**CONSOLIDATED WATER CO. LTD.**
Regatta Office Park, Windward Three, 4th Floor, West Bay Road
P.O. Box 1114
Grand Cayman, KY1-1102
Cayman Islands

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**Notice of Annual General Meeting of Shareholders**
**to be held on Wednesday, May 20, 2009**

Notice is hereby given that the Annual General Meeting of Shareholders of Consolidated Water Co. Ltd. (the "Company") will be held at the Grand Cayman Marriott Beach Resort, 389 West Bay Road, George Town, Grand Cayman, Cayman Islands at 10:00 a.m., local time, on May 20, 2009 for the purpose of considering and acting upon the following matters:

1. The election of four directors to the Board of Directors;

2. The amendment by Special Resolution of the Company's Amended and Restated Articles of Association to eliminate the requirement that a poll be demanded in order for a shareholder or proxy holder to be entitled to one vote for each share held or represented by proxy, in the form attached to the Proxy Statement as **Annex A**;

3. The amendment by Special Resolution of the Company's Amended and Restated Articles of Association related to: (a) the Company's ability to issue partly-paid or nil-paid shares; (b) the removal without cause of a member of the Board of Directors; (c) meetings of the Board of Directors and shareholders; (d) the management of the Company; and (e) the way that dividends would be treated if the Company were an exempted company under Cayman law, in the form attached to the Proxy Statement as **Annex B**;

4. The amendment by Special Resolution of the Company's Amended and Restated Articles of Association to clarify that proxies may be appointed by, and notices of meetings, reports and financial statements may be delivered by, electronic means, in the form attached to the Proxy Statement as **Annex C**;

5. The amendment by Special Resolution of the Company's Amended and Restated Articles of Association related to: (a) charitable contributions made by the Company; (b) the amendment of director conflicts of interest rules; and (c) the issuance of shares as a dividend and payment of dividends from the share premium account or a reserve account, in the form attached to the Proxy Statement as **Annex D**;

6. The amendment by Special Resolution of the Company's Amended and Restated Articles of Association to permit the Board of Directors to approve the repurchase at fair market value of up to 20% of the Company's outstanding shares, without additional approval of the shareholders, in the form attached to the Proxy Statement as **Annex E**;

7. The adoption by Special Resolution of an Amended and Restated Articles of Association of the Company incorporating any and all amendments approved by Special Resolution in Proposals 2 – 6, in the form attached to the Proxy Statement as **Annex F**;

8. The ratification of the selection of Rachlin LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2009, at the remuneration to be determined by the Audit Committee of the Board of Directors; and

9. Such other business as may properly come before the meeting.

Admittance to the meeting will be limited to shareholders. The Board of Directors has fixed the close of business on March 18, 2009 as the record date for the determination of shareholders entitled to notice of and to vote at the meeting and any postponement or adjournment thereof. Accordingly, only shareholders of record at the close of business on that date will be entitled to vote at the meeting. EACH SHAREHOLDER IS URGED TO SUBMIT A PROXY AS SOON AS POSSIBLE VIA EITHER THE INTERNET OR MAIL. ALL PROXIES (AND ANY POWER OF ATTORNEY OR OTHER AUTHORITY UNDER WHICH IT IS SIGNED, OR A NOTARIZED COPY OF SUCH AUTHORITY) MUST BE DEPOSITED BY MAIL AT THE FOLLOWING ADDRESS: VOTE PROCESSING, C/O BROADRIDGE, 51 MERCEDES WAY, EDGEWOOD, NY 11717 OR ELECTRONICALLY AT WWW.PROXYVOTE.COM AT LEAST 24 HOURS BEFORE THE MEETING IN ORDER TO BE VOTED AT THE MEETING. SHAREHOLDERS WHO EXECUTE A PROXY MAY ATTEND THE MEETING. ATTENDANCE AT THE MEETING WILL AUTOMATICALLY REVOKE A SHAREHOLDER'S PREVIOUSLY SUBMITTED PROXY. THEREFORE, A SHAREHOLDER WHO ATTENDS THE MEETING WILL NEED TO VOTE HIS OR HER SHARES AT THE MEETING IN ORDER FOR HIS OR HER SHARES TO BE COUNTED. IN THE CASE OF JOINT HOLDERS, THE VOTE OF THE SENIOR HOLDER WHO TENDERS A VOTE, WHETHER IN PERSON OR BY PROXY, SHALL BE ACCEPTED TO THE EXCLUSION OF THE VOTES OF THE OTHER JOINT HOLDERS, AND FOR THIS PURPOSE SENIORITY SHALL BE DETERMINED BY THE ORDER IN WHICH THE NAMES OF THE HOLDERS STAND IN THE REGISTER.

By Order of the Board of Directors,

Jeffrey M. Parker
Chairman of the Board
April 10, 2009

Enclosures

**CONSOLIDATED WATER CO. LTD.**

**Annual General Meeting of Shareholders**

**May 20, 2009**

**Proxy Statement**

This Proxy Statement has been prepared and is distributed and made available by the board of directors (the "Board of Directors") of Consolidated Water Co. Ltd. (the "Company") in connection with the solicitation of proxies for the Annual General Meeting of Shareholders of the Company (the "Annual General Meeting") to be held at the Grand Cayman Marriott Beach Resort, 389 West Bay Road, George Town, Grand Cayman, Cayman Islands at 10:00 a.m., local time, on May 20, 2009, and any adjournment or postponement thereof for the purpose set forth in the accompanying Notice of Annual General Meeting of Shareholders.

It is anticipated that this Proxy Statement and the accompanying form of proxy will be distributed to shareholders, and will be made available for viewing, downloading and printing by shareholders at www.proxyvote.com, on or about April 10, 2009. The Company will bear the cost of the solicitation of proxies.

Only holders of record of the Company's Ordinary Shares, par value CI$0.50 per share (the "Ordinary Shares"), and the Company's Redeemable Preference Shares, par value CI$0.50 per share (the "Redeemable Preference Shares"), on the books of the Company at the close of business on March 18, 2009, are entitled to vote at the Annual General Meeting. On that date, there were 14,531,913 Ordinary Shares and 17,366 Redeemable Preference Shares issued and outstanding. All matters that come before this Annual General Meeting will be decided by a poll that will be demanded in each case by Jeffrey M. Parker or Frederick W. McTaggart, the persons who are appointed proxies in the proxy card which accompanies this Proxy Statement. Each shareholder of record is entitled to one vote for each Ordinary Share or Redeemable Preference Share (collectively, the "Shares") held on all polled matters that come before the Annual General Meeting. The holders of 33 $^{1}/_{3}$% of the issued and outstanding Shares, present in person or represented by proxy, will constitute a quorum for the transaction of business at the Annual General Meeting. For Proposal 1, the election of four directors, the nominees shall be elected as directors if the number of Shares voted "for" such nominee's election exceeds the number of Shares voted "against" such nominee's election. The approval of holders of at least a majority of the Shares voted is required to ratify the selection of Rachlin LLP as the Company's independent registered public accounting firm. The approval of holders of at least 75% of the Shares voted is required to approve each proposal relating to the amendment of the Company's Amended and Restated Articles of Association (the "Articles"). Broker non-votes (which occur when a broker holding shares for a beneficial owner does not vote on a particular proposal because the broker does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner) will be treated as abstentions and not treated as votes cast and, therefore, will not affect the outcome of the vote.

Shares represented by a properly executed proxy must be received not later than 24 hours before the scheduled time of the meeting and if received in time to permit its use at the meeting or any postponement or adjournment thereof will be voted in accordance with the instructions indicated therein. If no instructions are indicated, the Shares represented by the proxy will be voted in favor of each of the proposals.

A shareholder of record who has given a proxy may revoke it at any time before it is voted at the meeting by giving written notice of such revocation to the office of the Secretary of the Company, or by executing and delivering to the Company not later than 24 hours before the scheduled time of the meeting a proxy bearing a later date. A proxy automatically will be revoked if a shareholder attends the meeting.

Shareholders may, by electronic means via the Internet or by mail, appoint a proxy to vote Shares as more fully described below:

- By Internet: Go to www.proxyvote.com and follow the instructions. Shareholders should have their proxy card available when accessing the site.

- By Mail: If shareholders have received a proxy card, shareholders should mark their vote, sign their name exactly as it appears on the proxy card, date the card and return it in the envelope provided.

Unless otherwise indicated herein, all references to "$" are to United States dollars.

*The Company is considered a "foreign private issuer" under the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC"). As a foreign private issuer, the Company is not subject to the SEC's proxy rules and regulations, including the requirement to deliver a proxy statement when proxies are solicited. Nonetheless, the Company is voluntarily providing its shareholders with a proxy statement that complies with the SEC's rules and regulations. The information in this proxy statement shall not be deemed to be "soliciting material" or "filed" with the SEC or incorporated by reference into any Company filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.*

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## PROPOSAL 1

### Election of Group III Directors

The shareholders of the Company will elect four Group III directors at the Annual General Meeting. The nominees listed below have consented to being named a nominee in this Proxy Statement and have agreed to serve as a director if elected at the Annual General Meeting. If prior to the Annual General Meeting, any nominee should become unavailable to serve, the proxies in his favor will be void. The Board of Directors knows of no reason to anticipate that this will occur.

In accordance with the Articles, the Board of Directors is divided into three groups, designated Group I, Group II and Group III. At the 2009 Annual General Meeting, shareholders will be electing Group III directors. Directors in Group I and Group II will be eligible for reelection at the Company's Annual General Meetings in 2010 and 2011, respectively. Each group, upon election, serves for a three-year term.

The affirmative vote of the holders of a majority of the Shares cast at the Annual General Meeting is required to elect each director. Unless shareholders specify otherwise on the accompanying proxy, it will be voted "FOR" the three Group III nominees listed below.

**THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE ELECTION OF THE NOMINEES LISTED BELOW.**

**Information regarding Group III Directors.**

**Wilmer F. Pergande**, age 69, has been a director of our Company since 1978. Mr. Pergande is the principal of WF Pergande Consulting LLC currently providing consulting engineering services in the areas of desalination and fluid dynamics technologies. He retired in 2005 as the Global Leader for Desalination and Process Equipment for GE Infrastructure, Water and Process Technologies, a water desalination and treatment division of GE, which position he held since 2002. Mr. Pergande previously held the position of Vice-President of Special Projects and CEO of a subsidiary of Osmonics, Inc., a publicly-traded water treatment and purification company, until its acquisition by General Electric Co. Before joining Osmonics, Mr. Pergande was the Chief Executive Officer of Licon International, Inc., a publicly traded manufacturer of liquid separation and processing equipment. Previously, Mr. Pergande was the President of Mechanical Equipment Company, Inc., and held executive managerial positions with AquaChem Inc. both companies being manufacturers of seawater desalination equipment. In 2007, he was elected a director of the International Desalination Association and also serves as its Secretary.

**David W. Sasnett**, age 52, has served as a director of our Company since December 2004 and in June 2006 became our Executive Vice President and Chief Financial Officer. From October 2005 until June 2006 Mr. Sasnett was the Chief Financial Officer of VoIP, Inc., a publicly-traded provider of communication services utilizing voice over internet protocol technology. Mr. Sasnett is an Executive Vice President and the former President of Secure Enterprises, LLC, a marketer and distributor of consumer products, a company he co-founded in 2003. During 2004, he was the Vice President of Finance and Controller for MasTec, Inc., a publicly-traded specialty contractor and infrastructure provider. Mr. Sasnett was employed from 1994 to 2002 by Catalina Lighting, Inc. and from 1996 to 2002 served as the Chief Financial Officer of Catalina Lighting, Inc., a publicly-traded manufacturer and distributor of residential lighting and other consumer products. Mr. Sasnett is presently serving on

the Board of Directors of Web Safety, Inc. His experience also includes more than 12 years with the accounting, auditing and consulting firm of Deloitte & Touche, LLP.

**Leonard J. Sokolow**, age 52, became a director of our Company on June 1, 2006. From November 1999 until January 2007, Mr. Sokolow was CEO and President of vFinance, Inc., a publicly-traded financial services company, which he co-founded. From January 2007 until July 2008, Mr. Sokolow was the Chairman and CEO of vFinance, Inc. until it merged into National Holdings Corporation, a publicly traded financial services company. Since July 2008, Mr. Sokolow has been Vice-Chairman and President of National Holdings Corporation. Mr. Sokolow was Founder, Chairman and Chief Executive Officer of the Americas Growth Fund, Inc., a closed-end 1940 Act management investment company, from 1994 to 1998. From 1988 until 1993 Mr. Sokolow was Executive Vice President and General Counsel of Applica, Inc., a publicly-traded appliance marketing and distribution company. From 1982 until 1988 Mr. Sokolow practiced corporate, securities and tax law and was one of the founding attorneys and a partner of an international boutique law firm. From 1980 until 1982 he worked as a Certified Public Accountant for Ernst & Young and KPMG Peat Marwick.

**Raymond Whittaker**, age 55, has served as a director of our Company since 1988. Mr. Whittaker was the Managing Director of TransOcean Bank & Trust, Ltd., a bank and trust company located in the Cayman Islands and a subsidiary of Johnson International, Inc., a bank holding company located in Racine, Wisconsin from 1984 to December 2000. He is now the principal of his own company and management firm, FCM Ltd.

