THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Tianjin Capital Environmental Protection Group Company Limited (the "Company")**, you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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Tianjin Capital Environmental Protection Group Company Limited
天津創業環保集團股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1065)

RELOCATION OF THE COMPANY'S TIANJIN JIZHUANGZI SEWAGE WATER TREATMENT PLANT AND WATER RECYCLING PLANT

A notice of 2012 first extraordinary general meeting of the Company (the "EGM") to be convened and held at 10:00 a.m. on 13 July 2012 at the conference room of the Company on 5/F, TCEP Building, 76 Weijin South Road, Nankai District, Tianjin, the People's Republic of China (the "PRC") is set out on pages 12 to 14 of this circular. Whether or not you intend to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's principal office address at TCEP Building, 76 Weijin South Road, Nankai District, Tianjin, the PRC, as soon as possible and in any event not less than 24 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

24 May 2012

CONTENTS

In this circular, unless the context requires otherwise, the following expressions have the following meanings:

"Agreements"	Sewage Water Treatment Plant Relocation Agreement, Water Recycling Plant Relocation Agreement, Sewage Water Treatment Plant Compensation Agreement and Water Recycling Plant Compensation Agreement
"Announcement"	the announcement of the Company dated 24 May 2012
"A Shares"	renminbi-denominated domestic shares of nominal value of RMB1.00 each in the ordinary share capital of the Company
"Board"	the board of Directors
"Business Day"	Monday to Friday (except statutory holidays designated by the PRC government)
"Company"	Tianjin Capital Environmental Protection Group Company Limited, a joint stock limited company established in the PRC whose A Shares and H Shares are listed on the Shanghai Stock Exchange and the Stock Exchange respectively
"Directors"	the directors of the Company, including the independent non-executive directors
"EGM"	the 2012 first extraordinary general meeting of the Company to be convened and held at 10:00 a.m. on 13 July 2012 for the Shareholders to consider and, if thought fit, approve, among other things, the Relocation and the Agreements
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
"H Shares"	overseas listed foreign shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
"New Sewage Water Treatment Plant"	a new sewage water treatment plant to be constructed in Da Sun Zhuang (大孫莊) of Tianjin with sewage processing capacity of 500,000 m^3/day and with water discharge quality complying with 1A grade discharge standard
"New Water Recycling Plant"	a new water recycling plant to be constructed in Da Sun Zhuang (大孫莊) of Tianjin with production capacity of 70,000 m^3/day

"PRC"	The People's Republic of China, which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Relocation"	the relocation of Jizhuangzi Sewage Water Treatment Plant and Jizhuangzi Water Recycling Plant
"RMB"	renminbi, the lawful currency of the PRC
"Sewage Water Treatment Plant Compensation Agreement"	an agreement to be entered into between the Company and Tianjin Haihe in respect of the compensation arrangement for the relocation of Jizhuangzi Sewage Water Treatment Plant, which is the Jizhuangzi Sewage Water Treatment Plant Land Construction Reserve Project Compensation Agreement
"Sewage Water Treatment Plant Relocation Agreement"	the agreement entered into between the Company and TCCC on 24 May 2012 in respect of the relocation arrangement of Jizhuangzi Sewage Water Treatment Plant
"Shanghai Listing Rules"	the Shanghai Stock Exchange Share Listing Rules
"Share(s)"	ordinary share(s) of RMB1.00 each in the existing share capital of the Company
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"TCCC"	Tianjin City Construction and Communication Committee* (天津市城鄉建設和交通委員會), a division under the Tianjin Government
"Tianjin Government"	The People's Government of Tianjin City
"Tianjin Haihe"	Tianjin Haihe Construction Development and Investment Company Limited* (天津市海河建設發展投資有限公司), a wholly-owned subsidiary of Tianjin Infrastructure Construction and an agent of the Tianjin Government in the Relocation
"Tianjin Infrastructure Construction"	Tianjin City Infrastructure Construction and Investment Group Company Limited, the ultimate controller of the Company
"Water Recycling Company"	Tianjin Water Recycling Company Limited* (天津中水有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company

