
THIS DOCUMENT 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 stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in the Shenzhen Dongjiang Environmental Company Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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Shenzhen Dongjiang Environmental Company Limited*
深圳市東江環保股份有限公司

(a joint stock limited company incorporated in the People's Republic of China)
(Stock code: 08230)

**PROPOSED PROVISION OF GUARANTEES
AND
PROPOSED ISSUE OF SHORT-TERM COMMERCIAL PAPERS**

A notice convening an extraordinary general meeting ("EGM") of Shenzhen Dongjiang Environmental Company Limited ("Company") to be held at 11th Floor, Dongjiang Environmental Building, No. 9 Langshan Road, Nanshan District, Shenzhen, the PRC at 2:00 p.m. on Thursday, 21 October 2010 is set out on pages 11 to 13 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete the enclosed reply slip and form of proxy in accordance with the instructions printed thereon and return it to the Company at 11th Floor, Dongjiang Environmental Building, No.9 Langshan Road, Nanshan District, Shenzhen, the PRC (for holders of Domestic Shares), or to the Company's H Shares registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) as soon as possible but in any event for the reply slip, before 1 October 2010, and for the proxy form, not less than 24 hours before the time appointed for the holding of the EGM or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be) should you so wish.

This circular will remain on the GEM website at <http://www.hkgem.com> on the "Latest Company Announcements" page for at least 7 days from the date of its posting, and on the Company's website at <http://www.dongjiang.com.cn> from the date of publication.

6 September 2010

* For identification purpose only

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

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

“Articles”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors
“Commercial Papers”	the short-term commercial papers with an aggregate principal amount not exceeding RMB300,000,000 (equivalent to approximately HK\$344,828,000) proposed to be issued by the Company
“Company”	深圳市東江環保股份有限公司 (Shenzhen Dongjiang Environmental Company Limited*), a joint stock limited company incorporated in the PRC and whose issued H Shares are listed on the Stock Exchange
“connected person(s)”	having the meaning ascribed to it under the GEM Listing Rules
“Directors”	the directors of the Company
“Domestic Share(s)”	domestic share(s) in the share capital of the Company, with a par value of RMB0.10 each, which are subscribed for in Renminbi
“EGM”	the extraordinary general meeting of the Company to be held at 2:00 p.m. on Thursday, 21 October 2010 at 11th Floor, Dongjiang Environmental Building, No. 9 Langshan Road, Nanshan District, Shenzhen, the PRC to consider, and, if thought fit, to approve the proposed provision of the Guarantees and the proposed issue of the Commercial Papers
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended from time to time
“Group”	the Company and its subsidiaries
“Guarantees”	the guarantees proposed to be provided by the Company to secure bank facilities in an aggregate amount of RMB466,000,000 (equivalent to approximately HK\$535,632,000) to be provided to certain subsidiaries of the Company

* *For identification purpose only*

DEFINITIONS

“H Share(s)”	overseas listed foreign share(s) in the share capital of the Company, with a par value of RMB0.10 each, which are subscribed for and traded in Hong Kong dollars on the Stock Exchange
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	3 September 2010, being the latest practicable date prior to the printing of this circular for the purposes of ascertaining certain information contained herein
“PRC”	the People’s Republic of China, and for the purpose of this circular only, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Shareholders”	holders of the Shares
“Shares”	shares of the Company, including the Domestic Shares and the H Shares, unless specified otherwise
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

In this circular, the English names of the PRC entities are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

For the purpose of illustration, amounts denominated in RMB have been translated into HK\$ at the rate of RMB0.87=HK\$1.00 in this circular. No representation is made to the effect that any amount in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

LETTER FROM THE BOARD



Shenzhen Dongjiang Environmental Company Limited*

深圳市東江環保股份有限公司

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

(Stock code: 08230)

Executive Directors:

Mr. Zhang Wei Yang (*Chairman*)

Mr. Chen Shu Sheng

Mr. Li Yong Peng

Non-executive Directors:

Mr. Feng Tao (*Vice Chairman*)

Mr. Wu Shui Qing

Ms. Sun Ji Ping

Independent non-executive Directors:

Mr. Ye Ru Tang

Mr. Hao Ji Ming

Mr. Liu Xue Sheng

Registered office:

