



Datang Environment Industry Group Co., Ltd.*

大唐環境產業集團股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1272)

Datang Environment Industry Group Co., Ltd.*

Rules of Procedures for Meetings of the Board of Directors

Chapter I General Provisions

Article 1 In order to ensure the standardized operation of Datang Environment Industry Group Co., Ltd. (the “Company”), improve the work efficiency and scientific decision-making level of the board of directors (the “Board”) according to law, standardize the composition, responsibilities, authority and operation procedures of the Board, and safeguard the Company’s interests and the legitimate rights and interests of shareholders, the Rules are formulated according to the Company Law of the People’s Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other domestic and foreign regulatory laws and regulations, and the Articles of Association of Datang Environment Industry Group Co., Ltd. (the “Articles of Association”).

Article 2 The Board shall be accountable to the shareholders’ meeting in the principle of good faith and acting in accordance with the laws, ensure that the Company shall comply with the provisions of laws, administrative regulations and departmental rules, safeguard the interests of the Company and all shareholders, and earnestly perform its duties conferred by the Articles of Association and the shareholders’ meeting, treat all shareholders equally and pay attention to the interests of other stakeholders.

Article 3 The Board consists of all independent non-executive directors of the Company. The Board exercises its powers and duties in accordance with the relevant provisions of the Articles of Association.

Article 4 The Company shall have a secretary of the Board who shall be responsible for daily affairs of the Board. The Company has an office of the Board to assist the secretary of the Board, and the Board office is set up at the securities capital department.

* For identification purpose only.

Article 5 The Board shall establish an Audit Committee, a Remuneration Committee and a Nomination Committee and may establish a Strategy Committee, an Investment Committee and other special committees, which shall, under the leadership of the Board, assist the Board in performing its functions and powers or provide advices or consulting opinions for the decision-making of the Board. the composition and the rules of procedures shall be determined separately by the Board.

Chapter II Convening and Notice of Meetings

Article 6 Board meetings

- (1) The Board meetings include regular Board meetings and extraordinary Board meetings.
- (2) The Board meetings shall be held at least four times every year and convened by the chairman of the Board. Notice of the meeting shall be served on all directors fourteen days before the date of the meeting.
- (3) Extraordinary Board meetings shall be held in any of the following circumstances: (i) when proposed jointly by one-third or more of the directors; (ii) when proposed by the Audit Committee; (iii) when proposed jointly by one half or more of the independent non-executive directors; (iv) when deemed as necessary by the chairman of the Board; (v) when proposed by the shareholders representing one tenth or more of voting rights.

Article 7 Regular Board meetings shall include but not limited to:

- (1) Board meeting for annual results

The meeting shall be held within three months subsequent to the end of the Company's financial year, primarily to review the Company's annual report and deal with any other relevant matters. The annual Board meeting shall be held to ensure that the annual report of the Company are dispatched to shareholders within the time frame required by relevant regulations and the Articles of Association, to ensure that preliminary annual financial results of the Company shall be announced within the time frame specified in relevant regulations, and that the annual shareholders' meeting shall be held within six months subsequent to the end of the Company's financial year.

- (2) Board meeting for half-yearly results

The meeting shall be held within two months subsequent to the end of the first six-month period of the Company's financial year, primarily to review the Company's half-yearly report and deal with any other relevant matters.

Article 8 The Board meetings shall be called by the chairman of the Board by dispatching notices of the meetings. If the chairman of the Board is unable to perform his/her duties or fails to perform his/her duties, a director jointly recommended by more than half of directors shall perform the duties. The convener shall be responsible for dispatching a notice of the meetings.

Article 9 Notice convening the Board meeting shall be sent through phone, facsimile or email. The notice of Board meeting shall be dispatched fourteen days prior to the date of the meeting. The notice requirement is not applicable to extraordinary Board meetings. The time and venue of a Board meeting can be provided by the Board in advance and recorded in the minutes. If such minutes of the meeting has been provided to all the directors at least fourteen days prior to the date of the next meeting, there is no need to despatch separate notice for the convening of meeting to the directors. Should a director attend a meeting, and does not raise a contention regarding nonreceipt of notice of the meeting prior to or at the meeting, such notice shall be deemed to have been given. Board meetings can be held by way of teleconference or by virtue of similar telecommunication device. In such meetings, so long as the participating directors can hear and communicate with each other, all participating directors are deemed as if they had participated in the meeting in person.