"Water Recycling Plant Compensation Agreement"	an agreement to be entered into between Water Recycling Company and Tianjin Haihe in respect of the compensation arrangement for the relocation of Jizhuangzi Water Recycling Plant which is the Jizhuangzi Water Recycling Plant Land Consolidation Reserve Project Compensation Agreement
"Water Recycling Plant Relocation Agreement"	the agreement entered into between Water Recycling Company and TCCC on 24 May 2012 in respect of the relocation arrangement of Jizhuangzi Water Recycling Plant

* *For identification purposes only*

Tianjin Capital Environmental Protection Group Company Limited
天津創業環保集團股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1065)

Executive Directors:
Mr. Zhang Wenhui *(Chairman)*
Mr. Lin Wenbo
Ms. Fu Yana
Ms. Zhong Huifang

Non-executive Directors:
Mr. An Pindong
Ms. Chen Yinxing

Independent non-executive Directors:
Mr. Xie Rong
Mr. Di Xiaofeng
Ms. Lee Kit Ying, Karen

Registered address:
No. 45
Guizhou Road
Heping District
Tianjin, the PRC
Postal Code: 300051

24 May 2012

To the Shareholders,

Dear Sir or Madam,

RELOCATION OF THE COMPANY'S TIANJIN JIZHUANGZI SEWAGE WATER TREATMENT PLANT AND WATER RECYCLING PLANT

INTRODUCTION

In the Announcement, the Company announced that according to the overall urban planning of Tianjin City and the requirements of the relevant laws and regulations, the Tianjin Government has decided to implement the relocation of Jizhuangzi Sewage Water Treatment Plant and Jizhuangzi Water Recycling Plant owned respectively by the Company and Water Recycling Company, a wholly-owned subsidiary of the Company. In the course of the Relocation, the Tianjin Government has designated and authorized TCCC to oversee the relocation of Jizhuangzi Sewage Water Treatment Plant and Jizhuangzi Water Recycling Plant, and has also designated and authorized Tianjin Haihe to handle matters relating to compensation and land consolidation.

The Relocation is not regarded as a transaction under Chapter 14 and 14A of the Hong Kong Listing Rules. However, according to the Shanghai Listing Rules, the Company is required to seek the Shareholders' approval for the Relocation and the Agreements at the EGM.

The purpose of this circular is to provide you with further details of the Relocation and a notice of the EGM at which ordinary resolutions will be proposed to approve, among other things, the Relocation and the Agreements including Sewage Water Treatment Plant Relocation Agreement, Water Recycling Plant Relocation Agreement, Sewage Water Treatment Plant Compensation Agreement and Water Recycling Plant Compensation Agreement.

The Relocation

Concerning the Relocation, on 24 May 2012, the Company and Water Recycling Company signed the Sewage Water Treatment Plant Relocation Agreement and Water Recycling Plant Relocation Agreement respectively with TCCC. Both of these agreements will take effect upon approval by the Shareholders at the EGM. The Company and Water Recycling Company will also sign the Sewage Water Treatment Plant Compensation Agreement and Water Recycling Plant Compensation Agreement respectively with Tianjin Haihe upon obtaining approval from the Shareholders of the Company at the EGM.

According to the Sewage Water Treatment Plant Relocation Agreement and the Water Recycling Plant Relocation Agreement, the relocation arrangements for the Jizhuangzi Sewage Water Treatment Plant and Jizhuangzi Water Recycling Plant are as follows:

(I) The relocation compensation for the Jizhuangzi Sewage Water Treatment Plant and Jizhuangzi Water Recycling Plant is based on the principle of "project for project", pursuant to which the New Sewage Water Treatment Plant and the New Water Recycling Plant shall be constructed to replace the Jizhuangzi Sewage Water Treatment Plant and Jizhuangzi Recycled Water Plant.