**Information Regarding Group I Directors – For Information Purposes – Not to be Elected at the 2009 Annual General Meeting.**

**William T. Andrews**, age 60, became a director of our Company upon completion of our acquisition of DesalCo Limited in February 2003. Since 2002, he has been a director of DWEER Technology Ltd., and since 2007 he has been a director of ROVEX Ltd., companies which license patented high efficiency energy reduction pumping equipment for seawater reverse osmosis desalination. Since 2003, he has been Vice-Chairman of the Board of Directors of Calder AG. From 1991 to 2003, Dr. Andrews was Managing Director of DesalCo Limited. He was formerly President of Reliable Water Inc., and Vice President of Polymetrics Inc., focusing on seawater reverse osmosis desalination in both cases. Dr. Andrews attended universities in England, receiving a bachelor's degree in Physics from the University of Newcastle-upon-Tyne, and a doctorate in Atomic Physics at Oxford University, as a Rhodes Scholar. He is a registered Mechanical Engineer in California and Bermuda. Since 1976, Dr. Andrews has been a member of the International Desalination Association (IDA). He was a director of IDA from 1995 until 2005, and had served as President during 2002/3. He is a member of the European Desalination Society.

**Brian E. Butler**, age 59, has been a director of our Company since 1983. Mr. Butler, a full time resident of the Cayman Islands, has been the president since 1977 of Butler Property Development Group, a consortium of property development companies specializing in luxury resort projects in the Cayman Islands, Turks and Caicos Islands and British Columbia, Canada.

**Steven A. Carr**, age 58, has served as a director of the Company since 1998. Mr. Carr is the President of Carr & Associates, a private investment firm located in Bryan, Texas. Mr. Carr received his Bachelor of Science degree from Texas A&M University in 1973 and his Master of Arts degree from the University of Texas in 1980. From 1972 to 1994, Mr. Carr held executive positions and participated in the ownership and management of a number of broadcast and telecommunications

ventures throughout the United States. From 1998 to 2000, Mr. Carr served as an alternate director on our Board of Directors and was elected as a full director in May 2000. Mr. Carr was a director and chairman of the Trust Committee of the First National Bank of Bryan until its sale in 2007, and is a director of Consolidated Water (Bahamas) Limited. He is Senior Lecturer at Texas A&M University's Mays Business School, a councilor of the Texas A&M Research Foundation, director of the 12th Man Foundation and serves on numerous other boards and councils.

**Information Regarding Group II Directors – For Informational Purposes – Not to be Elected at the 2008 Annual General Meeting**

**Carson K. Ebanks**, age 53, became the Cayman Islands government nominated director of our Company in May of 2001. Mr. Ebanks was the Director of Planning for the Cayman Islands from 1991 — 1997. Since 1997, he has served the Cayman Islands Government as a Chief Officer currently for the Ministry of Community Services, Works and Infrastructure. Mr. Ebanks is a Justice of the Peace, a Fellow of the Royal Geographic Society and a member of the American Planning Association and a member of the Most Excellent Order of the British Empire. He holds a Bachelor of Environmental Studies (Hons. Urban and Regional Planning — Peace and Conflict Studies Minor) from the University of Waterloo and a Master of Arts — Planning in Community and Regional Planning from the University of British Columbia. He is a trustee of the National Gallery of the Cayman Islands. Mr. Ebanks has served on the Boards of the Trustees for the Cayman Islands Museum, the Cayman Islands Civil Service Co-operative Credit Union, the Housing Development Corporation, the Water Authority-Cayman, the National Roads Authority, and is the Secretary General of the Cayman Islands Olympic Committee.

**Richard L. Finlay**, age 50, has served as a director of our Company since 1995. Mr. Finlay is an attorney and notary public and has practiced law in the Cayman Islands since 1992. Prior to that, Mr. Finlay served as Director of Legal Studies of the Cayman Islands Government from 1989 to 1992. From 1983 to 1989, Mr. Finlay was a partner with a Canadian law firm located in Regina, Canada. Mr. Finlay has served as the Cayman Islands' representative to the International Company and Commercial Law Review and is a former editor of the Cayman Islands Law Bulletin.

**Clarence B. Flowers, Jr.**, age 53, has been a director of our Company since 1991. Mr. Flowers is, and has been since 1985, the principal of Orchid Development Company, a real estate developer in the Cayman Islands. Mr. Flowers also serves as a director of C.L. Flowers & Son, which is the largest manufacturer of wall systems in the Cayman Islands, and Cayman National Bank, a retail bank.

**Frederick W. McTaggart**, age 46, has been a director of our Company since 1998, President since October 2000 and Chief Executive Officer since January 1, 2004. Also on January 1, 2004, Mr. McTaggart resigned as Chief Financial Officer, a position he held since February 2001. From April 1994 to October 2000, Mr. McTaggart was the Managing Director of the Water Authority-Cayman, the government-owned water utility serving certain areas of the Cayman Islands. He received his B.S. degree in Building Construction from the Georgia Institute of Technology in 1985. Mr. McTaggart is the brother of Mr. Gregory S. McTaggart, the Vice President of Cayman Operations.

**Jeffrey M. Parker**, age 64, has been a director of our Company since 1980 and the Chairman of the Board since 1982. He served as de facto Chief Executive Officer from 1982 to 2003 and following his resignation from that post, retained executive responsibility for investor relations and business expansion from 2004 to his resignation effective July 4, 2008. Mr. Parker joined the Institute of Chartered Accountants in England & Wales in 1967 and became a Fellow in 1977. He founded a

public accountancy practice in 1976 which was sold to Baker Tilley in 2007. From 1993 to 1995, Mr. Parker served as a director of The International Desalination Association representing the Caribbean & Latin America and presently sits on the Advisory Board of DXV Water Technologies, LLC, a company formed to commercialize a significant development in reverse osmosis technology.

**Governance of the Company**

Pursuant to the Company's Memorandum of Association, the Articles and Cayman Islands law, the Company's business, property and affairs are managed under the direction of the Board of Directors. Members of the Board of Directors are kept informed of the Company's business through discussions with the Chief Executive Officer and other senior officers, by reviewing materials provided to them and by participating in meetings of the Board of Directors and its committees.

The Board of Directors has determined that all of the current directors, other than Messrs. Parker, McTaggart, Sasnett and Andrews, are "independent" as such term is defined by the applicable listing standards of The NASDAQ Stock Market LLC ("NASDAQ"). The Board of Directors based this determination primarily on a review of the responses of the directors to questions regarding their employment, affiliations and family and other relationships.

The Company schedules meetings of the Board of Directors quarterly, in conjunction with its Annual General Meeting, and as necessary throughout the year. The Company expects that all Directors will attend each meeting, absent a valid reason, such as a scheduled conflict. The Board of Directors held 10 meetings during 2008.

Each director other than Carson K. Ebanks attended at least 75% of: (i) the total number of meetings of the Board of Directors held during 2008, and (ii) the total number of meetings held by all committees of the Board of Directors on which he served during 2008.

The Board of Directors has also adopted a Code of Business Conduct and Ethics that applies to all of the Company's directors, officers (including the principal executive officer, principal financial officer and principal accounting officer) and employees. Our Code of Business Conduct and Ethics is posted on the "Investor Relations – Corporate Governance" section of the Company's website: http://www.cwco.com.

If, in the future, the Board of Directors amends the Code of Business Conduct and Ethics or grants a waiver to our principal executive officer, principal financial officer or principal accounting officer with respect to the Code of Business Conduct and Ethics, the Company will post the amendment or a description of the waiver on the "Investor Relations – Corporate Governance" section of the Company's website.

**Committees of the Board of Directors**

The Board of Directors has the following four committees: (1) Executive; (2) Compensation; (3) Audit; and (4) Nominations. Except for the Executive Committee, the Board of Directors has adopted a written charter for each of the other committees. Such charters are posted on the "Investor Relations – Corporate Governance" section of the Company's website at the address set forth above.

*Executive Committee*

The Executive Committee is comprised of Messrs. Frederick McTaggart, Parker, Finlay, Flowers, and Whittaker. The Executive Committee did not meet during 2008. The functions of the Executive Committee include meeting to review the operations of the Company to ensure that any matters which must be dealt with before the next Board of Directors meeting are addressed in a timely manner.

*Compensation Committee*

For January 2008, the Compensation Committee was comprised of Messrs. Ebanks, Flowers, Finlay, Pergande and Sokolow. From February 2008 to February 2009, our Compensation Committee consisted of Messrs. Finlay, Pergande and Sokolow. In February 2009, Mr. Flowers replaced Mr. Sokolow on the Compensation Committee. The Compensation Committee met six times during 2008.

The Compensation Committee is responsible for reviewing and approving the executive compensation program for the Company and its subsidiaries, assessing executive performance, making grants of salary and annual incentive compensation, approving certain employment agreements and reviewing and consulting with the Company's management regarding the Compensation Discussion and Analysis that is included in the Company's proxy statement for each annual meeting. The Board of Directors has adopted a written charter for the Compensation Committee. The Board of Directors has determined that all members of the Compensation Committee are "independent directors," as such term is defined under the applicable rules of NASDAQ.

*Audit Committee*

The Board of Directors has an Audit Committee, which for January 2008 was comprised of Messrs. Butler, Carr, Finlay, Sokolow and Whittaker. From February 2008 to February 2009, our Audit Committee consisted of Messrs. Sokolow, Finlay, and Carr. In February 2009, Mr. Parker replaced Mr. Finlay on our Audit Committee. Although Mr. Parker is not an independent director, the Board has determined that Mr. Parker's participation on our Audit Committee is in the best interests of the Company and our shareholders. The Audit Committee met nine times during 2008.

The Audit Committee assists the Board of Directors in monitoring the financial reporting process, the internal control structure and the independence and performance of the independent public accountants. Its primary duties are to serve as an independent and objective party to monitor the Company's financial process and internal control system, to review and appraise the audit effort of the Company's independent accountants and to provide an open avenue of communications among the independent accountants, financial and senior management and the Board of Directors. The Board of Directors has adopted a written charter for the Audit Committee and the Audit Committee reviews and reassesses the adequacy of its charter on an annual basis. During the year, the Board of Directors examined the composition of the Audit Committee in light of NASDAQ's corporate governance rules and the regulations promulgated by the SEC applicable to audit committees. Based upon this examination, the Board of Directors has determined that, with the exception of Mr. Parker, the members of the Audit Committee are "independent directors" within the meaning of applicable rules and regulations of NASDAQ and the SEC. The Board of Directors has also determined that Mr. Sokolow qualifies as an "audit committee financial expert" as defined under applicable rules and regulations of NASDAQ and the SEC.

*Nominations Committee*

From January 2008 to February 2009, the Nominations Committee was comprised of Messrs. Carr, Pergande and Sokolow. In February 2009, Mr. Butler replaced Mr. Sokolow on our Nominations Committee. The Nominations Committee met once during 2008.

The Nominations Committee makes recommendations to the Board of Directors regarding the size and composition of the Board of Directors, establishes procedures for the nomination process, recommends candidates for election to the Board of Directors and nominates officers for election by the Board of Directors. The Board of Directors has determined that all members of the Nominations Committee are "independent directors," as such term is defined under the applicable rules of NASDAQ.

To recommend a prospective nominee to the Board of Directors for the Nominations Committee's consideration, a shareholder may submit the candidates name and qualifications in writing to the Secretary of the Company, Consolidated Water Co. Ltd., Regatta Office Park, Windward Three, 4th Floor, West Bay Road, P.O. Box 1114, Grand Cayman, KY1-1102, Cayman Islands.

**Shareholder Communication with Directors**

Shareholders of the Company who want to communicate with the Board of Directors or any individual director may write to:

Consolidated Water Co. Ltd.
Regatta Office Park, Windward Three, 4th Floor, West Bay Road
P.O. Box 1114
Grand Cayman, KY1-1102
Cayman Islands
Attn: Secretary of the Company

The letter should include a statement indicating that the sender is a shareholder of the Company. The Secretary will review all shareholder letters with the Board of Directors and depending on the subject matter will:

- Regularly forward any letter that deals with the function of the Board of Directors or any committees of the Board of Directors (or otherwise appropriate for Board attention) to the director or directors to whom it is addressed;
- Attempt to handle the inquiry directly if it relates to routine or ministerial matters, including requests for information about the Company and stock-related matters; or
- Based upon the advice of appropriate legal counsel, not forward the letter if it relates to an improper or irrelevant topic.

The Secretary or another member of management of the Company will, at each meeting of the Board of Directors, present a summary of all letters received since the last meeting that were not forwarded to the Board of Directors and will make those letters available to the Board of Directors upon request.

**Audit Committee Report**

The Audit Committee submits the following report for 2008:

The Committee has reviewed and discussed with both management and the outside auditors the audited consolidated financial statements as of and for the year ended December 31, 2008. The Committee's review included discussion with the outside auditors of matters required to be discussed by Statement on Auditing Standards No. 61, *Communication with Audit Committees*, as amended.

The Committee has received the written disclosures and the letter from the independent auditors required by Independence Standard No. 1, *Independence Discussions with Audit Committee*s, as amended, and has discussed with the independent auditors matters relating to the auditors' independence.

Based on the reviews and discussions referred to above, the Company recommended to the Board of Directors that the audited consolidated financial statements referred to above be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, for filing with the SEC.

Submitted by the Members of the 2008 Audit Committee

Steven A. Carr
Richard L. Finlay
Leonard J. Sokolow

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## INTRODUCTION TO PROPOSALS 2 – 6:

### Approval of Amendments to the Company's Amended and Restated Articles of Association

The Board of Directors conducted a review of the Articles and has decided to propose amendments for shareholder consideration. Each of the proposed amendments must be approved separately by Special Resolution in order to be adopted as part of the Articles. A summary of the amendments to the Articles, as proposed by the Board of Directors, follows.