1st Floor, 3rd Floor

North of 8th Floor, 9th Floor

10th Floor, 11th Floor, 12th Floor

Dongjiang Environmental Building

No. 9 Langshan Road

North Zone of Hi-tech

Industrial Park

Nanshan District, Shenzhen

the PRC

*Principal place of business
in Hong Kong:*

Suites 06-12, 33rd Floor

Shui On Centre

No. 6-8 Harbour Road

Wanchai

Hong Kong

6 September 2010

To the Shareholders

Dear Sir or Madam,

PROPOSED PROVISION OF GUARANTEES AND PROPOSED ISSUE OF SHORT-TERM COMMERCIAL PAPERS

INTRODUCTION

Upon the approval of the Board, the Company proposed (i) to provide the Guarantees to independent third parties of the Group to secure bank facilities in an aggregate amount of RMB466,000,000 (equivalent to approximately HK\$535,632,000) for certain of its subsidiaries; and (ii) to issue the Commercial Papers in the aggregate principal amount not exceeding RMB300,000,000 (equivalent to approximately HK\$344,828,000) in the PRC.

* *For identification purpose only*

LETTER FROM THE BOARD

The purpose of this circular is to provide Shareholders with information regarding the proposed provision of the Guarantees and the proposed issue of the Commercial Papers.

1. PROPOSED PROVISION OF THE GUARANTEES

(1) Proposed guarantee for bank facility to Shenzhen Dongjiang Environmental Resource Recycling Co., Ltd. (深圳市東江環保再生資源有限公司) (“Resource Recycling”)

Creditor	:	Licensed bank(s) in the PRC, which will be independent of and not connected with the Company and its connected persons
Guaranteed company	:	Resource Recycling, a wholly-owned subsidiary of the Company incorporated in the PRC
The facility	:	RMB40,000,000 (equivalent to approximately HK\$45,977,000) for a term of not more than 1 year, which is intended to be used as general working capital of Resource Recycling
Extent of the guarantee	:	The entire facility

(2) Proposed guarantees for bank facilities to Shenzhen Dongjiang Environmental Renewable Energy Co., Ltd. (深圳市東江環保再生能源有限公司) (“Renewable Energy”)

Creditor	:	Licensed bank(s) in the PRC, which will be independent of and not connected with the Company and its connected persons
Guaranteed company	:	Renewable Energy, a wholly-owned subsidiary of the Company incorporated in the PRC
The facilities	:	(i) RMB60,000,000 (equivalent to approximately HK\$68,966,000) for a term of not more than 5 years, which is intended to be used by Renewable Energy to repay its outstanding shareholder’s loan; and (ii) RMB60,000,000 (equivalent to approximately HK\$68,966,000) for a term of not more than 5 years, which is intended to be used as finance leases and as general working capital of Renewable Energy
Extent of the guarantees	:	The entire facilities

LETTER FROM THE BOARD

(3) Proposed guarantee for bank facility to Qingyuan Dongjiang Environmental Technology Co., Ltd. (清遠市東江環保技術有限公司) (“Qingyuan Dongjiang”)

Creditor : Licensed bank(s) in the PRC, which will be independent of and not connected with the Company and its connected persons

Guaranteed company : Qingyuan Dongjiang, a wholly-owned subsidiary of the Company incorporated in the PRC

The facility : RMB66,000,000 (equivalent to approximately HK\$75,862,000) for a term of not more than 5 years, which is intended to be used by Qingyuan Dongjiang to repay its outstanding shareholder’s loan and finance its projects.

Extent of the guarantee : The entire facility

(4) Proposed guarantee for bank facility to Shenzhen Longgang Dongjiang Industrial Waste Treatment Co., Ltd. (深圳市龍崗區東江工業廢物處置有限公司) (“Longgang Dongjiang”)

Creditor : Licensed bank(s) in the PRC, which will be independent of and not connected with the Company and its connected persons

Guaranteed company : Longgang Dongjiang, a non-wholly owned subsidiary of the Company incorporated in the PRC, whose equity interest is owned as to 51% by the Company, 19% by Shenzhen Longgang Environmental Technology Service Centre (深圳市龍崗區環保科技服務中心) and 30% by Shenzhen Meidadi Environmental Engineering Company Limited (深圳市美大地環境工程有限公司), respectively

The facility : RMB50,000,000 (equivalent to approximately HK\$57,471,000) for a term of not more than 3 years, which is intended to be used by Longgang Dongjiang to repay its outstanding shareholders’ loan and finance its projects

Extent of the guarantee : The entire facility

In consideration of the Company providing the guarantee in respect of the entire facility for Longguag Dongjiang, Shenzhen Longgang Environmental Technology Service Centre (深圳市龍崗區環保科技服務中心) and Shenzhen Meidadi Environmental Engineering Company Limited (深圳市美大地環境工程有限公司), being the remaining shareholders of Longgang Dongjiang, will undertake to indemnify the Company for any loss or claim