Jizhuangzi Sewage Water Treatment Plant

Jizhuangzi Sewage Water Treatment Plant is a sewage water treatment plant with sewage processing capacity of 450,000 m^3/day and with water discharge quality complying with the 1B grade discharge standard prescribed by the "Pollutants Emission Standards for Sewage Water Treatment Plants in Cities and Towns (GB18918-2002) (《城鎮污水處理廠污染物排放標準》 (GB18918-2002))", and has discharge ducts with total length of 45.4 kilometers and 4 drainage pump stations. The original assets value was RMB1,543,000,000. As at 31 December 2011, the book value of the assets was RMB1,186,000,000. The operating income for the years ended 31 December 2010 and 31 December 2011 were RMB215,000,000 and RMB248,000,000 respectively.

According to the aforesaid agreements, the New Sewage Water Treatment Plant with sewage processing capacity of 550,000 m^3/day and with water discharge quality complying with the 1A grade discharge standard prescribed by the "Pollutants Emission Standards for Sewage Water Treatment Plants in Cities and Towns (GB18918-2002) (《城鎮污水處理廠污染物排放標準》(GB18918-2002))" will be constructed in Da Sun Zhuang (大孫莊), Jinnan District, Tianjin to replace the Jizhuangzi Sewage Water Treatment Plant. The TCCC has engaged Tianjin Infrastructure Construction, the ultimate controller of the Company, to prepare and complete the feasibility study and preliminary design for the relocation of the sewage water treatment plant, which have been approved by the competent authorities of Tianjin Government. The estimated budget for the construction of the New Sewage Water Treatment Plant based on the preliminary design will be approximately RMB2,065,590,100.

Jizhuangzi Water Recycling Plant

The Jizhuangzi Water Recycling Plant includes a water recycling plant with production capacity of 70,000 m^3/day. The original assets value was RMB221,000,000. As at 31 December 2011, the book value of the assets was RMB176,000,000. The operating income for the years ended 31 December 2010 and 31 December 2011 were RMB16,318,000 and RMB14,921,000 respectively.

According to the aforesaid agreements, the New Water Recycling Plant with production capacity of 70,000 m^3/day and with water discharge quality complying with the Water Quality Standard of Urban Recycled and Reuse Water for Urban Miscellaneous Water Consumption (GB/T18920-2002), the Water Quality Standard for Industrial Use (GB/T19923-2005), the Water Quality Standard for Circulating Cooling Water, the Water Quality Standard for Scenic Environmental Use (GB/T18921-2002) and the Water Quality Standard for Aesthetic Scenic Environmental Use will be constructed in Da Sun Zhuang (大孫莊), Jinnan District, Tianjin to replace the Jizhuangzi Water Recycling Plant. The TCCC has engaged Tianjin Infrastructure Construction to prepare and complete the feasibility study and preliminary design for the relocation of the water recycling plant, which have been approved by the competent authorities of Tianjin Government. The estimated budget for the construction of the New Water Recycling Plant based on the preliminary design will be approximately RMB260,350,700.

(II) In view of their extensive experience in the construction of sewage water treatment plants and water recycling plants, and for the convenience of assets replacement, the Company and Water Recycling Company will act as the principal construction entities for the construction of the New Sewage Water Treatment Plant and the New Water Recycling Plant.

(III) The New Sewage Water Treatment Plant and New Water Recycling Plant will be constructed according to the construction scale, content, standard and the estimated budget based on the preliminary designs approved by the competent authorities of Tianjin Government in the total amount of approximately RMB2,065,590,100 and RMB260,350,700 respectively, all inclusive.

(IV) The Company and Water Recycling Company are required to complete the construction of the New Sewage Water Treatment Plant and New Water Recycling Plant by 15 September 2013, and commence trial operation by then.

(V) The Company and Water Recycling Company will continue to own the operation rights of the New Sewage Water Treatment Plant and New Water Recycling Plant.