**Summary of Proposed Amendments**

The amendments proposed by the Board of Directors would amend the Articles by:

*Proposal 2*

- Eliminating the requirement that a poll be demanded in order for a shareholder or proxy holder to be entitled to one vote per share held or represented by proxy;

*Proposal 3*

- Eliminating a provision allowing the Board of Directors to issue partly-paid or nil-paid shares and other provisions relating to the treatment of such shares;
- Providing that general meetings called by the Board of Directors upon request of shareholders must be convened within 90 days of the request or, if the Board of Directors does not call a meeting, may be called by the requesting shareholders and held within 150 days of the request;
- Providing the order in which the chairman who presides over a general meeting is selected;
- Providing for the automatic removal of any member of the Board of Directors who has been found by any court to have been negligent, to have engaged in misconduct as a member of the Board of Directors or to be otherwise unfit to be a member of the Board of Directors;
- Allowing shareholders to remove without cause a member of the Board of Directors by ordinary, instead of special, resolution;
- Allowing telephonic meetings of the Board of Directors to be called upon no less than 48 hours notice;
- Clarifying that the business of the Company is managed under the direction of, rather than by, the Board of Directors;
- Eliminating the provision relating to the way that dividends would be treated if the Company were an exempted company under Cayman law;
- Requiring that a reconvened general meeting, which is reconvened after adjournment thereof for lack of a quorum, will be dissolved if at the reconvened meeting a quorum is still lacking;

*Proposal 4*

- Clarifying that proxies may be appointed by electronic means, as permitted by Cayman law;
- Clarifying that notices of meetings, reports and financial statements may be delivered to shareholders via electronic means;

*Proposal 5*

- Eliminating the requirement that the shareholders approve the issuance of shares of the Company as a dividend and payment of dividends from the share premium account or a reserve account;
- Clarifying that the Board of Directors may authorize the Company to make charitable or similar contributions and to fund charitable activities determined to promote the Company, its products or its business without the approval of shareholders;
- Eliminating the ability of shareholders to impose more or less stringent director conflict of interest rules than those contained in Article 26 of the Articles;

*Proposal 6*

- Permitting the Board of Directors to approve the repurchase at fair market value of up to 20% of the Company's outstanding shares, without additional approval of the shareholders; and

*Proposal 7*

- Amending and Restating the Articles to reflect the amendments approved by the shareholders at the Annual General Meeting.

A marked version of the Amended and Restated Articles, as proposed to be amended, is attached hereto as **Annex G**. Words and phrases that are marked through with a single line represent deletions to the Articles, and words and phrases that appear in bold text and are underlined represent additions to the Articles.

The general overview in this Introduction to Proposals 2 – 6 is followed by a more detailed discussion of each of the proposed amendments separately in the sections of this Proxy Statement which discuss the Proposals. Although the following discussion highlights the material changes to the Articles, it does not highlight every change. Therefore, shareholders are urged to read carefully the following discussion as well as the marked version of the Amended and Restated Articles, attached hereto as **Annex G**, before voting on the proposals to amend the Articles.

***Vote Required***

The affirmative vote of shareholders holding at least 75% of the Shares voted at the Annual General Meeting is required to approve each of the proposed amendments to the Articles.

As more fully discussed below, the Board of Directors believes that each of the proposed amendments to the Articles is advisable and in the best interests of the Company and its shareholders and unanimously recommends that the shareholders approve all of the proposed amendments.

## PROPOSAL 2

### Amendment to Allow One Vote Per Share of Stock Held or Represented

**Preliminary Statement**

Proposal 2 relates to a Special Resolution adopting amendments to the Articles to eliminate the requirement that a poll be demanded in order for a shareholder or proxy holder to be entitled to one vote for each share held or represented by proxy. In addition to the following discussion of Proposal 2, shareholders should carefully review the Special Resolution set forth on **Annex A** and the marked version of the Amended and Restated Articles, as proposed to be amended, set forth on **Annex G**, before making a decision whether to vote in favor of Proposal 2.

**General**

The Articles currently provide that resolutions submitted to a vote by the shareholders be decided upon a show of hands, unless, before or on the declaration of the result of the show of hands, a poll is demanded by the Chairman of the meeting or any shareholder entitled to vote, present in person or by proxy. Unless such a poll is demanded, each shareholder or proxy holder present at a meeting at which a quorum is present would be entitled to one vote per person, instead of being entitled to one vote for each share represented by such shareholder or proxy holder.

Since 2001, the Chairman of the meeting or a shareholder has demanded a poll, thereby entitling each shareholder or proxy holder to one vote for each share held or represented by such shareholder or proxy holder.

The Board of Directors unanimously recommends that the shareholders approve the proposed amendment to the Articles to eliminate the need to demand a poll for a shareholder or proxy holder to be entitled to one vote for each share held or represented by such shareholder or proxy holder.

If no action is taken to amend the Articles as proposed, the chairman of a meeting or a shareholder entitled to vote, present in person or by proxy, would need to demand a poll in order for a shareholder or proxy holder to be entitled to one vote for each share held or represented by such shareholder or proxy holder. The failure to demand such poll would result in each shareholder or proxy holder present at a meeting at which a quorum is present being entitled to one vote per person, rather than being entitled to one vote for each share held or represented by such shareholder or proxy holder. In such a case, shareholders representing a minority of the shares present and entitled to vote at a meeting potentially could determine the outcome of a vote despite opposition by shareholders representing a majority of the shares present and entitled to vote at a meeting.

If the proposal to amend the Articles is approved by the shareholders, a shareholder or proxy holder would be entitled to one vote for each share represented by such shareholder or proxy holder, without the demand of a poll.

**Special Resolution**

A Special Resolution of the shareholders is required to amend the Articles to eliminate the requirement that resolutions submitted to a vote by the shareholders be decided upon a show of hands, unless, before or on the declaration of the result of the show of hands, a poll is demanded by the Chairman of the meeting or any shareholder entitled to vote, present in person or by proxy. The text of the Special Resolution is set forth on **Annex B**.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE SHAREHOLDERS VOTE "FOR" PROPOSAL 2.**

## PROPOSAL 3

## Amendments Related to the Company's Ability to Issue Partly-Paid or Nil-Paid Shares; the Removal Without Cause of a Member of the Board of Directors; Meetings of the Board of Directors and Shareholders; the Management of the Company; and the Way That Dividends Would Be Treated if the Company Were an Exempted Company Under Cayman Law

**Preliminary Statement**

Proposal 3 relates to a Special Resolution adopting amendments to the Articles related to: (a) the Company's ability to issue partly-paid or nil-paid shares; (b) the removal without cause of a member of the Board of Directors; (c) meetings of the Board of Directors and shareholders; (d) the management of the Company; and (e) the way that dividends would be treated if the Company were an exempted company under Cayman law. Each proposed amendment is discussed separately below. Shareholders will vote on the proposed amendments discussed in this section as one proposal.

In addition to the following discussion of Proposal 3, shareholders should carefully review the Special Resolution set forth on **Annex B** and the marked version of the Amended and Restated Articles, as proposed to be amended, set forth on **Annex G**, before making a decision whether to vote in favor of Proposal 3.

**General**

***Elimination of Partly-Paid or Nil-Paid Shares***

The Articles presently allow the Board of Directors to issue partly-paid or nil-paid shares and provide for the treatment of, or dealings with shareholders holding, such shares. If the Company issued partly-paid or nil-paid shares, the Company would receive only part of the agreed value of the shares, in the case of partly-paid shares, or no portion of the agreed value of the shares, in the case of nil-paid shares, upon issuance of the shares. The remainder of the agreed upon value of the shares would be paid when called for by the Board of Directors and in accordance with the Articles.

The Company has never issued partly-paid or nil-paid shares and the Board of Directors has determined that the Company would never do so. Accordingly, the Board of Directors unanimously recommends that the shareholders approve the proposed amendment to the Articles to eliminate the provision allowing the Board of Directors to issue partly-paid or nil-paid shares and certain other provisions relating to the treatment of, or dealings with shareholders holding, such shares.

***Meetings to be Held within 90 Days of Request by Shareholders***

The Articles currently require the Board of Directors to call a general meeting within 21 days of any valid request therefor. If the Board of Directors fails to call such meeting, the shareholders requesting such meeting may call a meeting to be held within 90 days of the request. The Articles do not specify a date by which a meeting called for by the Board of Directors must be held.

Accordingly, the Board of Directors unanimously recommends that the shareholders approve the proposed amendment to the Articles to provide that general meetings called by the Board of Directors after a valid request therefor must be convened within 90 days of the request or may be called by the shareholders making the request to be held within 150 days thereafter. The proposed amendment sets an outside limit of 90 days following a request that a meeting called by the Board of Directors, upon request of the shareholders, must be held. It also increases the outside limit from 90 to 150 days following a request that a meeting called by the shareholders, upon the failure of the Board of Directors to do so, must be held. The Board of Directors currently has the discretion to set the date of a meeting requested by the shareholders. The proposed amendment provides specificity as to the time period during which such meeting must be called. Reasons to delay a meeting requested by shareholders may vary, but could potentially include the desire to delay a meeting at which the removal of a member of the Board of Directors was to be considered.

If no action is taken to amend the Articles as proposed, the provision containing the ambiguity as to the date by which a meeting called for by the Board of Directors, upon request by the shareholders, must be held will remain in the Articles. If the Special Resolution regarding the proposed amendment to the Articles is approved by the shareholders, general meetings called by the Board of Directors after a valid request therefor would be required to be convened within 90 days of the request or could be called by the requestors themselves to be held within 150 days thereafter.

***Selection of Chairman for General Meeting***

The Articles currently provide the order in which the chairman to preside over general meetings of the Company is selected. The Articles state that the Chairman of the Board of Directors will preside as chairman over general meetings of the Company. If the Chairman of the Board of Directors is not present at such meeting, the members of the Board of Directors present at the meeting select a member thereof to preside as chairman over such meeting. If no member of the Board of Directors is present or willing to act in such capacity, then the shareholders choose a shareholder to preside as chairman over the meeting.

The Board of Directors has determined that, for ease of administration, it would be beneficial to have the President of the Company, if available, serve as the first replacement for the Chairman of the Board of Directors. Accordingly, the Board of Directors unanimously recommends that the shareholders approve the proposed amendment to the Articles to provide that if the Chairman of the Board of Directors is not present to preside as chairman over a general meeting, then the President would serve in such capacity. If neither the Chairman of the Board of Directors nor the President is present at such meeting, then the Board of Directors would select a member of the Board of Directors to preside as chairman over such meeting. If no member of the Board of Directors is present or willing to act in such capacity, then the shareholders choose a shareholder to preside as chairman over the meeting.

If no action is taken to amend the Articles as proposed, the order of selection of the chairman for general meeting would remain as it currently stands. If the Special Resolution regarding the proposed amendment to the Articles is approved by the shareholders, the President, if present, would serve as chairman of a general meeting in the event that the Chairman of the Board was not available.

***Automatic Removal of Member of the Board of Directors***

The current Articles provide that a member of the Board of Directors is automatically removed from the Board of Directors if the director:

- resigns by notice to the Company in writing;
- dies, becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- becomes of unsound mind or an order for his detention is made under the Mental Health Law of the Cayman Islands or any analogous law of a jurisdiction outside the Cayman Islands.

The Board of Directors has determined that it would be in the best interest of the Company and the shareholders to provide for the automatic removal of any member of the Board of Directors found by a court to have been negligent, to have engaged in misconduct as a director or to be for any reason unfit to act as a member of the Board of Directors of the Company. Accordingly, the Board of Directors unanimously recommends that the shareholders approve the proposed amendment to the Articles to provide that a member of the Board of Directors automatically will be removed from the Board of Directors upon having been found by a court to have been negligent, to have engaged in misconduct as a director or to be for any reason unfit to act as a member of the Board of Directors of the Company.

***Removal of Director Without Cause by Ordinary Resolution***

The Articles currently allow a member of the Board of Directors to be removed from the Board of Directors upon the approval of a Special Resolution by the shareholders. A Special Resolution must be approved by holders of at least 75% of the shares voted at a meeting and the resolution must appear in the notice convening the meeting.

The Board of Directors has determined that it would be in the best interest of the Company and the shareholders to allow the shareholders to more easily remove a member of the Board of Directors. Accordingly, the Board of Directors unanimously recommends that the shareholders approve the proposed amendment to the Articles to provide that a member of the Board of Directors may be removed by the shareholders by Ordinary Resolution. An Ordinary Resolution must be approved by shareholders holding a majority of the shares voted at a meeting.

***Notice for Telephonic Meeting of the Board of Directors***

The Articles presently require that notice of a meeting of the Board of Directors be given not less than five days prior to such meeting, unless all members of the Board of Directors waive such notice at, before or after such meeting. Whenever meetings of the Board of Directors have been convened on less than five days notice in the past, all members of the Board of Directors have waived

notice of such meeting. The failure to waive such notice would result in any actions being taken at such meeting being null and void.

The Board of Directors unanimously recommends that the shareholders approve the proposed amendment to the Articles to allow telephonic meetings of the Board of Directors to be called upon no less than 48 hours notice. The proposed amendment would permit the Board of Directors to convene meetings more promptly.