Article 10 Before a Board meeting is held, a notice of the meeting shall be dispatched to all directors and other non-voting attendees. A notice of the meeting shall generally include the following contents:

- (1) the time and venue of the meeting;
- (2) the duration of the meeting;
- (3) the agenda, subject matters, topics and relevant materials;
- (4) the date of dispatch of the notice;
- (5) the method of holding the meeting.

Chapter III Proposal of Meetings

Article 11 The proposal of the Board resolutions shall be based primarily on the following:

- (1) matters proposed by the directors;
- (2) matters proposed by the Audit Committee;
- (3) proposals by the special committees of the Board;
- (4) matters proposed by the general manager;

- (5) matters that are required to be decided by the Board in accordance with the Articles of Association.

Article 12 The secretary of the Board shall collect drafts of the resolutions to be proposed at the meeting, and those who propose the relevant resolutions shall submit the such resolutions together with the relevant explanatory materials twenty days before the meeting is held. After collating the relevant information, the secretary of the Board shall set out the time, venue and agenda of the Board meeting for submission to the chairman of the Board.

Article 13 The meeting proposal submitted to the Board shall meet the following conditions:

- (1) the contents shall not conflict with relevant provisions of laws, administrative regulations, departmental rules and the Articles of Association, and shall fall within the scope of functions and powers of the Board as stipulated in the Articles of Association;
- (2) there shall be clear proposal contents and specific resolution matters, and the submitter shall make explanation on the relevant contents of the proposal when submitting the proposal;
- (3) it shall be submitted in writing. Material connected transactions, appointment or dismissal of accounting firms shall be approved by more than half of the independent non-executive directors before being submitted to the Board for discussion. After receiving the aforesaid written proposal and relevant materials, the office of the Board shall submit them to the chairman of the Board on the same day. If the chairman of the Board is of opinion that the content of the proposal is not clear or specific, or the relevant materials are insufficient, he/she may request the proposer to make amendment or supplement to them.

Article 14 During the period from the issuance of the meeting notice to the convening of the meeting, the secretary of the Board shall be responsible for, or organize and arrange, communication and liaison with all directors, in particular the independent non-executive directors, to obtain the directors' opinions or suggestions on the relevant proposals, and convey such opinions or suggestions to the proposers in a timely manner, to improve the relevant proposals proposed by them.

Chapter IV Convening of the Meeting

Article 15 The meetings of the Board shall, in principle, be held at the statutory address of the Company, but may be held at other places within or outside the PRC upon resolution of the Board.

Article 16 The meetings of the Board are divided into on-site meetings, written proposal meetings, meetings convened by means of communication (including but not limited to telephone and video), and meetings convened by a combination of the two or more of the foregoing means. The meetings of the Board shall be convened on-site in principle.

Article 17 A meeting of the Board may be held in the form of a conference call, video conference or with the aid of similar communication equipment, provided that the directors attending the meeting are able to hear and communicate with other directors, and that all the directors attending the meeting shall be deemed to have attended the relevant meeting in person. A meeting of the Board so convened shall be tape-recorded, and if the directors are unable to sign the resolutions of the meeting immediately at such meeting, oral voting should be adopted. An oral vote of a director shall have the same effect as a written signature, provided that a written confirmation thereof shall be signed afterwards.

Article 18 A meeting of the Board shall be held with the attendance of a majority of the directors (including the directors attending the meeting by proxy in accordance with regulations). A meeting of the Board shall be attended by the directors themselves. If a director is unable to attend for any reason, he/she may appoint another director in writing to attend on his/her behalf. The proxy form shall state the name of the proxy, the matters for which the proxy is acting, the scope of authorization and the period of validity, and shall be signed or sealed by the principal. The director who attends the meeting on behalf of another director shall exercise the rights of a director within the scope of authorization. A non-independent director who fails to attend the meeting of the Board in person and fails to appoint another director to attend for two consecutive times is deemed to be incapable of fulfilling his/her duties as a director, and the Board may propose to the shareholders' meeting that he/she shall be removed from the Board. If an independent non-executive director fails to attend the meeting of the Board in person for three consecutive times, the Board may propose to the shareholders' meeting that he/she shall be removed.

Article 19 Directors shall follow the following principles in delegating and attending the meeting of the Board:

- (1) when reviewing connected transactions, a non-connected director shall not delegate a connected director to attend on his/her behalf; nor shall a connected director accept proxy from a non-connected director;
- (2) an independent non-executive director shall not delegate a non-independent director to attend on his/her behalf, nor shall a non-independent director accept proxy from an independent non-executive director;
- (3) a director shall not delegate another director to attend on his/her behalf without stating his/her own intention to vote on the proposal, nor shall relevant director accept any discretionary proxy and other proxy with unclear authorization.
- (4) a director may not accept proxies from more than two directors, nor shall a director delegate a director who has already accepted proxies from two other directors to attend on his/her behalf.