(VI) The TCCC will sign an operation service agreement with the Company relating to the New Sewage Water Treatment Plant before its trial operation, pursuant to which the sewage water treatment service fees to be charged by the sewage water treatment plant approved by the TCCC will be ascertained. The pricing principle is based on the unit service price for 1B grade discharge standard approved by the TCCC plus the increased operating costs to be incurred as a result of upgrading the discharge standard to 1A grade.

(VII) Before the commencement of commercial operation of the New Sewage Water Treatment Plant and New Water Recycling Plant, the Company and Water Recycling Company shall continue to operate Jizhuangzi Sewage Water Treatment Plant and Jizhuangzi Water Recycling Plant.

According to the Sewage Water Treatment Plant Compensation Agreement and the Water Recycling Plant Compensation Agreement, the land consolidation and compensation arrangements for the relocation of Jizhuangzi Sewage Water Treatment Plant and Jizhuangzi Water Recycling Plant will be as follows:

(I) Within 3 months after the New Sewage Water Treatment Plant and New Water Recycling Plant having commenced commercial operation, the Company and Water Recycling Company shall complete the demolition and handover tasks of Jizhuangzi Sewage Water Treatment Plant and Jizhuangzi Water Recycling Plant and complete all the de-registration procedures in respect of all the property-related licenses:

Jizhuangzi Sewage Water Treatment Plant

Jizhuangzi Sewage Water Treatment Plant is locating at Zijinshan Road, Xiqing District, the site coverage includes the eastern boundary ending at Weijin River, the southern boundary ending at Jizhuangzi Water Recycling Plant, the western boundary ending at Ligang Railway and the northern boundary ending at Sewage River; total site area is 31.89603 hectares (478.440450 Mu), subject to the area cited on the real estate licence or on-site measurement;

Jizhuangzi Water Recycling Plant

Jizhuangzi Water Recycling Plant is locating at Zijinshan Road, Xiqing District, the site coverage includes the eastern boundary ending at Weijin River, the southern boundary ending at Jizhuangzi's collective land, the western boundary ending at Jizhuangzi Sewage Water Treatment Plant and the northern boundary ending at Jizhuangzi Sewage Water Treatment Plant; total site area is 2.70543 hectares (40.58145 Mu), subject to the area cited on the real estate licence or on-site measurement;

(II) Payment of compensation in the total amount of RMB2,325,940,800 will be as follows: Tianjin Haihe shall pay the Company and Water Recycling Company in accordance with the construction progress of the New Sewage Water Treatment Plant and New Water Recycling Plant according to the following payment details:

(1) Tianjin Haihe shall pay RMB670,000,000 and RMB80,000,000 to the Company and Water Recycling Company respectively within 15 Business Days after signing of the

Sewage Water Treatment Plant Compensation Agreement and Water Recycling Plant Compensation Agreement, and at the same time, the Company and Water Recycling Company shall deliver all the original licenses in respect of all relevant properties within the areas of Jizhuangzi Sewage Water Treatment Plant and Jizhuangzi Water Recycling Plant to Tianjin Haihe; and

(2) the remaining compensation will be paid by Tianjin Haihe to the Company and Water Recycling Company according to the construction fund usage plans to be provided by the Company and Water Recycling Company, the Company and Water Recycling Company shall apply to Tianjin Haihe for any necessary construction fund at least 10 Business Days in advance to ensure a smooth construction progress.

(3) the land consolidation and compensation fees are the compensation fees to the Company and Water Recycling Company in relation to the construction of New Sewage Water Treatment Plant and New Water Recycling Plant; if there is any actual expenses incur in the process of land consolidation, Tianjin Haihe shall negotiate a settlement with the Company and Water Recycling Company.

(III) Land consolidation and compensation fees will be as follows:

(1) the land consolidation and compensation fees for Jizhuangzi Sewage Water Treatment Plant will be RMB2,065,590,100; and

(2) the land consolidation and compensation fees for Jizhuangzi Water Recycling Plant will be RMB260,350,700.