***Business of the Company is Managed under the Direction of the Board of Directors***

The current Articles provide that the business of the Company is managed by the Board of Directors. This provision could be argued to be factually inaccurate. The business of the Company is managed by the executive officers of the Company, who act under the direction of the Board of Directors. Accordingly, the Board of Directors unanimously recommends that the shareholders approve the proposed amendment to the Articles to clarify that the business of the Company is managed under the direction of, rather than by, the Board of Directors.

***Dividend Treatment if Company were an Exempted Company***

The Articles currently contain a provision regarding the treatment of dividends if the Company were an exempted company under Cayman law. In order to qualify as an exempted company under Cayman law its activities must be conducted mainly outside the Cayman Islands. An exempted company is entitled to keep confidential the names of its shareholders and has certain other benefits. Because the Company is not, and the Board of Directors has determined that the Company never can be, qualified to be an exempted company under Cayman law, the Board of Directors unanimously recommends that the shareholders approve the proposed amendment to the Articles to eliminate the provision regarding the treatment of dividends if the Company were an exempted company under Cayman law.

***Dissolution of Reconvened Meeting for Lack of Quorum***

The present Articles provide that if a quorum is lacking at a general meeting convened upon the request of shareholder such meeting shall be adjourned and reconvened the following week. If, at such reconvened meeting, a quorum is again lacking, the shareholders present at such reconvened meeting are deemed to constitute a quorum and the meeting may proceed to address the business at hand. The Articles require shareholders holding at least 33 $^1/_3$% issued and outstanding shares to be present at a meeting for a quorum to be present.

The Board of Directors has determined that it would be in the best interest of the Company and the shareholders to require that shareholders holding at least 33 $^1/_3$% of the issued and outstanding shares be present at such reconvened meeting to establish a quorum. Accordingly, the Board of Directors unanimously recommends that the shareholders approve the proposed amendment to the Articles to require that a reconvened general meeting, which is reconvened after adjournment thereof for lack of a quorum, will be dissolved if at the reconvened meeting a quorum is still lacking.

**Special Resolution**

A Special Resolution of the shareholders is required to amend the Articles to approve the proposed amendments described above. The text of the Special Resolution is set forth on **Annex B**.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE SHAREHOLDERS VOTE "FOR" PROPOSAL 3.**

## PROPOSAL 4

## Electronic Amendments

**Preliminary Statement**

Proposal 4 relates to a Special Resolution adopting amendments to the Articles that clarify that proxies may be appointed by, and notices of meetings, reports and financial statements may be delivered by, electronic means. Each proposed amendment is discussed separately below. Shareholders will vote on the proposed amendments discussed in this section as one proposal.

In addition to the following discussion of Proposal 4, shareholders should carefully review the Special Resolution set forth on **Annex C** and the marked version of the Amended and Restated Articles, as proposed to be amended, set forth on **Annex G**, before making a decision whether to vote in favor of Proposal 4.

**General**

***Appointment of Proxies by Electronic Means***

The current version of the Articles provides that the written instrument appointing a proxy may be in usual or common form or otherwise acceptable to the chairman of the meeting. Under Cayman law, specifically the Electronic Transactions Law (2000 Revision), proxies submitted by electronic means satisfy the requirements of the Articles and are an acceptable and valid method of appointing a proxy.

The Board of Directors has determined that it would be in the best interest of the Company and the shareholders to clarify that proxies may be appointed by electronic means, as permitted by Cayman law. Accordingly, the Board of Directors unanimously recommends that the shareholders approve the proposed amendment to the Articles to clarify that proxies may be appointed by electronic means, as permitted by Cayman law.

If no action is taken to amend the Articles as proposed, the Articles will remain as presently drafted and proxies submitted by electronic means will continue to satisfy the requirements of the Articles and be an acceptable and valid method of appointing a proxy pursuant to Cayman law.

***Circulation of Notices of Meetings, Reports and Financial Statements by Electronic Means***

The Articles currently require the Company to circulate notices of meeting, reports and financial statements to the shareholders. The SEC has adopted regulations requiring U.S. companies

with stock registered under the Securities Exchange Act of 1934, as amended, to deliver proxy materials to shareholders electronically via a website.

Under the rules, a U.S. issuer must make proxy materials available to shareholders by mailing a "Notice of Internet Availability of Proxy Materials" at least 40 calendar days prior to a meeting and, no later than the date on which this notice is sent to shareholders, posting the proxy materials, including the proxy statement, the proxy card and the annual report (including financial statements) on a designated website where the proxy materials are available. The rules do not restrict issuers from providing the proxy materials to shareholders by other permissible means, such as paper delivery or obtaining affirmative consents for electronic delivery pursuant to existing SEC guidance.

The Company is considered a "foreign private issuer" under the rules and regulations of the SEC. As a foreign private issuer, the Company is not subject to the SEC's proxy rules and regulations, including the requirement to deliver a proxy statement when proxies are solicited or the requirement to post the proxy materials on a designated website. Nonetheless, the Company voluntarily provides its shareholders with a proxy statement that complies with the SEC's rules and regulations, including posting the proxy materials on a designated website.

The Board of Directors has determined that it would be in the best interest of the Company and the shareholders to clarify that such notices, reports and financial statements may be circulated to the shareholders via electronic means, including by posting the proxy materials on a designated website. Accordingly, the Board of Directors unanimously recommends that the shareholders approve the proposed amendment to the Articles to clarify that notices of meetings, reports and financial statements may be circulated to shareholders via electronic means.

**Special Resolution**

A Special Resolution of the shareholders is required to amend the Articles to approve the proposed amendments described above. The text of the Special Resolution is set forth on **Annex C**.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE SHAREHOLDERS VOTE "FOR" PROPOSAL 4.**

## PROPOSAL 5

## Amendments Related to Charitable Contributions Made by the Company, the Amendment of Conflicts of Interest Rules, the Issuance of Shares as a Dividend, and the Payment of Dividends from the Share Premium Account or a Reserve Account

**Preliminary Statement**

Proposal 5 relates to a Special Resolution adopting amendments to the Articles related to charitable contributions made by the Company, the amendment of conflicts of interest rules, the issuance of shares as a dividend, and the payment of dividends from the share premium account or a reserve account. Each proposed amendment is discussed separately below. Shareholders will vote on the proposed amendments discussed in this section as one proposal.

In addition to the following discussion of Proposal 5, shareholders should carefully review the

Special Resolution set forth on **Annex D** and the marked version of the Amended and Restated Articles, as proposed to be amended, set forth on **Annex G**, before making a decision whether to vote in favor of Proposal 5.

**General**

***Charitable or Similar Contributions***

The Articles currently require the shareholders to approve by Special Resolution the Company's expenditure of corporate funds for charitable or benevolent purposes, except for specific exceptions. The Board of Directors is permitted to fund a scholarship program for the education and advancement of persons meeting criteria established by the directors, and may expend corporate funds for charitable or benevolent purposes if the Board of Directors determines that such expenditure is in the financial interests of the Company.

The Board of Directors unanimously recommends that the shareholders approve the proposed amendment to the Articles to expand the Board of Director's ability to expend corporate funds for charitable purposes. If the proposed amendment is approved, in addition to funding scholarship programs, the Board of Directors will be permitted to fund other programs for the education and advancement of persons meeting criteria established by the directors. Additionally, the Company would be permitted to expend corporate funds for charitable or benevolent purposes that the Board of Directors determines promote the Company, its products or its business.

During the three years ended December 31, 2008, the Company spent a total of approximately $80,000 for charitable or benevolent purposes.

***Director Conflict of Interest Rules More Stringent than Those Set Forth in the Articles***

The Articles provide that the shareholders may, by Special Resolution, impose conflict of interest rules more or less restrictive than are set forth in the Articles. The Board of Directors has determined that it would be in the best interest of the Company and the shareholders to eliminate this requirement. If eliminated, any deviation from the conflict of interest rules set forth in the Articles that would make such rules less restrictive would still be subject to approval by the shareholders by Special Resolution; however, the Board of Directors would be free to impose restrictions that are more restrictive than those set forth in the Articles.

Accordingly, the Board of Directors unanimously recommends that the shareholders approve the proposed amendment to the Articles to delete the requirement that the shareholders approve, by Special Resolution, conflict of interest rules more or less restrictive than are set forth in the Articles.

***Issuance of Shares as a Dividend and Payment of Dividends from the Share Premium and Reserve Account***

The present version of the Articles requires the shareholders to approve by Ordinary Resolution the issuance of shares of the Company as a dividend. An Ordinary Resolution must be approved by holders of a majority of the shares voted at a meeting. The Board of Directors unanimously recommends that the shareholders approve the proposed amendment to the Articles to eliminate the requirement that shareholders approve the issuance of shares of the Company as a dividend. The proposed amendment would allow the Board of Directors to exercise discretion of whether to pay cash

or shares of the Company upon the declaration of a dividend, without further shareholder approval.

The present version of the Articles also requires the shareholders to approve by Ordinary Resolution the declaration of dividends from the share premium account or reserve accounts. An Ordinary Resolution must be approved by holders of a majority of the shares voted at a meeting. The share premium account, also referred to as "additional paid-in capital," is the capital raised upon issuing shares in excess of the par value of the shares. The Board of Directors unanimously recommends that the shareholders approve the proposed amendment to the Articles to eliminate the requirement that shareholders approve the declaration of dividends from the share premium account or reserve accounts. The proposed amendment would allow the Board of Directors to exercise discretion of whether to pay cash from these accounts of the Company (which is permitted by Cayman Law) upon the declaration of a dividend, without further shareholder approval.

If no action is taken to amend the Articles as proposed, any issuance of shares of the Company as a dividend and the declaration of a dividend from the share premium account or a reserve account would continue to be required to be approved by the shareholders by Ordinary Resolution. If the proposal to amend the Articles is approved by the shareholders, the Board of Directors would have the discretion to determine whether to pay cash or shares of the Company upon the declaration of a dividend or to pay the dividend from the share premium account or a reserve account.

**Special Resolution**

A Special Resolution of the shareholders is required to amend the Articles to approve the proposed amendments described above. The text of the Special Resolution is set forth on **Annex D**.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE SHAREHOLDERS VOTE "FOR" PROPOSAL 5.**

## PROPOSAL 6

## Share Repurchase

**Preliminary Statement**

Proposal 6 relates to a Special Resolution adopting an amendment to the Articles that would permit the Board of Directors to approve the repurchase of the Company's shares, under certain circumstances, without additional approval of the shareholders. The proposed amendment is discussed below.

In addition to the following discussion of Proposal 6, shareholders should carefully review the Special Resolution set forth on **Annex E** and the marked version of the Amended and Restated Articles, as proposed to be amended, set forth on **Annex G**, before making a decision whether to vote in favor of Proposal 6.

**Background**

As of March 20, 2009, the downturn in the global economic markets has resulted in publicly traded stocks in North America, Europe, and the Asia-Pacific region declining in value by

approximately 43% since the beginning of 2008, with a substantial amount of the losses occurring since September 2008. Since the beginning of 2008, the market value of our Ordinary Shares has decreased approximately 68%, with approximately 81% of the decrease occurring during September 2008. As a direct result of the downturn in the stock market, the market price of our Ordinary Shares has decreased from a high closing price of $28.78 in the first quarter of 2008 to a low closing price of $6.56 in March 2009.

**General**

In view of the current market price of our Ordinary Shares, the Board of Directors desires the flexibility to react to market conditions in order to preserve shareholder value. Accordingly, the Board of Directors unanimously recommends that the shareholders approve the proposed amendment by Special Resolution of the Articles, to grant the Board of Directors the authority to approve in the future the manner and terms of any repurchase by the Company of any of its Shares in accordance with the Articles, as amended, without further shareholder action. Cayman law currently requires shareholder approval of the manner of any repurchase by the Company of any of its Shares, other than repurchases of Redeemable Preference Shares which may be made pursuant to the terms by which such shares were issued, if it is not stated in the Articles (as it currently is not).

If no action is taken to amend the Articles as proposed, the Board of Directors would be required to obtain shareholder approval of the manner of any repurchase by the Company of any of its Shares (other than repurchases of Redeemable Preference Shares made pursuant to the terms by which such shares were issued) prior to making such repurchases. If the proposal to amend the Articles is approved by the shareholders, the Board of Directors will have the authority to approve the manner and terms of any repurchase by the Company of any of its Shares in accordance with the Articles, as amended, and no shareholder approval will be required under such circumstances.

If the Board of Directors is granted the authority to approve the manner of any repurchase by the Company of any of its Shares in accordance with the Articles, as amended, the Board of Directors will be able to respond to market conditions affecting the price of the Ordinary Shares by purchasing shares at prevailing market prices in the open market or through privately negotiated transactions. Any open market share repurchases will be conducted in compliance with the rules and regulations of the SEC.

If the proposed amendment to the Articles is approved by the shareholders, the Board of Directors does not intend to authorize the Company to repurchase Shares in order to reduce the number of record holders of the Company's Ordinary Shares below 300, which would allow the Company to deregister its Ordinary Shares and discontinue its reporting obligations under the Securities Exchange Act of 1934, as amended.

The proposed amendment is not intended to have any anti-takeover effect and is not part of any series of anti-takeover measures contained in our Memorandum of Association or the Articles in effect on the date of this Proxy Statement. Although the amendment is proposed for business and financial considerations, shareholders should note that the authority of the Board of Directors to approve the repurchase of the Shares could make any attempt to gain control of the Company or the Board of Directors more difficult or time consuming. Although the Board of Directors currently has no intention of doing so, the Company could repurchase Shares from a significant shareholder who would otherwise seek removal of members of the Board of Directors and increase the comparative percentage of Shares held by the Company's management or management-friendly shareholders, thereby allowing

management or such management-friendly shareholders to maintain control of the Board of Directors or to meet the voting requirements imposed by Cayman Islands law with respect to a merger or other business combination involving the Company. The Board of Directors is not aware of any proposed attempt to take over the Company, any desire by any significant shareholder to seek removal of any members of the Board of Directors, or any proposed merger or business combination. The Board of Directors has no present intention to use the authority to approve the repurchase of the Shares for anti-takeover purposes.

