise in its usual manner, the Company shall disclose the details accordingly.

In the event that the Company's Board of Directors has established remuneration committee, audit committee and nomination committee, the independent director shall represent half of the members in such committees.

Article 107 Apart from performing the aforesaid duties the independent directors shall issue its independent opinion to the Board of Directors or the shareholders' general meeting:

- (I) the nomination, appointment and removal of directors;
- (II) the appointment and removal of senior officers;
- (III) remuneration of the directors and senior officers of the Company;
- (IV) amounts due to or from the shareholders, beneficial controlling party of the Company and its associates exceeding 3,000,000 or 5% of the last audited net asset of the Company that is existing or created recently, and whether the Company adopts any measures for the collection of the amounts due;
- (V) matters that the independent directors consider to be detrimental to the interest of the minority shareholders;
- (VI) other matters provided in the articles of association.

The independent directors shall issue their opinion for the aforesaid matters as to whether they agree, agree with qualified opinion and their reasons, disagree and their reasons, not able to form an opinion and the reasons thereof.

If the relevant matters are discloseable, the Company shall publish the opinion of the independent directors. If there is no consensus among the independent directors, the Board of Directors shall separately state the opinion of each of the independent director.

Article 108 The Company shall ensure that the independent directors are entitled to the right of information as other directors have. For matters to be decided by the Board of Directors, the Company shall inform the independent directors and provide adequate information in advance pursuant to the statutory time frame. If the independent directors consider that the information is not sufficient, they may require supplementary information. If two or more independent directors consider that information is not sufficient or the evidence is not certain as to arriving at a conclusion, they may request the Board of Directors jointly in writing to postpone the date for convening the meeting for the Board of Director or to consider the matter at a later date. The Board of Directors shall adopt accordingly.

The Company and the independent directors shall keep the information provided by the Company to the independent directors for a period of at least five years.

Article 109 The Company shall provide to the independent directors the working condition necessary to the performance of their duties. The secretary to the Board of the Company shall actively provide assistance to the independent directors, such as briefings and information. When an announcement shall be made regarding the independent opinion, proposal and statement in writing issued by the independent directors, the Secretary to the Board shall prepare the announcement and submit to the stock exchange accordingly.

When the independent directors exercises his authority, the officers of the Company shall assist and shall not reject, obstruct or conceal any matter that will prevent him to exercise his authority.

Article 110 The cost of engaging intermediaries and other costs incurred during the course of performing his duties by the independent director shall be assumed by the company.

The Company shall grant an appropriate sum to the independent directors as allowance. The standard of the allowance shall be set by the Board of Directors and approved by the shareholders' general meeting. Such allowance will also be disclosed in the annual report.

Apart from the allowance as mentioned above, the independent directors shall not obtain additional benefits from the Company and its major shareholders or organizations and officers with interests in the Company that is not disclosed.

The listed company may establish independent directors liability insurance system, if necessary, so as to minimize the risk incurred by the independent directors when performing their duties.

In addition to the rules and regulations of the PRC and the articles of association of the Company governing the responsibilities of the independent directors, the independent directors must also comply with the Rules governing the listing of securities on the Stock Exchange of Hong Kong Limited.

Other sections and articles shall be renumbered accordingly.