LETTER FROM THE BOARD

arising from or in connection with the Longgang Dongjiang's default under the facility. The maximum indemnity amount provided by Shenzhen Longgang Environmental Technology Service Centre (深圳市龍崗區環保科技服務中心) is RMB9,500,000 (equivalent to approximately HK\$10,920,000, being 19% of the entire facility), and that by Shenzhen Meidadi Environmental Engineering Company Limited (深圳市美大地環境工程有限公司) is RMB15,000,000 (equivalent to approximately HK\$17,241,000, being 30% of the entire facility), which have been agreed with reference to their respective shareholdings in Longgang Dongjiang.

(5) Proposed guarantee for bank facility to Shaoguan Green Resource Recycling Development Co., Ltd. (韶關綠然再生資源發展有限公司) ("Shaoguan Green")

- Creditor : Licensed bank(s) in the PRC, which will be independent of and not connected with the Company and its connected persons
- Guaranteed company : Shaoguan Green, a non-wholly owned subsidiary of the Company incorporated in the PRC, whose equity interest is owned as to 60% by the Company, 30% by Mr. Zhang Guoyan (張國顏) and 10% by Mr. Tang Xiaoguan (唐孝觀), respectively
- The facility : RMB150,000,000 (equivalent to approximately HK\$172,414,000) for a term of not more than 1 year, which is intended to be used as general working capital of Shaoguan Green
- Extent of the guarantee : The entire facility

In consideration of the Company providing the guarantee in respect of the entire facility for Shaoguan Green, Mr. Zhang Guoyan (張國顏) and Mr. Tang Xiaoguan (唐孝觀), being the remaining shareholders of Shaoguan Green, will undertake to indemnify the Company for any loss or claim arising from or in connection with the Shaoguan Green's default under the said facility. The maximum indemnity amount provided by Mr. Zhang Guoyan (張國顏) is RMB45,000,000 (equivalent to approximately HK\$51,724,000, being 30% of the entire facility), and that by Mr. Tang Xiaoguan (唐孝觀) is RMB15,000,000 (equivalent to approximately HK\$17,241,000, being 10% of the entire facility), which have been agreed with reference to their respective shareholdings in Shaoguan Green.

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(6) Proposed guarantee for bank facility to Lik Shun Services Limited (力信服務有限公司) (“Lik Shun Services”)

- Creditor : Licensed bank(s) in Hong Kong, which will be independent of and not connected with the Company and its connected persons
- Guaranteed company : Lik Shun Services, a wholly-owned subsidiary of the Company incorporated in Hong Kong
- The facility : RMB20,000,000 (equivalent to approximately HK\$22,989,000) (or its HK\$ equivalent) for a term of not more than 1 year, which is intended to be used for the project(s) which Lik Shun Services is currently involved in the tender process
- Extent of the guarantee : The entire facility

(7) Proposed guarantee for bank facility to Beijing Novel Environmental Protection Co., Ltd. (北京永新環保有限公司) (“Beijing Novel”)

- Creditor : Licensed bank(s) in the PRC, which will be independent of and not connected with the Company and its connected persons
- Guaranteed company : Beijing Novel, a non-wholly owned subsidiary of the Company whose equity interest is owned as to 55% by the Company and 45% by C&L Enterprises L.L.C., respectively
- The facility : RMB20,000,000 (equivalent to approximately HK\$22,989,000) for a term of not more than 1 year, which is intended to be used as general working capital of Beijing Novel
- Extent of the guarantee : The entire facility

In consideration of the Company providing the guarantee in respect of the entire facility for Beijing Novel, C&L Enterprises L.L.C., being the remaining shareholder of Beijing Novel, will undertake to indemnify the Company for any loss or claim arising from or in connection with the Beijing Novel’s default under the said facility. The maximum indemnity amount provided by C&L Enterprises L.L.C. is RMB9,000,000 (equivalent to approximately HK\$10,345,000, being 45% of the entire facility), which have been agreed with reference to its respective shareholdings in Beijing Novel.

It is further proposed that the Board be authorised to take all such actions and execute all such documents or instruments for and on behalf of the Company as necessary or expedient and make arrangement for all specific matters relating to, in connection with, or to effect, the provision of the Guarantees, so far as permitted by the applicable laws and regulations.