If approved, the Company would be permitted to repurchase Shares (i) by agreement with the holder (including privately negotiated transactions and open market purchases on the exchange or quotation system on which the Company's Ordinary Shares are then listed); (ii) pursuant to the terms by which Redeemable Preference Shares were issued; and (iii) on any exchange on which the Shares are then listed. Payments in respect of such repurchases will be made out of capital or other accounts which may be used for such purpose in accordance with Cayman Islands law. Unless some other manner or terms of purchase are approved by our shareholders, the Board of Directors may only exercise the authority to repurchase Shares: (i) for cash; (ii) in satisfaction of a debt due to the Company; (iii) in exchange for the Company entering into an unsecured debt obligation in favour of the seller; or (iv) a combination thereof; and (v) no more than twenty percent (20%) of the Company's issued shares may be at any time authorized for repurchase but not yet repurchased.

Assuming shareholder approval is obtained, any decision by the Board of Directors to repurchase any Shares will be based upon a number of future factors, including but not limited to, the Company's financial outlook, business conditions (including liquidity and capital requirements), the Company's share price and alternative investment options. Pursuant to the Articles, Shares repurchased by the Company would be cancelled, but would be available for reissue.

As of the date of this Proxy Statement, the Board of Directors has not decided the terms of any share repurchase plan or the amount of Shares that would be purchased.

**Special Resolution**

A Special Resolution of the shareholders is required to amend the Articles to approve the proposed amendment described above. The text of the Special Resolution is set forth on **Annex E**.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE SHAREHOLDERS VOTE "FOR" PROPOSAL 6.**

*[The remainder of this page is intentionally left blank.]*

## PROPOSAL 7

### Amended and Restated Articles of Association

**Preliminary Statement**

Proposal 7 relates to a Special Resolution adopting an Amended and Restated Articles of Association to reflect the amendments approved, if any, under Proposals 2 - 6. The proposed amendment is discussed below.

In addition to the following discussion of Proposal 7, shareholders should carefully review the Special Resolution set forth on **Annex F** and the marked version of the Amended and Restated Articles, as proposed to be amended, set forth on **Annex G**, before making a decision whether to vote in favor of Proposal 7.

**General**

Proposals 2 – 6 of this Proxy Statement relate to Special Resolutions approving amendments to the Articles. Upon approval of any of such Special Resolutions and the filing of those resolutions with the Registrar of Companies in the Cayman Islands, the amendments to the Articles would become effective. The Board of Directors has determined that it is in the best interests of the Company and the shareholders to incorporate any and all of the amendments that are approved under Proposals 2 – 6 into one document. Accordingly, the Board of Directors unanimously recommends that the shareholders approve an Amended and Restated Articles of Association incorporating any and all of the amendments approved by the Special Resolutions under Proposals 2 – 6.

**Special Resolution**

A Special Resolution of the shareholders is required to approve the Amended and Restated Articles of Association described above. The text of the Special Resolution is set forth on **Annex F**.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE SHAREHOLDERS VOTE "FOR" PROPOSAL 7.**

## PROPOSAL 8

### Ratification of the Selection of Independent Accountants

The Audit Committee has selected Rachlin LLP ("Rachlin") to continue as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2009, and to render other professional services as required, at the remuneration to be determined by the Audit Committee of the Board of Directors.

We are asking our shareholders to ratify the selection of Rachlin as our independent registered public accounting firm. Although ratification is not required by our Articles of Association or otherwise, the Board is submitting the selection of Rachlin to our shareholders for ratification because we value our shareholders' views on the Company's independent registered public accounting firm and as a matter of good corporate practice. In the event that our shareholders fail to ratify the selection, it

will be considered as a direction to the Audit Committee to consider the selection of a different firm. Even if the selection is ratified, the Audit Committee in its discretion may select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and our shareholders.

The affirmative vote of the holders of a majority of the Shares voted at the Annual General Meeting is necessary to ratify the selection of Rachlin as the Company's independent accountants for the fiscal year ending December 31, 2009.

Representatives of Rachlin are expected to be present at the Annual General Meeting, will have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

**Principal Accounting Fees and Services**

The following table shows the fees that the Company paid or accrued for audit and other services provided by Rachlin for the fiscal years ended December 31, 2008 and 2007.

| | 2008 | 2007 |
|---|---|---|
| Audit | $ 325,800 | $ 444,130 |
| Audit-Related | — | — |
| Tax | 6,000 | 6,000 |
| All Other | — | — |
| Total | $ 331,800 | $ 450,130 |

Audit Fees: This category includes the fees for the examination of the Company's consolidated financial statements and internal controls, review of the Company's Annual Report on Form 10-K and the quarterly reviews of the interim financial statements included in the Company's Quarterly Reports on Form 10-Q.

Audit-Related Fees: This category consists of services that are closely related to the financial audit process and primarily consists of review of reports filed and to be filed with the U.S. Securities and Exchange Commission and accounting advice relating thereto.

Tax Fees: This category relates to professional services for tax compliance, tax advice, and tax planning.

All audit services performed by Rachlin LLP were approved by the Audit Committee. The Audit Committee gives due consideration to the potential effect of non-audit services on maintaining the auditors independence.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE SELECTION OF RACHLIN AS INDEPENDENT ACCOUNTANTS OF THE COMPANY.**

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDERS MATTERS

The table below sets forth the beneficial ownership of our ordinary shares, par value $0.60 per share, of which 14,531,913 were outstanding as of March 18, 2009 and our redeemable preference shares, par value $0.60 per share, of which 17,366 were outstanding as of March 18, 2009 by:

- each person or entity that we know beneficially owns more than 5% of our ordinary shares or redeemable preference shares;
- each of our directors;
- our Chief Executive Officer and our Chief Financial Officer during the year ended December 31, 2008, and the three other most highly compensated executive officers who were serving as executive officers on December 31, 2008; and
- all of our executive officers and directors as a group.

| Title of Class | Identity of Person or Group | Amount Owned | Percentage of Class |
|---|---|---|---|
| Ordinary Shares | Pictet Asset Management SA (1) | 1,635,600 | 11.26% |
| Ordinary Shares | Invesco PowerShares Capital Management LLC (2) | 886,894 | 6.10% |
| Ordinary Shares | Thomson, Horstmann, & Bryant, Inc. (3) | 757,050 | 5.21% |
| Ordinary Shares | Jeffrey M. Parker, Director, Chairman of the Board of Directors (4) | 464,064 | 3.19% |
| Ordinary Shares | Frederick W. McTaggart, Director, President and Chief Executive Officer | 116,257 | * |
| Ordinary Shares | David W. Sasnett, Director, Executive Vice President and Chief Financial Officer (5) | 11,616 | * |
| Ordinary Shares | Gregory S. McTaggart, Vice President of Cayman Operations (6) | 112,972 | * |
| Ordinary Shares | Ramjeet Jerrybandan, Vice President of Overseas Operations (7) | 8,255 | * |

| Title of Class | Identity of Person or Group | Amount Owned | Percentage of Class |
|---|---|---|---|
| Ordinary Shares | Gerard J. Pereira, Vice President of Sales and Marketing (8) | 12,203 | * |
| Ordinary Shares | William T. Andrews, Director | 3,088 | * |
| Ordinary Shares | Brian E. Butler, Director | 43,744 | * |
| Ordinary Shares | Steven A. Carr, Director (9) | 73,549 | * |
| Ordinary Shares | Carson K. Ebanks, Director | 749 | * |
| Ordinary Shares | Richard L. Finlay, Director | 13,212 | * |
| Ordinary Shares | Clarence B. Flowers, Jr., Director | 14,582 | * |
| Ordinary Shares | Wilmer F. Pergande, Director | 14,869 | * |
| Ordinary Shares | Leonard J. Sokolow, Director (10) | 1,608 | * |
| Ordinary Shares | Raymond Whittaker, Director | 12,352 | * |
| Ordinary Shares | Directors and Executive Officers as a Group (11) | 903,120 | 6.21% |
| Redeemable Preference Shares | Marinus Barendsen, Former General Manager, CW-Bahamas | 1,300 | 7.49% |
| Redeemable Preference Shares | Robert Morrison, Vice President of Purchasing and IT | 1,215 | 7.00% |
| Redeemable Preference Shares | Gerard Pereira, Vice President of Sales and Marketing | 1,187 | 6.84% |

| Title of Class | Identity of Person or Group | Amount Owned | Percentage of Class |
|---|---|---|---|
| Redeemable Preference Shares | Kenneth Crowley, Special Projects Engineer | 1,081 | 6.22% |
| Redeemable Preference Shares | Gregory S. McTaggart, Vice President of Cayman Operations | 1,063 | 6.12% |

* Indicates less than 1%

** Unless otherwise indicated, to our knowledge, the persons named in the table above have sole voting and investment power with respect to the shares listed. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares issuable under stock options exercisable within 60 days after March 18, 2009 are deemed outstanding for that person but are not deemed outstanding for computing the percentage of ownership of any other person.

(1) On February 11, 2009, Pictet Asset Management SA filed an amended Schedule 13G ("Schedule 13G") with Securities and Exchange Commission. The Schedule 13G states that Pictet Asset Management SA has sole voting power over 1,635,600 ordinary shares and sole dispositive power over 1,635,600 shares. The address of Pictet Asset Management SA is 60 Route des Acacias, Geneva 73, Switzerland, CH-12 11.

(2) On February 17, 2009, Invesco Ltd., on its own behalf and on behalf of its subsidiary, Invesco PowerShares Capital Management LLC, filed an amended Schedule 13G ("Schedule 13G") with the Securities and Exchange Commission. The Schedule 13G states that on its own behalf and on behalf of its subsidiary, Invesco PowerShares Capital Management LLC has sole voting power over 886,894 ordinary shares and sole dispositive power over 886,894 shares. The address of Invesco PowerShares Capital Management LLC is 301 West Roosevelt Road, Wheaton, IL 60187.

(3) On February 13, 2009 Thomson Horstmann & Bryant, Inc. filed an amended Schedule 13G ("Schedule 13G") with the Securities and Exchange Commission. The Schedule 13G states that Thomson Horstmann & Bryant, Inc. has sole voting power over 757,050 ordinary shares and sole dispositive power over 757,050 shares. The address of the Thomson Horstmann & Bryant, Inc. is Park 80 West, Plaza One, Saddle Brook, NJ 07663.

(4) Of the 464,064 ordinary shares owned by Mr. Parker, all are owned by the Parker Settlement Trust (the "Trust"). Mr. Parker disclaims beneficial ownership of the shares owned by the Trust. Of the shares owned by the Trust, 215,430 have been pledged.

(5) Of the 11,616 ordinary shares beneficially owned by Mr. Sasnett, 7,400 are issuable upon exercise of stock options within 60 days of March 18, 2009.

(6) Of the 112,972 ordinary shares beneficially owned by Mr. Gregory S. McTaggart, 5,900 are issuable upon exercise of stock options within 60 days of March 18, 2009.

(7) Of the 8,255 ordinary shares beneficially owned by Mr. Jerrybandan, 5,900 are issuable upon exercise of stock options within 60 days of March 18, 2009.

(8) Of the 7,778 ordinary shares beneficially owned by Mr. Pereira, 6,778 have shared investment power and 4,425 are issuable upon exercise of stock options within 60 days of March 18, 2009.

(9) Of the 73,549 ordinary shares beneficially owned by Mr. Carr, 70,000 are in a trust, for which Mr. Carr indirectly owns the shares as co-trustee. Of the shares owned by the trust, all have been pledged.

(10) Of the 1,608 ordinary shares beneficially owned by Mr. Sokolow, all have shared investment power.

(11) Of the 903,120 ordinary shares owned by the Directors and executive officers as a group, 8,386 have shared investment power, 534,064 are indirectly owned, 23,625 are issuable upon exercise of stock options within 60 days of March 18, 2009, 464,064 have been disclaimed as beneficially owned and 215,430 are pledged.

*[The remainder of this page is intentionally left blank.]*

**Equity Compensation Plan Information**

The following table sets forth certain information as of December 31, 2008, with respect to compensation plans (including individual compensation arrangements) under which our equity securities are authorized for issuance under:

- all compensation plans previously approved by our security holders; and
- all compensation plans not previously approved by our security holders.

| Plan category | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)** | Weighted-average exercise price of outstanding options, warrants and rights (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) |
|---|---|---|---|
| Equity compensation plans approved by security holders ..... | 118,115 | $28.30 | * |
| Equity compensation plans not approved by security holders ..... | – | – | * |
| Total ..... | 118,115 | $28.30 | * |

* Our equity compensation plans do not have any limits on the amount of shares reserved for issuance under the plans.

** All of the 118,115 shares are issuable pursuant to our Employee Share Option Plan, and our Senior Management share option program. See Note 20 to the Notes to Consolidated Financial Statements.