Effect of the Relocation of Jizhuangzi Sewage Water Treatment Plant and Jizhuangzi Water Recycling Plant on the Company

(I) Effect on the production and operation of the Company

1. During the construction period of the New Sewage Water Treatment Plant and New Water Recycling Plant, Jizhuangzi Sewage Water Treatment Plant and Jizhuangzi Water Recycling Plant will continue to operate normally, the production and operation of the Company will not be affected.

2. After completion of the New Sewage Water Treatment Plant and New Water Recycling Plant and commencement of commercial operation, the sewage processing capacity of the New Sewage Water Treatment Plant will be 550,000 m^3/day, representing an increase of 100,000 m^3/day as compared to the sewage processing capacity of 450,000 m^3/day of Jizhuangzi Sewage Water Treatment Plant. Therefore, it will have a positive impact on the production and operation of the Company. The production capacity of the New Water Recycling Plant will be the same as that of Jizhuangzi Water Recycling Plant, however, the user base will be enlarged to include the users within the water supply area of Jinnan District in addition to the original users within the water supply area of the Jizhuangzi Water Recycling Plant,

this will have a positive impact on the production and operation of Water Recycling Company. Meanwhile, the water discharge quality of the New Sewage Water Treatment Plant is improved when compared with that of Jizhuangzi Sewage Water Treatment Plant, which will bring better social and environmental benefits.

(II) Effect on the financial position of the Company

1. During the construction period of the New Sewage Water Treatment Plant and New Water Recycling Plant, the Company and Water Recycling Company will act as the principal construction entities in respect of the New Sewage Water Treatment Plant and New Water Recycling Plant respectively and apply the aforesaid compensation in their construction. Tianjin Haihe will make compensation payment to the Company and Water Recycling Company in the manner as specified above. Accordingly, there will not be any impact on the capital requirements of the Company and Water Recycling Company.

2. Compensation received according to the construction progress during the construction period of the New Sewage Water Treatment Plant and New Water Recycling Plant will be accounted as advance payments of receivables, and the construction in progress will be increased in the meantime. Accordingly, it is estimated that the book value of assets of the Company will increase significantly whereas the return ratio of total investment will decrease relatively, and the impact on the return ratio on net assets will be relatively small.

3. According to TCCC's arrangement, the pricing principle for the sewage water treatment services of the New Sewage Water Treatment Plant is based on the unit service price for 1B grade discharge standard approved by the TCCC plus the increased operating costs to be incurred as a result of upgrading the discharge standard to 1A grade. However, the price and the mode of operation have not yet been confirmed. Therefore, it is now not able to ascertain the income and revenue of the New Sewage Water Treatment Plant after its commercial operation.

4. After the commercial operation of the New Water Recycling Plant, as it is operated by the same commercial model as that of Jizhuangzi Water Recycling Plant with an increase in new users at the same time, this will have positive effect on the income and revenue of the New Water Recycling Plant.

(III) Risk Analysis

1. The risk of inadequate construction funds: According to the above arrangements, the construction fund requirements for the New Sewage Water Treatment Plant and New Water Recycling Plant are RMB2,065,590,100 and RMB260,350,700 respectively, all inclusive. As such, the risk may exist that the actual investment in the construction may exceed the above construction amount. With extensive experience in construction management of sewage water treatment plants and water recycling plants, the Company will apply advanced technologies to strictly control construction cost on one hand, and to ensure quality on the other hand, so as to ensure the construction funds will be capped within the project design range.

Information on the Company, Water Recycling Company, TCCC and Tianjin Haihe

The Company is principally engaged in the investment, construction, design, management, operation, technical consultation and auxiliary services of treatment facilities for sewage water, tap water and other types of water; the design, construction, management, building and operation management of municipal infrastructure facilities; license operation, technical consultation and auxiliary services for the Southeastern Half Ring Urban Road of the Middle Ring of Tianjin City; development and operation of environmental protection technology and products; leasing of self-owned properties, etc.