LETTER FROM THE BOARD

Reasons for and Benefits of The Provision of the Guarantees

The provision of the Guarantees is a condition to the provision of the bank facilities to the subsidiaries of the Company. Taking into account that the bank facilities can meet the demand for working capital and can expedite the progress of the projects currently undertaken by the relevant subsidiaries, the Board considers that the provision of the Guarantees is in the interests of the fellow subsidiaries and the Group as a whole.

Implication of the Articles

The aggregate amount of the Guarantees, when taken together with the existing guarantees provided by the Company, will exceed 30% of the total assets of the Company as shown in the latest published audited account of the Company. Pursuant to article 51(14) of the Articles, Shareholders' approval shall be required where the total amount of guarantees provided by the Company within the year exceeds 30% of the total assets of the Company as shown in the latest published audited account of the Company. Accordingly, a special resolution will be proposed at the EGM to approve the proposed provision of the Guarantees pursuant to article 72(5) of the Articles.

None of the proposed provision of the Guarantees constitutes a notifiable transaction under Chapter 19 of the GEM Listing Rules, or a financial assistance under Chapter 20 of the GEM Listing Rules.

2. PROPOSED ISSUE OF SHORT-TERM COMMERCIAL PAPERS

The Board proposes to issue the Commercial Papers in the PRC with an aggregate principal amount not exceeding RMB300,000,000 (equivalent to approximately HK\$344,828,000). Proposed principal terms of the Commercial Papers are as follows:

Issuer	:	The Company
Place of issue	:	The PRC
Issue size	:	An aggregate principal amount not exceeding RMB300,000,000 (equivalent to approximately HK\$344,828,000), which shall be issued in one or multiple tranches according to the actual capital requirements of the Company
Term	:	Not more than 1 year since the date of issue
Interest rate	:	The interest rate will be determined according to the relevant regulatory requirements and market conditions at the time of issue
Use of proceeds	:	The Company intends to apply the proceeds from the proposed issue of the Commercial Papers to supplement its general working capital, and to repay outstanding indebtedness of the Company

LETTER FROM THE BOARD

In order to ensure the proper issue of the Commercial Papers, it is proposed that the Board be generally and unconditionally authorised to deal with all matters relating to or in connection with the issue of the Commercial Papers, including but not limited to the following:

- (1) to determine the details of the issue of the Commercial Papers and to formulate and implement special plan for the issue of the Commercial Papers, including but not limited to, the size of issue not exceeding RMB300,000,000 (equivalent to approximately HK\$344,828,000), the timing of issue, the issue price, the maturity and method of repayment of the principal amounts and interest, the interest rates or the determination mechanism thereof, the provision of guarantee, any repurchase or redemption provision, the specific arrangement of use of proceeds within the scope approved in the EGM;
- (2) to make all necessary and incidental arrangements for the issue of the Commercial Papers (including but not limited to preparation and dissemination of relevant application documents to regulatory authorities, obtaining approvals from such regulatory authorities, engaging intermediaries, determination of underwriting arrangements);
- (3) to make all necessary arrangements for the implementation of the issue of the Commercial Papers, including but not limited to the signing and execution of all relevant and requisite agreements, instruments and other documents and the disclosures of relevant information in accordance with applicable laws, regulatory or security rules;
- (4) in case of any change in regulatory policies or market conditions, to adjust the specific issue proposals relating to the issue or other related matters according to the opinion of regulatory authorities; and
- (5) take all such actions as necessary or expedient and to determine and make arrangement for all specific matters relating to or in connection with the issue of the Commercial Papers,

so far as permitted by the applicable laws and regulations and taking into account the specific needs of the Company and the market conditions.

The authority grant will remain effective for 12 months commencing from the date on which the resolution approving the proposed issue of the Commercial Papers is passed.

REASONS FOR THE PROPOSED ISSUE OF COMMERCIAL PAPERS

The Board considers that issue of the Commercial Papers will broaden the financial channels of the Company with a lower finance costs when compared to the interest rate for facilities provided by normal commercial bank. The proposed issue of the Commercial Papers will satisfy the Company's short-term need for working capital, reduce the finance costs and improve the capital structure of the Company.

LETTER FROM THE BOARD

Therefore, the Board considers that the proposed issue of the Commercial Papers is in the interests of the Company and the Shareholders as a whole.

The proposed issue of the Commercial Papers may or may not be approved by the Shareholders, and if approved, is subject to the approvals of relevant regulatory authorities in the PRC. Accordingly, the proposed issue of the Commercial Papers may or may not occur. Shareholders and potential investors are reminded to exercise caution in dealing in the Shares.