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## EXECUTIVE OFFICERS

This section provides information concerning the Company's executive officers:

| Name | Position with Consolidated Water |
|---|---|
| Frederick W. McTaggart (1) | Director, President and Chief Executive Officer |
| David W. Sasnett (2) | Director, Executive Vice President and Chief Financial Officer |
| Gregory S. McTaggart | Vice President of Cayman Operations |
| Robert B. Morrison | Vice President of Purchasing and Information Technology |
| Gerard J. Pereira | Vice President of Sales and Marketing |
| Ramjeet Jerrybandan | Vice President of Overseas Operations |

(1) For biographical information regarding such persons, see "Information Regarding Group II Directors."

(2) For biographical information regarding Mr. Sasnett, see "Information Regarding Group III Directors."

**Gregory S. McTaggart**, age 45, is our Vice President of Cayman Operations. Mr. McTaggart joined our Company in January 1991 as our resident engineer and has served in his current capacity since 1994. For three years before joining us, Mr. McTaggart worked for the Caribbean Utilities Company, the electrical utility on Grand Cayman, as a mechanical engineer. Mr. McTaggart obtained his Bachelor of Mechanical Engineering from the Georgia Institute of Technology in 1986. Mr. McTaggart is the brother of Frederick W. McTaggart, who is the President, Chief Executive Officer and a director of our Company.

**Robert B. Morrison**, age 55, was appointed Vice President of Purchasing & Information Technology in March 2003. Mr. Morrison holds the designation Certified Professional Purchaser and has more than twenty- five years of experience in the purchasing and logistics field. He joined DesalCo Limited as Purchasing Manager in June of 1996 in which position he also employed his more than 20 years of information technology experience as software and systems developer, network administrator and end user support resource for PC and mainframe environments. Prior to this, Mr. Morrison was principal Purchasing Officer for the Ministry of Works & Engineering of the Bermuda government and Purchasing Manager for American-Standard in Toronto, Canada.

**Gerard J. Pereira**, age 38, was appointed Vice President of Sales and Marketing in January 2008. Mr. Pereira obtained his Bachelor of Science and Master of Science in Chemical Engineering from the University of Waterloo, Ontario, Canada and joined Ocean Conversion (Cayman) Limited as Operations Engineer in 1995. He was promoted to Operations Manager of Ocean Conversion (Cayman) Limited in 1998, which post he held until our acquisition of that company. In March 2003, Mr. Pereira was promoted to Vice President of Engineering, retaining this post until his recent acceptance of the new Sales and Marketing position.

**Ramjeet Jerrybandan**, age 41, joined our Company in 1998 as the Operations Engineer in Grand Cayman. He was promoted to Operations Manager (Cayman) in 2005 and became our Vice President of Overseas Operations in May 2006. He obtained his Bachelor of Science degree in Industrial Engineering and his Master of Science degree in Engineering Management at the University of the West Indies. Mr. Jerrybandan holds an Advanced Diploma in Business Administration from the

Association of Business Executives of London. He also has extensive training in the Information Technology field including industrial automation systems.

## COMPENSATION DISCUSSION & ANALYSIS

In this section, we provide an overview and analysis of our compensation program and policies, the material compensation decisions we have made under those programs and policies, and the material factors that we considered in making compensation decisions for our Named Executive Officers, as defined under the heading "Additional Information Regarding Executive Compensation." Specific information regarding the compensation earned by or paid to our Named Executive Officers in 2008 is set forth in a series of tables under the heading "Additional Information Regarding Executive Compensation." The discussion below is intended to help shareholders understand the detailed information provided in those tables and put that information into context within our overall compensation program.

### Overview of Compensation Program

The Compensation Committee (the "Committee") of our Board of Directors has responsibility for establishing, implementing and continually monitoring adherence with our compensation philosophy, maintaining competitive compensation and structuring compensation to achieve our compensation objectives. Generally, the types of compensation and benefits we provide to our Named Executive Officers are similar to those provided to our other executive officers.

### Compensation Philosophy and Objectives

The Committee believes that compensation paid to our Named Executive Officers should be directly aligned with our performance, and that compensation should be structured to ensure that a significant portion of our named executives officers' compensation opportunities are directly related to achievement of our financial and operational goals, such as meeting profitability targets, operating within the capital expenditures budget, securing new projects within the Caribbean, obtaining contract extensions with current customers and keeping current on the industry's engineering advances in seawater conversion technology, all of which impact shareholder value. The Committee evaluates both performance and compensation to ensure that we maintain our ability to attract and retain highly skilled and motivated employees in key positions and that compensation provided to key employees remains competitive relative to the compensation paid to similarly situated executives of companies listed on the major United States stock exchanges with market capitalizations between $250 million and $450 million (our "Peer Companies"). To that end, the Committee believes that the executive compensation packages we provide to our executives, including our Named Executive Officers, should include a mix of base salary and equity-based and incentive-based compensation.

Our compensation decisions with respect to our Named Executive Officer compensation opportunities are influenced by (a) the executive's level of responsibility and function within the Company, (b) our overall performance and profitability, and (c) our assessment of the competitive marketplace, including our competitors in our geographical business area such as GE Water, TSG Water Resources, Inc., VWNA Caribbean, LLC and Seven Seas Water Corp.

**Setting Executive Compensation**

Based on the foregoing philosophy and objectives, the Committee has structured our Named Executive Officers' base salary and equity-based and incentive-based compensation to motivate executives to achieve our business goals and reward the executives for achieving such goals.

In determining the compensation of our Named Executive Officers as set forth in their most recent employment agreements, the Committee reviewed executive compensation data for 2005 and 2006 for Peer Companies. Using this information, the Committee determined the total compensation of our Named Executive Officers, pursuant to their current employment agreements, adjusting upward between 20-25% to account for the cost of living in the Cayman Islands as compared to that of the United States.

We compete with many companies for top executive-level management and technical talent and have been unsuccessful in the past when we attempted to recruit executives to relocate to the Cayman Islands. As such, the Committee generally sets compensation targets for our Named Executive Officers who live in the Cayman Islands that are 20-25% above the compensation paid to similarly situated U.S. executives of our Peer Companies in order to attract and to retain our Cayman Islands based Named Executive Officers. However, the Committee may set compensation for our Named Executive Officers above or below this standard as dictated by the experience level of the individual and market factors.

A significant percentage of the total compensation paid to our Named Executive Officers is allocated to incentive-based compensation, as a result of the philosophy and objectives mentioned above. In 2008, the annual bonuses paid to our Named Executive Officers ranged from 12% to 23% of the total compensation paid to our Named Executive Officers.

**Role of Chief Executive Officer in Compensation Decisions**

Our Chief Executive Officer recommends to the Compensation Committee a base salary within a designated range for each of our Vice-Presidents and our Chief Financial Officer. The Compensation Committee makes the final decision regarding base salary, based upon the range suggested by our Chief Executive Officer, and sets their other compensation components. Our Chief Executive Officer is not involved with the setting of compensation for the Chairman or himself.

**2008 Executive Compensation Components**

For the fiscal year ended December 31, 2007 and 2008, the principal components of compensation for our Named Executive Officers were:

- base salary;
- equity-based compensation;
- incentive-based compensation;
- retirement and other benefits; and
- perquisites and other personal benefits.

***Base Salary***

Base salaries for our executives are established based on the scope of their responsibilities and their prior relevant background, training, and experience, taking into account competitive market compensation paid by the companies represented in the compensation data the Committee reviewed for similar positions and the overall market demand for such executives at the time of hire or entry into employment agreements. As with total compensation, we believe that executive base salaries should be competitive with the salaries paid to executives in similar positions and with similar responsibilities in the companies of similar size to us represented in the compensation data reviewed. An executive's base salary is also evaluated together with other components of the executive's other compensation to ensure that the executive's total compensation is in line with our overall compensation philosophy and objectives.

Base salaries are reviewed annually and increased based upon (i) a need to realign base salaries with market levels for the same positions in the companies of similar size to us represented in the compensation data reviewed; (ii) an internal review of the executive's compensation, both individually and relative to other executive officers; (iii) the individual performance of the executive and (iv) an assessment of whether significant corporate goals were achieved. Additionally, we may adjust base salaries as warranted throughout the year for promotions or other changes in the scope or breadth of an executive's role or responsibilities.

***Equity-Based Compensation***

Under the terms of the employment agreement for our Chief Financial Officer that was effective through December 31, 2007, he was entitled to receive the equivalent in value of $40,000 of our ordinary shares annually. Such shares vest quarterly in increments of 12.5% over a two-year period beginning at the start of each year. For purposes of determining the number of ordinary shares equivalent in value to $40,000, we use the average of the closing bid and ask prices of the ordinary shares on the principal market on which our ordinary shares are traded for the five business days prior to the date that the amount of ordinary shares to be issued to our Chief Financial Officer is calculated.

We believe that equity ownership resulting from equity-based compensation earned by our Chief Financial Officer is an effective means of creating a long-term link between the compensation provided to our Chief Financial Officer with gains realized by our shareholders.

We entered into a new employment agreement with our Chief Financial Officer in January 2008 that supersedes his previous employment agreement effective January 1, 2008. The $40,000 of equity-based compensation discussed above is not a component of compensation under this new agreement. However, any shares granted under the previous agreement through December 31, 2007 will continue to vest assuming this executive continues his employment with us.

***Incentive-Based Compensation***

*Annual Bonus.* A significant amount of total compensation for which our Named Executive Officers are entitled is comprised of an annual bonus. For 2007, our Chairman and Chief Executive Officer were entitled to an annual performance bonus equal to 1.5% and 2%, respectively, of net profit, subject to a cap measured as 40% and 50% of their respective base salaries and were also entitled to an annual incremental bonus equal to 15% and 5%, respectively, of the increase (if any) of net profit for a

financial year over all prior years highest net profit. The annual bonuses paid to our Chairman and our Chief Executive Officer for 2007 were paid 75% in cash and 25% in ordinary shares.

Our Chief Executive Officer's bonus for 2008 was determined at the sole discretion of the Company's Board of Directors. The amount of the 2008 annual bonus was calculated by the Board of Directors based upon their assessment of the performance of Mr. McTaggart in the following areas: (a) the Company achieving its budgeted net income and earnings per share targets, (b) Mr. McTaggart facilitating the Company's revenue growth through project extensions and new projects, (c) the Company staying within the approved capital expenditure budgets for operations, project extensions and new projects, (d) Mr. McTaggart fostering excellent communications with the Board of Directors and being receptive to input from the Board of Directors, (e) Mr. McTaggart executing any special projects as assigned by the Board of Directors, and (f) the development and maintenance of excellent customer relations. Our Chairman resigned his executive position with our Company in 2008 and, as non-executive Chairman of the Company, was not entitled to an annual bonus for 2008.

Our Chief Financial Officer was entitled to an annual bonus for 2007 and 2008 in an amount not less than 25% of his then current base salary based on meeting certain performance goals agreed to with our Chief Executive Officer. In 2007 and 2008, our Chief Executive Officer set performance goals for the Chief Financial Officer with respect to various financial initiatives and the financial reporting process. The bonus paid to our Chief Financial Officer is paid in cash.

For 2007, all Vice Presidents, except our Chief Financial Officer, were entitled to an annual bonus equal to 2.5% of the increase (if any) of net profit for a financial year over all prior years' highest net profit, subject to a cap measured as 40% of their respective, then current base salaries. For 2008, our Vice Presidents were entitled to an annual bonus in an amount not less than 20% of their then current base salary based on meeting defined performance goals agreed to with our Chief Executive Officer. The annual bonuses, if any, paid to our Vice-Presidents are paid in cash.

In its discretion, the Committee may award bonus payments to our Vice-Presidents or our Chief Financial Officer above or below the amounts specified in their respective employment agreements. These bonus provisions are intended, in accord with our compensation philosophies and objectives, to align executive interests with shareholder interests.

Unless the provisions in our employment agreements relating to incentive compensation are amended, our Named Executive Officers will continue to receive incentive-based compensation as set forth above. As the employment agreements of our other Named Executive Officers come up for renewal, the Committee plans to obtain information regarding compensation information for comparable level officers at other companies to determine if our Named Executive Officers' compensation levels are competitive and have the right mix of incentive-based compensation.

*Equity Incentives.* We believe that equity ownership is one of the more effective means of aligning the interests of our Named Executive Officers with those of our shareholders.

Through December 31, 2007, our Vice-Presidents were eligible to participate in an employee share incentive plan for our long-term employees who are not directors. Under the employee share incentive plan, employees were issued redeemable preference shares on an annual basis at no cost based on a formula which took into consideration the employee's salary and the total dividend paid to ordinary shareholders as a percentage of the total shareholder's equity in each year. If an employee remained employed by us for at least four years, we were obligated to exchange the redeemable

preference shares (whether or not the redeemable preference shares have been held for four years) for the same number of ordinary shares. We were also obligated to exchange the redeemable preference shares for an equal number of ordinary shares if an employee's employment with us or any of our affiliates terminated by reason of the employee's death, permanent disability or the employee reached the age of 65 years. However, if an employee's employment with us or any of our affiliates terminated for any other reason, we could at any time up to and including the first anniversary of such termination, redeem the employee's redeemable preference shares for cash equal to 75% of the average of the closing market price for our ordinary shares on each of the first seven trading days in the month of October of the year in which the redeemable preference shares were issued to the employee.

Additionally, when an employee was issued redeemable preference shares, the employee was also granted an option to purchase an equal number of redeemable preference shares at approximately 75% of the average market price of the ordinary shares. The exercise price was determined using the average of the closing market price for our ordinary shares on each of the first seven trading days in the month of October of the year in which the redeemable preference shares were issued to the employee. The grant date was determined as 90 days after the date of the auditor's certificate on the financial statements for the relevant year. This option expires, unless exercised by the employee, within thirty (30) days after the date of grant.