Article 20 The general manager and the secretary of the Board who are not also directors shall participate in the meetings of the Board. The presiding officer of the meeting may notify other relevant persons to participate in the meeting of the Board if he/she deems it necessary. The person participating in the meeting of the Board must attend the meeting of the Board in person and may not delegate others to attend the meeting.

Article 21 A meeting of the Board shall be presided over by the chairman of the Board. If the chairman of the Board is unable to preside over the meeting, a director jointly elected by more than half of the directors shall preside over the meeting in accordance with the provisions of the Articles of Association. After the general election of the Board at the shareholders' meeting, the director who receives the most votes of approval at the shareholders' meeting (if there are more than one director, one of them shall be nominated) shall preside over the meeting and elect the chairman of the Board.

Chapter V Voting at the Meeting

Article 22 The presiding officer of the meeting shall announce the opening of the meeting at the scheduled time, and the meeting shall examine each proposal item by item under the presiding officer's chairmanship; if there is a need to change the order of the proposals set out in the notice of meeting, it shall be agreed by more than one-half of the directors present at the meeting. Unless a unanimous consent of all directors present at the meeting is obtained prior to the meeting, a meeting of the Board shall not vote on a proposal not included in the notice of meeting. If a director accepts the proxy of other directors to attend the Board meeting on behalf of him/her, he/she shall not vote on behalf of other directors on the proposals not included in the notice of meeting.

Article 23 When considering relevant plans, proposals and reports, the Board may, for the purpose of gaining a detailed understanding of their main points and process, request the head of the responsible department to attend the meeting for listening to and enquiring about the relevant circumstances, so as to facilitate the correct making of resolutions.

Article 24 When more than one-half of the directors or more than two independent non-executive directors at the meeting consider that a proposal is not clear or specific, or that they are unable to make a judgment on the matter due to other reasons such as insufficiency of meeting materials, the presiding officer of the meeting shall request the meeting to suspend the voting on the proposal. The director who proposes to suspend the vote shall make an explicit request for the conditions to be met for the proposal to be resubmitted for consideration.

Article 25 The independent non-executive directors shall express objective, fair and independent opinions on matters discussed at the meeting of the Board.

Article 26 When the Board considers a submitted proposal, all directors attending the meeting shall express their opinions in favor of, against or abstain from voting. A director attending a meeting on behalf of another director shall exercise his/her rights on behalf of the principal within the scope of authorization. A director who is not present at a Board meeting and has not appointed a proxy shall be deemed to have abstained from voting at that meeting.

Article 27 A meeting of the Board may vote by a show of hands or by signatures. Each director shall have one vote. A director who has a connected relationship with an enterprise involved in a resolution of a board meeting (i.e., serving as a director or senior management member of the counterparty, or being able to directly or indirectly control a legal entity of the counterparty, or serving as a director or senior management member of a legal entity (other than a company) that directly or indirectly controlled by the counterparty) shall not exercise voting rights on the resolution, nor shall exercise voting rights on behalf of other directors. Resolutions made at the Board meeting must be passed by more than half of the non-connected directors. If the number of non-connected directors present at the Board meeting is less than three, the matter shall be submitted to the shareholders' meeting for consideration.

Article 28 After the directors present at the meeting have voted on the proposals, personnel of the Board office shall collect the votes cast by the directors, and deliver to the secretary to the Board for counting the votes under the supervision of an independent non-executive director. When the meeting is held on-site, the chairman of the meeting shall announce the voting result on the spot; in other circumstances, the chairman of the meeting shall request the secretary of the Board to notify the directors of the voting results before the end of the next working day following the specified time for voting. Where a director votes after the chairman of the meeting announces the voting result or after expiry of specified time limit, such voting results shall not be counted.

Chapter VI Resolutions of the Meeting

Article 29 Resolutions shall be made on the matters discussed at the Board meetings.

Article 30 Resolutions made by the Board shall be approved by a majority of all directors, except for the circumstances where the Board considers connected transactions as stipulated in the Articles of Association. In respect of any matter which needs to be passed at an extraordinary meeting of the Board, if the Board has already sent out the written proposals to be resolved at such meeting (including through facsimile and email) to all directors and each director was ensured to fully express his/her opinions, resolutions of extraordinary meeting of the Board may be made by means of telecommunication and no on-site meeting of the Board is required. Such resolution is deemed effectively passed provided that the number of directors who sign and approve the resolution satisfies the number of directors as required to make such decision under the Rules.