EGM

A notice convening an EGM to be held at 11th Floor, Dongjiang Environmental Building, No. 9 Langshan Road, Nanshan District, Shenzhen, the PRC at 2:00 p.m. on Thursday, 21 October 2010 is set out on pages 11 to 13 of this circular.

According to Rule 17.47(4) of the GEM Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Therefore, all the resolutions put to the vote at the EGM will be taken by way of poll.

The registers of members of the Company will be closed from Tuesday, 21 September 2010 to Thursday, 21 October 2010 (both days inclusive), during which no transfer of shares will be registered.

Whether or not you are able to attend the EGM, you are requested to complete the enclosed reply slip and form of proxy in accordance with the instructions printed thereon and return it to the Company at 11th Floor, Dongjiang Environmental Building, No.9 Langshan Road, Nanshan District, Shenzhen, the PRC (for holders of Domestic Shares), or to the Company's H share registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) as soon as possible but in any event for the reply slip, before Friday, 1 October 2010, and for the proxy form, not less than 24 hours before the time appointed for the holding of the EGM or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting (as the case may be) should you so wish.

RECOMMENDATION

The Directors consider that the proposed provision of the Guarantees and the proposed issue of the Commercial Papers are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM.

By Order of the Board
Shenzhen Dongjiang Environmental Company Limited*
Zhang Wei Yang
Chairman

Shenzhen, the PRC, 6 September 2010

* *For identification purpose only*

NOTICE OF EXTRAORDINARY GENERAL MEETING



Shenzhen Dongjiang Environmental Company Limited*

深圳市東江環保股份有限公司

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

(Stock code: 08230)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Shenzhen Dongjiang Environmental Company Limited (the “**Company**”) will be held at 11th Floor, Dongjiang Environmental Building, No. 9 Langshan Road, Nanshan District, Shenzhen, the People’s Republic of China (the “**PRC**”) on Thursday, 21 October 2010 at 2:00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions:

SPECIAL RESOLUTIONS

(1) “**THAT**

- (i) the provision of guarantee by the Company to licensed bank(s) in the PRC against the entire facility amounting to RMB40,000,000 to be provided to Shenzhen Dongjiang Environmental Resource Recycling Co., Ltd. (深圳市東江環保再生資源有限公司), a wholly-owned subsidiary of the Company, be approved;
- (ii) the provision of guarantees by the Company to licensed bank(s) in the PRC against the entire facilities amounting to RMB120,000,000 to be provided to Shenzhen Dongjiang Environmental Renewable Energy Co., Ltd. (深圳市東江環保再生能源有限公司), a wholly-owned subsidiary of the Company, be approved;
- (iii) the provision of guarantee by the Company to licensed bank(s) in the PRC against the entire facility amounting to RMB66,000,000 to be provided to Qianyuan Dongjiang Environmental Technology Co., Ltd. (清遠市東江環保技術有限公司), a wholly-owned subsidiary of the Company, be approved;
- (iv) the provision of guarantee by the Company to licensed bank(s) in the PRC against the facility amounting to RMB50,000,000 to be provided to Shenzhen Longgang Dongjiang Industrial Waste Treatment Co., Ltd. (深圳市龍崗區東江工業廢物處置有限公司), a non-wholly owned subsidiary of the Company, be approved;
- (v) the provision of guarantee by the Company to licensed bank(s) in the PRC against the facility amounting to RMB150,000,000 provided to Shaoguan Green Resource Recycling Development Co., Ltd. (韶關綠然再生資源發展有限公司), a non-wholly owned subsidiary of the Company, be approved;
- (vi) the provision of guarantee by the Company to licensed bank(s) in Hong Kong against the entire facility amounting to RMB20,000,000 (or its Hong Kong dollars equivalent) to be provided to Lik Shun Services Limited (力信服務有限公司), a wholly-owned subsidiary of the Company, be approved; and
- (vii) the provision of guarantee by the Company to licensed bank(s) in the PRC against the entire facility amounting to RMB20,000,000 to be provided to Beijing Novel Environmental Protection Co., Ltd. (北京永新環保有限公司), a non-wholly owned subsidiary of the Company, be approved,

* For identification purpose only

NOTICE OF EXTRAORDINARY GENERAL MEETING

and the board of directors of the Company be authorised to take all such actions and execute all such documents or instruments for and on behalf of the Company as necessary or expedient and make arrangement for all specific matters relating to, in connection with, or to effect, the provision of the guarantees set out in paragraphs (i) to (vii) above, so far as permitted by the applicable laws and regulations.”