Under the new employment agreements consummated with our Chief Financial Officer and Vice-Presidents that became effective January 1, 2008, such Named Executive Officers no longer participate in the employee share incentive plan discussed above. Under their new agreements, these individuals received options to purchase ordinary shares under the 2008 Equity Incentive Plan, which was approved by our shareholders in May 2008. Under the 2008 Equity Incentive Plan, we may grant directors, executives and key employees, including our Chief Financial Officer and Vice-Presidents, stock options, restricted stock, restricted stock units, stock equivalents and awards of ordinary shares. The Compensation Committee selects participants to receive awards and determines the terms and conditions of each award, including the number of ordinary shares subject to awards, the price, if any, a participant pays to receive or exercise an award, the time or times when awards vest or may be exercised, settled or forfeited, any performance goals, restrictions or other conditions to vest in, exercise, or settle awards, and the effect on awards of the disability, death, or termination of service of participants.

In determining the number of options to be granted to our Chief Financial Officer and Vice Presidents in 2008, we took into account competitive market data, the individual's position, scope of responsibility, ability to affect profits and shareholder value, the individual's historic and recent performance and the value of stock options in relation to other elements of total compensation.

All stock options granted to our Named Executive Officers in 2008 incorporate the following features:

- the options vest one-third per year over three years beginning on the first anniversary of the date of grant;
- the options expire with regard to vested shares three years from the applicable vesting date; and
- under certain circumstances, the options are forfeited with regard to unvested shares upon separation from the Company.

We decided to use stock options as a long-term incentive vehicle for our Chief Financial Officer and our Vice-Presidents because:

- stock options align the interests of executives with those of our shareholders, support a pay-for-performance culture, foster employee stock ownership, and focus our management team on increasing value for our shareholders;
- stock options are performance based (i.e., all of the value received by the recipient from a stock option is based on the growth of the stock price above the option price); and
- the vesting terms for stock options create incentive for increases in shareholder value over a longer term and encourages executive retention.

***Pension Plan***

As with every employer in the Cayman Islands, we are required by the National Pension Law to provide a pension plan for our employees in the Cayman Islands. We belong to the Cayman Islands Chamber Pension Plan, the Ocean Conversion Staff Pension Plan and the Fidelity Pension Plan in the Cayman Islands. The Chamber Pension Plan is a non-profit entity, which is administered by the Bank of Butterfield, the Ocean Conversion Staff Pension Plan has as its trustee Colonial Private Trustee Limited and is administered by the British Caymanian Insurance Company Ltd, and the Fidelity Pension Plan is administered by Fidelity Pension Services (Cayman) Limited who are also the trustees of the plan.

Under the Cayman Islands National Pensions Law, all employees between the ages of 18 and 60 must contribute a specified minimum percentage of their earnings to a pension plan. Until recently, the exact percentage of contributions varied according to the age of each employee. Since June 1, 2002, however, all employees must contribute 5% of their earnings to a pension plan. An employee also has the option of contributing more than the prescribed minimum. We are required to match the contribution of the first 5% of each participating employee's salary to a maximum of $72,000. Employees earning more than $72,000 are not required to make contributions on amounts over $72,000. All contributions by our employees are collected by us and paid into the various pension plans on a monthly basis.

All three plans are defined contribution plans, and as such the amount that an employee receives upon retirement is directly related to the amount contributed to the plan by the employee while working. Once an employee retires (employees become eligible for retirement at age 60 in the Cayman Islands), an employee has the following options for receiving benefits:

- Receive a cash payout if the employee's retirement savings is less than $6,000;
- Transfer the retirement savings to a life annuity for investment by a life insurance company and payment of a regular income stream to the employee for the remainder of the employee's life (and the employee's spouse's life if the employee is married at the time of retirement); or
- Transfer the retirement savings to a Retirement Savings Arrangement account with an approved provider or bank and receive regular income payments until the account is depleted.

***Perquisites and Other Personal Benefits***

Pursuant to our Chief Executive Officer's employment agreement, we provided our Chief Executive Officer with a suitable vehicle, the monthly expense of which was $250 in 2007 and $563 in 2008. Pursuant to our Chief Financial Officer's current and former employment agreements, we provided our Chief Financial Officer with an automobile expense allowance which amounted to $750 per month in 2007 and $850 per month in 2008. Pursuant to the employment agreements with our Vice Presidents of Overseas Operations and Sales and Marketing, we provided each of them with an automobile expense allowance of $850 per month in 2008. We provided our Vice President of Cayman Operations with an automobile allowance of $208 per month in 2007 and $429 per month in 2008 pursuant to his employment agreement.

***Termination-Based Compensation***

*Termination*

Our Named Executive Officers' employment agreements may be terminated upon the occurrence of the following:

i. the death of the Named Executive Officer;

ii. the Named Executive Officer being adjudicated bankrupt;

iii. the Named Executive Officer giving six month's notice of termination; and

iv. the Named Executive Officer being unable to discharge his duties due to physical or mental illness for a period of more than 60 days.

Additionally, our Chief Financial Officer's employment agreement may be terminated due to his conviction of a felony or his commission of an act or omission that could result in material harm to us or conduct justifying dismissal under Cayman Island law. Our other Named Executive Officers' employment agreements may be terminated due to conduct by such Named Executive Officer justifying dismissal under Cayman Island law.

Upon termination due to the Named Executive Officer's inability to discharge his duties due to physical or mental illness for a period of more than 60 days, the Named Executive Officer will be relieved of his duties. In the case of all Named Executive Officers other than our Chief Financial Officer, we will pay such Named Executive Officer $1,000 per year, provide medical insurance for him and his family, and contribute to a pension fund for the Named Executive Officer for a period of two years. In the case of our Chief Financial Officer, we will pay him $1,000 per year and provide medical insurance for him and his family for a period of one year.

If our Chief Financial Officer's employment agreement is terminated by our Chief Financial Officer upon six month's notice or due to his commission of an act or omission that could result in material harm to us, he will forfeit all unvested shares issued pursuant to his employment agreement. If his employment agreement is otherwise terminated or upon a "Change in Control," as defined below, all unvested shares issued pursuant to his employment agreement will vest immediately.

*Severance*

Upon termination of employment, our Chief Executive Officer and Chief Financial Officer are entitled to receive severance payments under their employment agreements. In determining whether to approve and setting the terms of such severance arrangements, the Committee recognizes that executives, especially highly ranked executives, often face challenges securing new employment following termination. Our Chief Executive Officer's employment agreement provides for a lump sum severance payment equal to 24 months and our Chief Financial Officer's employment agreement provides for a lump sum severance payment of 12 months, of their then current respective base salary if their employment is terminated without cause or if their employment agreements are not renewed. The Committee negotiated our Chief Executive Officer's severance package to provide him an amount equal to his base salary for the length of his non-competition arrangement with us. Based upon the data reviewed by the Committee, we believe that our Chief Executive Officer's and Chief Financial Officer's severance packages are generally in line with severance packages offered to executive chief executive officers and chief financial officers of the companies of similar size and employee base.

*Change in Control*

Upon a "Change in Control," as defined below, our Chief Financial Officer may elect to terminate his employment and receive a lump sum payment equal to three times his then current base salary. In determining whether to approve and setting the terms of such Change in Control arrangement, the Committee recognizes the importance to the Company and our shareholders of avoiding the distraction and loss of key management personnel that may occur in connection with rumored or actual fundamental corporate changes. A properly arranged Change in Control provision protects shareholder interests by enhancing employee focus during rumored or actual Change in Control activity through:

- Incentives to remain with us despite uncertainties while a transaction is under consideration or pending; and

- Assurance of compensation for terminated employees after a Change in Control.

Our Chief Financial Officer's employment agreement provides that, at his election, he may terminate his employment upon a Change in Control and receive a payment of 36 months of base his then current base salary. After reviewing the practices of companies represented in the compensation data we obtained, the Committee negotiated our Chief Financial Officer's Change in Control arrangement to provide him an amount equal to three times his base salary. We believe that our Chief Financial Officer's Change in Control arrangement is generally in line with such arrangements offered to chief financial officers of the companies of similar size to us represented in the compensation data reviewed.

For the purposes of this discussion, a "Change of Control" means where: (i) any person, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, publicly announces that such person or group has become the beneficial owner of more than 30% of the combined voting power ("Controlling Voting Power") of our then outstanding securities that may be cast for the election of directors and (ii) the persons who were our directors before such event shall cease to constitute a majority of our Board of Directors, or any successor, as the direct or indirect result of any person or group acquiring Controlling Voting Power.

**Compensation Committee Report**

The Committee, comprised of independent directors, reviewed and discussed the above Compensation Discussion & Analysis ("CD&A") with the Company's management. Based on the review and discussions, the Committee recommended to the Company's Board of Directors that the CD&A be included in this Annual Report on Form 10-K.

Compensation Committee

Richard L. Finlay
Wilmer F. Pergande
Leonard J. Sokolow

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## ADDITIONAL INFORMATION REGARDING EXECUTIVE COMPENSATION

### Summary Compensation Table

The following table summarizes the compensation of our (1) Chief Executive Officer, (2) Chief Financial Officer and (3) our three other most highly compensated executive officers based upon total compensation (collectively, our "Named Executive Officers") for the fiscal year ended December 31, 2008.

| Name and Principal Position | Year | Salary ($) | Bonus ($) (1) | Stock Awards ($) (2) | Option Awards ($) (3) | Non-Equity Incentive Plan Compensation ($) (4) | All Other Compensation ($) (5) | Total ($) |
|---|---|---|---|---|---|---|---|---|
| Frederick W. McTaggart | | | | | | | | |
| *Chief Executive Officer* | 2008 | 375,000 | 115,000 | — | — | — | 10,360 | 500,360 |
| | 2007 | 230,000 | 312,508 | — | — | — | 6,600 | 549,108 |
| | 2006 | 223,416 | 175,379 | — | — | — | 6,600 | 405,395 |
| David W. Sasnett (6) | | | | | | | | |
| *Executive VP & Chief* | 2008 | 221,000 | 50,000 | 30,000 | 93,941 | — | 10,200 | 405,141 |
| *Financial Officer* | 2007 | 202,500 | 50,625 | 40,000 | — | — | 9,000 | 302,125 |
| | 2006 | 155,000 | 67,500 | 20,000 | — | — | 8,400 | 250,900 |
| Ramjeet Jerrybandan | 2008 | 132,750 | 45,000 | — | 74,899 | — | 13,800 | 266,449 |
| *VP Overseas Operations* | 2007 | 122,570 | 49,028 | — | — | — | 3,600 | 175,198 |
| | 2006 | 102,000 | 24,644 | — | — | — | 3,600 | 130,244 |
| Gregory S. McTaggart | | | | | | | | |
| *VP Cayman* | | | | | | | | |
| *Operations* | 2008 | 132,750 | 30,000 | — | 74,899 | — | 8,750 | 246,399 |
| | 2007 | 128,750 | 51,500 | — | — | — | 6,100 | 186,350 |
| | 2006 | 125,000 | 35,816 | — | — | — | 6,100 | 166,916 |
| Gerard J. Pereira | | | | | | | | |
| *VP Sales and Marketing* | 2008 | 132,750 | 26,550 | — | 56,174 | — | 13,800 | 229,274 |
| | 2007 | 122,750 | 49,028 | — | — | — | 3,600 | 175,378 |
| | 2006 | 99,167 | 36,914 | — | — | — | 3,600 | 139,681 |

(1) Bonus amounts have been determined pursuant to the bonus terms outlined in our Named Executive Officers' respective employment agreements.

(2) Under the terms of Mr. Sasnett's employment agreement effective for 2007, he was entitled to receive the equivalent in value of $40,000 of our ordinary shares annually. Such shares vest quarterly in increments of 12.5% over a two-year period beginning on the date of grant.

(3) There were no option awards during 2006 and 2007 to Named Executive Officers. Options amounts have been determined pursuant to the option terms outlined in our Named Executive Officers' respective employment agreements.

(4) There was no non-equity incentive plan compensation during 2006, 2007 and 2008 to Named Executive Officers.

(5) Represents (i) pension plan contributions of $3,600 for each of Frederick W. and Gregory S. McTaggart, Ramjeet Jerrybandan and Gerard Pereira, (ii) car allowance of $10,200, $9,000 and $8,400 for Mr. Sasnett for 2008, 2007 and 2006, respectively; (iii) car allowance of $10,200 for Mr. Jerrybandan and Mr. Pereira for 2008; (iv) the cost to us in the amount of $5,150, $2,500 and $2,500 for the automobile used by Gregory S. McTaggart for 2008, 2007 and 2006, respectively; and (v) the cost to us in the amount of $6,760, $3,000 and $3,000 for the automobile used by Frederick W. McTaggart for 2008, 2007 and 2006, respectively.

(6) Mr. Sasnett assumed the position of Chief Financial Officer effective June 3, 2006. The 2006 information presented herein represents annualized compensation amounts paid for the period from June 2, 2006 to December 31, 2006.

**Employment Agreements**

*Frederick W. McTaggart-President and Chief Executive Officer*

On January 1, 2004, we entered into a three-year employment agreement with Frederick W. McTaggart, our President and Chief Executive Officer, pursuant to which he is paid $200,000 per annum. This agreement is subject to extension each year upon mutual agreement such that the term will be for three years from January 1st of the next following year. If we terminate Mr. Frederick McTaggart without cause, he is entitled to twice the annual remuneration set out in this agreement, adjusted for any annual increases received.