The Water Recycling Company is a wholly-owned subsidiary of the Company and is principally engaged in the production and sales of recycled water; development and construction of facilities for recycled water; manufacturing, installation, commissioning and operation of equipment for recycled water.

TCCC is a division under the Tianjin Government and is principally engaged in the preparation of construction and development plan for cities and villages, the construction management for projects such as transportation facilities, housing construction and ancillary facilities, etc.

Tianjin Haihe is a wholly-owned subsidiary of Tianjin Infrastructure Construction which is the ultimate controller of the Company. It is principally engaged in the construction of infrastructures, land consolidation, operation management of assets, etc. Tianjin Haihe is a party designated by the Tianjin Government to enter into the Sewage Water Treatment Plant Compensation Agreement and Water Recycling Plant Compensation Agreement, and acts as an agent of Tianjin Government in the Relocation.

Hong Kong Listing Rules and Shanghai Listing Rules Implications

As the Relocation is implemented in accordance with the overall urban planning of Tianjin City and the requirements of the relevant laws and regulations as well as the decision of the Tianjin Government, the Company and Water Recycling Company shall have to conduct the Relocation in accordance with the abovementioned requirements and decision. The Relocation is not regarded as a transaction under Chapter 14 and 14A of the Hong Kong Listing Rules.

However, according to the Shanghai Listing Rules, the Company is required to seek the shareholders' approval for the Relocation and the Agreements at the EGM.

Subsequent Disclosure

Further announcement in respect of the Relocation will be made by the Company as and when appropriate according to the Hong Kong Listing Rules. In addition, the Company will sign an operation service agreement with TCCC relating to the New Sewage Water Treatment Plant, and the Company will timely disclose the relevant information according to the Hong Kong Listing Rules.

EGM

The EGM will be held at 10:00 a.m. on 13 July 2012 at the conference room of the Company on 5/F, TCEP Building, 76 Weijin South Road, Nankai District, Tianjin, the PRC. The notice of the EGM is set out on pages 12 to 14 to this circular. The purpose of the EGM is for the Shareholders to consider and, if thought fit, approve the resolutions in respect of, among other things, the Relocation and the Agreements. At the EGM, voting of the Shareholders will be conducted by way of poll.

A proxy form for use at the EGM is also enclosed. Whether or not you intend to attend the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's principal office address at TCEP Building, 76 Weijin South Road, Nankai District, Tianjin, the PRC, as soon as possible and in any event not less than 24 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

An announcement will be made by the Company following conclusion of the EGM to inform Shareholders of the results of the EGM.

RECOMMENDATION

The Directors consider that the terms of the Agreements are fair and reasonable, and the Relocation is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of the resolutions to be proposed at the EGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein misleading.

By order of the Board of
TIANJIN CAPITAL ENVIRONMENTAL PROTECTION GROUP COMPANY LIMITED
Zhang Wenhui
Chairman

Tianjin, the PRC

Tianjin Capital Environmental Protection Group Company Limited
天津創業環保集團股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1065)

NOTICE OF 2012 FIRST EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2012 first extraordinary general meeting of Tianjin Capital Environmental Protection Group Company Limited (the "**Company**") will be held at the conference room of the Company on 5/F, TCEP Building, 76 Weijin South Road, Nankai District, Tianjin, the People's Republic of China (the "**PRC**") on 13 July 2012 at 10:00 a.m. for the purpose of considering the resolutions as listed below:

Unless otherwise indicated, capitalized terms used herein shall have the same meanings as those defined in the circular of the Company dated 24 May 2012.