(2) **“THAT**

- (i) the proposed issue of the short-term commercial papers (the **“Commercial Papers”**) of the Company in the PRC with an aggregate principal amount not exceeding RMB300,000,000 on the following principal terms be approved:

Issuer	:	The Company
Place of issue	:	The PRC
Issue size	:	An aggregate principal amount not exceeding RMB300,000,000, which shall be issued in one or multiple tranches according to the actual capital requirements of the Company
Term	:	Not more than 1 year since the date of issue
Interest rate	:	The interest rate will be determined according to the relevant regulatory requirements and market conditions at the time of issue
Use of proceeds	:	The Company intends to apply the proceeds from the proposed issue of the Commercial Papers to supplement its general working capital, and to repay outstanding indebtedness of the Company

- (ii) the board of directors of the Company be generally and unconditionally authorised to deal with all matters relating to or in connection with the issue of the Commercial Papers, including but not limited to the following:
- (a) to determine the details of the issue of the Commercial Papers and to formulate and implement special plan for the issue of the Commercial Papers, including but not limited to, the size of issue not exceeding RMB300,000,000, the timing of issue, the issue price, the maturity and method of repayment of the principal amounts and interest, the interest rates or the determination mechanism thereof, the provision of guarantee, any repurchase or redemption provision, the specific arrangement of use of proceeds within the scope approved in the meeting;
 - (b) to make all necessary and incidental arrangements for the issue of the Commercial Papers (including but not limited to preparation and dissemination of relevant application documents to regulatory authorities, obtaining approvals from such regulatory authorities, engaging intermediaries, determination of underwriting arrangements);
 - (c) to make all necessary arrangements for the implementation of the issue of the Commercial Papers, including but not limited to the signing and execution of all relevant and requisite agreements, instruments and other documents and the disclosures of relevant information in accordance with applicable laws, regulatory or security rules;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (d) in case of any change in regulatory policies or market conditions, to adjust the specific issue proposals relating to the issue or other related matters according to the opinion of regulatory authorities; and
- (e) take all such actions as necessary or expedient and to determine and make arrangement for all specific matters relating to or in connection with the issue of the Commercial Papers,

so far as permitted by the applicable laws and regulations and taking into account the specific needs of the Company and the market conditions.

The authority grant will remain effective for 12 months commencing from the date on which this resolution is passed.”

By Order of the Board
Shenzhen Dongjiang Environmental Company Limited*
Zhang Wei Yang
Chairman

Shenzhen, the PRC, 6 September 2010

Notes:

- (a) The registers of members of the Company in Hong Kong will be closed from Tuesday, 21 September 2010 to Thursday, 21 October 2010 (both days inclusive) during which no transfer of shares will be effected. For the identification of Shareholders who are qualified to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company at 11th Floor, Dongjiang Environmental Building, No. 9 Langshan Road, Nanshan District, Shenzhen, the PRC (for holders of domestic shares), or the Company’s H shares registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong (for holder of H shares) not later than 4:00 p.m. on Monday, 20 September 2010.
- (b) A form of proxy for use at the meeting is enclosed herewith. In the case of a joint holding, the form of proxy may be signed by any joint holder, but if more than one joint holder is present at the meeting, whether in person or by proxy, that one of the joint holders whose name stands first on the register of members in respect of the relevant joint holding shall alone be entitled to vote in respect thereof.
- (c) Whether or not you are able to attend the EGM, you are requested to complete the enclosed reply slip and form of proxy in accordance with the instructions printed thereon and return it to the Company at 11th Floor, Dongjiang Environmental Building, No.9 Langshan Road, Nanshan District, Shenzhen, the PRC (for holders of domestic shares), or to the Company’s H share registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong (for holders of H shares) as soon as possible but in any event for the reply slip, before Friday, 1 October 2010, and for the proxy form, not less than 24 hours before the time appointed for the holding of the EGM or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting (as the case may be) should you so wish.
- (d) If the proxy form is signed by a person under a power of attorney or other authority, a notarially certified copy of that power of attorney or authority shall be deposited at the same time as mentioned in the proxy form.
- (e) Shareholders and their proxies should produce identity proof when attending the EGM.
- (f) The EGM is not expected to last for more than half a day. Shareholders and their proxies shall be responsible for their own traveling and accommodation expenses for attending the EGM.

* *For identification purpose only*