Article 31 Resolutions made by the Board with respect to the connected transactions of the Company shall not come into force unless they are signed by all independent non-executive directors. If a substantial shareholder (holding 10% or more shares (excluding treasury shares)) or a director has a material conflict of interest in a matter to be considered by the Board, the matter should be dealt with by way of the Board meeting (rather than by written resolution). Also, the independent non-executive directors who do not have material interest in such matter should attend the Board meeting. The opinions expressed by independent non-executive directors should be set out in the Board resolution.

Article 32 Any written resolution of the Board which has not been formed in accordance with statutory procedures, even if each director has expressed his/her opinions in different ways, does not have the legal effect of a resolution of the Board.

Article 33 The Board shall be responsible for the resolutions of the Board meetings. If any Board resolution violates the law, administrative regulations or the Articles of Association, and causes serious damage to the Company, the directors who voted in favor of the resolution shall be directly liable therefor (including liability for compensation). If it can be proven that a director had expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from such liability. A director who abstained from voting or was absent from the meeting without appointing a proxy to attend on his/her behalf shall not be released from such liability. A director who had expressly objected to the resolution during discussion but had not clearly voted against such resolution shall not be released from such liability. The Company may make appropriate insurance arrangements for the legal actions that each director may face.

Chapter VII Minutes of the Meeting

Article 34 The minutes of the Board meeting, which are the formal evidence for the resolutions of the Board, shall be recorded in detail. The minutes of a Board meeting shall specify:

- (1) the date, venue, names of the convener and chairman of the meeting;
- (2) the names of the attending directors, the names of appointers who appoint proxies to attend the meeting and the names of proxies;
- (3) the agenda of the meeting;
- (4) summaries of the speeches of the directors, which shall include any doubts raised or objections expressed by the directors (where a meeting is held by way of a written resolution, the directors' written feedback shall prevail);
- (5) voting method and results on each resolution (the voting results shall state the number of affirmative votes, dissenting votes or abstention votes);
- (6) signatures of directors and the secretary of the Board (minutes taker).

The secretary of the Board shall carefully organize the recording and organization of the matters discussed at the meeting. The minutes of each Board meeting shall be provided to all attending directors for review as soon as possible. Directors who make revisions or supplements to the minutes shall report their opinions in writing to the chairman within one week after receiving the meeting minutes. After the finalization of the meeting minutes, the attending directors, the secretary of the Board and minutes taker shall sign the meeting minutes, and the secretary of the Board shall promptly send a complete copy to each director.

Article 35 Meetings of the Board can be fully audio-recorded and video-recorded as necessary.

Article 36 The power of attorney, meeting minutes, meeting summaries, Board resolutions and other written and audiovisual materials of the Board meetings shall be organized and sorted by the secretary of the Board and kept as corporate records for a period of ten years.

Chapter VIII Execution and Feedbacks of Board Resolutions

Article 37 Subsequent to any resolution made by the Board, the resolutions that are required to be submitted to the shareholders' meeting for review shall be submitted to the shareholders' meeting for approval in a timely manner; matters falling within the terms of reference of the general manager or matters delegated to the general manager by the Board shall be organized and thoroughly implemented by the general manager.

Article 38 The chairman of the Board is entitled to appoint another director to inspect and supervise the execution of resolutions of the meetings.

Article 39 In each Board meeting, the management of the Company shall report to the meeting on the execution of matters resolved to be implemented at the previous Board meeting.

Article 40 Under the leadership of the Board and the chairman of the Board, the secretary of the Board shall take the initiative to keep himself informed of the progress of the execution of the Board resolutions, and shall also submit reports and suggestions concerning important matters of implementation to the Board and chairman of the Board regularly and in a timely manner.

Chapter IX Supplementary Provisions

Article 41 The terms "above" and "within" as stated herein shall include the given figure; and "more than" and "exceeding" shall not include the given figure.

Article 42 Any amendment to the Rules shall take effect upon consideration and approval by the shareholders' meeting of the Company.

Article 43 In case of any matters not covered herein or in conflict with the provisions of the laws, administrative regulations, other relevant normative documents and the Articles of Association promulgated from time to time, the latter shall prevail.

Article 44 The Board shall be responsible for the interpretation of the Rules.

Article 45 The Rules shall take effect and be implemented from the date of consideration and approval at the shareholders' meeting.