As ordinary resolutions:

1. The Sewage Water Treatment Plant Relocation Agreement (a copy of which has been produced to the EGM marked "1" and signed by the chairman of the EGM for the purpose of identification), and the terms and conditions thereof and the transactions contemplated thereunder and the implementation thereof be and are hereby approved and confirmed;

2. The Water Recycling Plant Relocation Agreement (a copy of which has been produced to the EGM marked "2" and signed by the chairman of the EGM for the purpose of identification), and the terms and conditions thereof and the transactions contemplated thereunder and the implementation thereof be and are hereby approved and confirmed;

3. The Sewage Water Treatment Plant Compensation Agreement (a copy of which has been produced to the EGM marked "3" and signed by the chairman of the EGM for the purpose of identification), and the terms and conditions thereof and the transactions contemplated thereunder and the implementation thereof be and are hereby approved and confirmed;

4. The Water Recycling Plant Compensation Agreement (a copy of which has been produced to the EGM marked "4" and signed by the chairman of the EGM for the purpose of identification), and the terms and conditions thereof and the transactions contemplated thereunder and the implementation thereof be and are hereby approved and confirmed; and

5. Any one of the Directors be authorised for and on behalf of the Company, among other matters, to sign, execute, perfect, deliver or to authorise signing, executing, perfecting and delivering all such documents and deeds, to do or authorise doing all such acts, matters and things as they may in their discretion consider necessary, expedient or desirable to give effect to and implement the

Agreements, and to waive compliance from or make and agree such variations of a non-material nature to any of the terms of the Agreements they may in their discretion consider to be desirable and in the interests of the Company and all the Directors' acts as aforesaid be hereby approved, ratified and confirmed.

By order of the Board
Zhang Wenhui
Chairman

Tianjin, the PRC
24 May 2012

As at the date of this notice, the Board comprises four executive Directors: Mr. Zhang Wenhui, Mr. Lin Wenbo, Ms. Fu Yana and Ms. Zhong Huifang; two non-executive Directors: Mr. An Pindong and Ms. Chen Yinxing; and three independent non-executive Directors: Mr. Xie Rong, Mr. Di Xiaofeng and Ms. Lee Kit Ying, Karen.

Notes:

(1) The holders of shares (the "**Shareholders**") whose names appear on the register of members at 4:00 p.m. on 12 June 2012 will be entitled to attend the general meeting. The holders of H shares of the Company ("**H Shares**") are reminded that the register of members of the Company's H Shares will be closed from 13 June 2012 to 13 July 2012, both days inclusive, during the period no transfer of H Shares will be effected. All transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's H Shares registrar and transfer office, Hong Kong Registrars Limited at Rooms 1712 -1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:00p.m. on 12 June 2012. The holder of H Shares and whose name appears on the register of members of the Company's H Shares on 13 June 2012 or his/her proxy may attend the general meeting by bringing his/her own identity card or passport.

(2) Each Shareholder having the rights to attend and vote at the general meeting is entitled to appoint in written form one or more than one proxies (whether a Shareholder or not) as his proxy to attend and vote on his behalf at the general meeting. If more than one proxy is appointed by a 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 enclosed form of proxy). In order to be valid, the form of proxy and, if such form of proxy is signed by a person under a power of attorney or authority on behalf of the appointer, a notarially certified power of attorney (if any) or other authority (if any) under which it is signed, must be deposited at the Company's principal office address at TCEP Building, 76 Weijin South Road, Nankai District, Tianjin, the PRC as soon as possible but in any event not less than 24 hours before the time scheduled for the holding of the general meeting.

(4) Shareholders who intend to attend the general meeting should complete and return the completed and signed reply slip for attendance to the office of the secretary of the Board at the Company's principal office address on or before 22 June 2012 by hand, by post or by facsimile. Please use the enclosed reply slip or its copy for the purpose of confirmation.

(5) Shareholders or their proxies shall present proofs of their identities upon attending the general meeting. Should a proxy be appointed, the proxy shall also present the form of proxy.

(6) The general meeting is expected to last for about half a day. The Shareholders and their proxies attending the general meeting shall be responsible for their own travelling and accommodation expenses.

Principal office address of the Company: TCEP Building, 76 Weijin South Road, Nankai District, Tianjin, the PRC

Postal Code: 300381

Telephone: 86-22-23930128

Facsimile: 86-22-23930126