For each completed financial year, Mr. Frederick McTaggart was paid a bonus calculated as (a) 2% of the net profits for that financial year, before charging this bonus, dividends, or crediting any amounts arising from the re-valuation of our assets to a maximum of 50% of Mr. Frederick McTaggart's annual remuneration and (b) 5% of the amount by which our net profits for that financial year (calculated in the same manner as in (a) above) exceed the highest annual net profits earned by us in any prior financial year. This bonus was paid as to 75% in cash and 25% in our ordinary shares valued at the market price at the close of trading of the same on December 31st of the relevant financial year.

On September 14, 2007, we amended the employment agreement with Mr. McTaggart, commencing January 1, 2008, Mr. McTaggart's annual base salary increases from approximately $230,000 to $375,000. In addition, Mr. McTaggart's bonus after his 2007 fiscal year bonus will no longer be calculated as (a) 2% of the net profit of the Company's annual net profits, before charging the bonus amount, dividends, or crediting any amounts arising from the re-valuation of the Company's assets to a maximum of 50% of Mr. McTaggart's annual remuneration and (b) 5% of the amount by which the Company's net profits for that fiscal year exceeded the highest annual net profits earned by the Company in any prior fiscal year.

Pursuant to the terms of the amended employment agreement, Mr. McTaggart's bonus will be determined, at the sole discretion of the Company's Board of Directors, and will be paid in an amount not to exceed 100% of Mr. McTaggart's then-current annual compensation. The amount of the annual bonus, if any, will be calculated by the Board of Directors based upon their assessment of the performance of Mr. McTaggart in the following areas: (a) the Company achieving its budgeted net income and earnings per share targets, (b) Mr. McTaggart facilitating the Company's revenue growth through project extensions and new projects, (c) the Company staying within the approved capital expenditure budgets for operations, project extensions and new projects, (d) Mr. McTaggart fostering excellent communications with the Board of Directors and being receptive to input from the Board of Directors, (e) Mr. McTaggart executing any special projects as assigned by the Board of Directors, and (f) the development and maintenance of excellent customer relations.

The annual bonus, if any, will be paid 75% in cash and 25% in the Company's ordinary shares valued at the market price at the close of trading on December 31, of the relevant fiscal year (or if such day is not a trading day, at the close of trading on the preceding trading day). Finally, Mr. McTaggart will be entitled to a discretionary bonus in an amount and form as determined at the sole discretion of the Board of Directors. Pursuant to NASDAQ rules, the payment of a bonus in stock must be approved by the shareholders of the Company.

*David W. Sasnett-Executive Vice President & Chief Financial Officer*

On May 22, 2006, we entered into a 19-month employment agreement with David W. Sasnett, pursuant to which Mr. Sasnett began serving as our Executive Vice President and Chief Financial Officer effective June 3, 2006. Under the terms of the employment agreement, Mr. Sasnett was entitled to an annual base salary of $155,000 and a performance bonus equal to 25% of Mr. Sasnett's then current salary if benchmarks to be agreed upon by our Chief Executive Officer and Mr. Sasnett were met. We agreed to issue Mr. Sasnett a number of our ordinary shares having an aggregate value of $40,000. Such shares vest quarterly in increments of 12.5% over a two-year period beginning on May 22, 2006. If Mr. Sasnett terminates the Employment Agreement upon giving 90 day's notice after a "Change of Control," we agreed to pay Mr. Sasnett an amount equal to twice his then current salary.

Under this previous agreement if Mr. Sasnett remains employed by us, we will issue Mr. Sasnett an additional number our ordinary shares having an aggregate value of $40,000 on each anniversary of the Employment Agreement, which shares will vest quarterly in increments of 12.5% over a two-year period beginning on the date of each such grant. The number of ordinary shares equivalent in value to $40,000 shall be determined using the average of the closing bid and asked prices of the ordinary shares on the principal market on which such ordinary shares are traded for the five business days prior to the date that the amount of such ordinary shares to be issued to Mr. Sasnett is calculated. Additionally, we provided Mr. Sasnett with an initial monthly automobile allowance of $700 that increased by $50 per month on the first of each new fiscal year.

On January 15, 2008, we entered into a new two-year employment agreement with Mr. Sasnett. Under the terms the employment agreement, Mr. Sasnett is entitled to an annual base salary of $221,000 and a performance bonus equal to 25% of Mr. Sasnett's then current base salary if performance goals to be agreed upon by the Company's Chief Executive Officer and Mr. Sasnett are met. The Board of Directors of the Company, may in its sole discretion, after taking into consideration the recommendations of the Company's Chief Executive Officer, pay Mr. Sasnett a bonus in excess of 25% of Mr. Sasnett's base salary. Mr. Sasnett is also entitled to a monthly automobile expense allowance of $850. If the Chief Executive Officer of the Company or the Company decide not to extend the term of the Employment Agreement, the term of the Employment Agreement will expire on December 31 of the year in which such decision is made and the Company will be obligated to pay Mr. Sasnett, in cash, a severance payment equal to his base salary on the expiration date.

The Company granted Mr. Sasnett a stock option to purchase 22,200 ordinary shares at an exercise price of $30.40 per share. The options will vest in tranches of 7,400 shares each on January 1, 2009, 2010 and 2011. The options expire three years from the applicable vesting date.

*Gregory S. McTaggart-Vice President of Cayman Operations*

On January 18, 2005, we entered into a two-year employment agreement with Gregory S. McTaggart, our Vice President of Cayman Operations, pursuant to which he is paid $105,000 per annum. This agreement is subject to extension each year if the Chief Executive Officer so determines and shall be extended for a further term not exceeding two years.

For each completed financial year, Mr. Gregory McTaggart will be paid a bonus calculated as 2.5% of the amount by which our net profits for that financial year (before charging this bonus, dividends, or crediting any amounts arising from the re-valuation of our assets) exceed the highest annual net profits earned by us in any prior financial year to a maximum of 40% of Mr. Gregory

McTaggart's annual remuneration. This bonus shall be paid as to in cash or in our ordinary shares valued at the market price at the close of trading on December 31st of the relevant financial year (or if such day is not a trading day, at the close of trading on the preceding trading day), or as a combination of both at the Vice President election.

On January 11, 2008, we entered into a new employment agreement with Mr. McTaggart. Under the terms this employment agreement, Mr. McTaggart is entitled to an annual base salary of $132,750 and a performance bonus of not less than 25% of Mr. McTaggart's base salary for the year pursuant to the completion of Performance Goals agreed between Mr. McTaggart and the Chief Executive Officer of the Company. The Board of Directors of the Company, may in its sole discretion, after taking into consideration the recommendations of the Company's Chief Executive Officer, pay Mr. McTaggart a bonus in excess of 25% of Mr. McTaggart's base salary. The performance bonus must be paid entirely in cash.

The Company granted Mr. McTaggart a stock option to purchase 17,700 ordinary shares at an exercise price of $30.40 per share. The options will vest in tranches of 5,900 shares each on January 1, 2009, 2010 and 2011. The options expire three years from the applicable vesting date.

*Ramjeet Jerrybandan-Vice President of Overseas Operations*

On November 24, 2006, we entered into a 26-month employment agreement with Ramjeet Jerrybandan, our Vice President of Overseas Operations, pursuant to which he was paid $119,000 per annum. This agreement was subject to extension each year if the Chief Executive Officer so determined and could have been extended for a further term not exceeding two years.

For each completed financial year, Mr. Jerrybandan was to be paid a bonus calculated as 2.5% of the amount by which our net profits for that financial year (before charging this bonus, dividends, or crediting any amounts arising from the re-valuation of our assets) exceed the highest annual net profits earned by us in any prior financial year to a maximum of 40% of Mr. Jerrybandan's annual remuneration. This bonus was to be paid in cash or in our ordinary shares valued at the market price at the close of trading on December 31st of the relevant financial year (or if such day was not a trading day, at the close of trading on the preceding trading day), or as a combination of both at the Vice President's election.

On January 14, 2008, we entered into a new employment agreement with Mr. Jerrybandan. Under the terms this employment agreement, Mr. Jerrybandan is entitled to an annual base salary of $132,750 and a performance bonus of not less than 25% of his base salary for the year pursuant to the completion of performance goals agreed to between Mr. Jerrybandan and the Chief Executive Officer of the Company. The Board of Directors of the Company, may in its sole discretion, after taking into consideration the recommendations of the Company's Chief Executive Officer, pay Mr. Jerrybandan a bonus in excess of 25% of Mr. Jerrybandan's base salary. The performance bonus must be paid entirely in cash.

The Company granted Mr. Jerrybandan a stock option to purchase 17,700 ordinary shares at an exercise price of $30.40 per share. The options vest in tranches of 5,900 shares each on January 1, 2009, 2010 and 2011. The options expire three years from the applicable vesting date.

Pursuant to the terms of the employment agreement, the Company will provide Mr. Jerrybandan with a monthly automobile expense allowance of $850. This will increase on January 1 of each subsequent year by $50 per month during the term of this agreement.

*Gerard J. Pereira-Vice President of Sales and Marketing*

On January 14, 2005, we entered into a two-year employment agreement with Gerard J. Pereira, pursuant to which he served as our Vice President of Engineering and was paid $100,000 per annum. This agreement was subject to extension each year if the Chief Executive Officer so determined and could have been extended for a further term not exceeding two years.

For each completed financial year, Mr. Pereira was to be paid a bonus calculated as 2.5% of the amount by which our net profits for that financial year (before charging this bonus, dividends, or crediting any amounts arising from the re-valuation of our assets) exceed the highest annual net profits earned by us in any prior financial year to a maximum of 40% of Mr. Pereira's annual remuneration. This bonus was to be paid in cash or in our ordinary shares valued at the market price at the close of trading on December 31st of the relevant financial year (or if such day is not a trading day, at the close of trading on the preceding trading day), or as a combination of both at the Vice President's election.

On January 16, 2008, we entered into a new employment agreement with Mr. Pereira. Under the terms this employment agreement, Mr. Pereira is entitled to an annual base salary of $132,750 and a performance bonus of not less than 20% of Mr. Pereira's base salary for the year pursuant to the completion of performance goals agreed between Mr. Pereira and the Chief Executive Officer of the Company. The Board of Directors of the Company, may in its sole discretion, after taking into consideration the recommendations of the Company's Chief Executive Officer, pay Mr. Pereira a bonus in excess of 20% of Mr. Pereira's base salary. The performance bonus must be paid entirely in cash.

The Company granted Mr. Pereira a stock option to purchase 13,275 ordinary shares at an exercise price of $30.40 per share. The options vest in tranches of 4,425 shares each on January 1, 2009, 2010 and 2011. The options expire three years from the applicable vesting date.

Pursuant to the terms of the employment agreement, the Company will provide Mr. Pereira with a monthly automobile expense allowance of $850. This will increase on January 1 of each subsequent year by $50 per month during the term of this agreement.

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**Grants of Plan-Based Awards**

The following tables present information with respect to the stock options granted in the fiscal year ended December 31, 2008 to the Named Executive Officers. There can be no assurance that the Grant Date Fair Value of Option Award will ever be realized by the individual. The amount of these awards that were expensed is shown in the Summary Compensation Table.

| Name | Grant Date | Expiration Date | Number of Securities Underlying Options Granted | Exercise Price | Grand Date Fair Value of Option Award (1) |
|---|---|---|---|---|---|
| Frederick W. McTaggart | — | — | — | — | $ — |
| David W. Sasnett | 5/14/2008 | 1/1/2014 (2) | 22,200 | $ 30.40 | $ 15.45 |
| Ramjeet Jerrybandan | 5/14/2008 | 1/1/2014 (2) | 17,700 | $ 30.40 | $ 15.45 |
| Gregory S. McTaggart | 5/14/2008 | 1/1/2014 (2) | 17,700 | $ 30.40 | $ 15.45 |
| Gerard J. Pereira | 5/14/2008 | 1/1/2014 (2) | 13,275 | $ 30.40 | $ 15.45 |

(1) Represents compensation cost of option awards as described in SFAS No. 123(R).

(2) These options vest in equal tranches on each of January 1, 2009, 2010 and 2011 and expire three years from the applicable vesting date.

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**Outstanding Equity Awards at Fiscal Year-End**

The following table summarizes the outstanding option awards as of December 31, 2008 for each Named Executive Officer.

| Name | Number of Securities Underlying Unexercised Options at Fiscal Year End | | Option Exercise Price | Option Grant Date | Option Expiration Date |
|---|---|---|---|---|---|
| | Exercisable | Unexercisable | | | |
| Frederick W. McTaggart | — | — | — | — | — |
| David W. Sasnett | 7,400 | 14,800 (1) | $ 30.40 | 5/14/2008 | 1/1/2014 (2) |
| Ramjeet Jerrybandan | 5,900 | 11,800 (1) | $ 30.40 | 5/14/2008 | 1/1/2014 (2) |
| Gregory S. McTaggart | 5,900 | 11,800 (1) | $ 30.40 | 5/14/2008 | 1/1/2014 (2) |
| Gerard J. Pereira | 4,425 | 8,850 (1) | $ 30.40 | 5/14/2008 | 1/1/2014 (2) |

(1) These options vest in equal tranches on each of January 1, 2009, 2010 and 2011.
(2) These options expire three years from the applicable vesting date.

**Option Exercises and Stock Vested**

The following table shows the number of our ordinary shares acquired during 2008 upon the exercise of options.

| | **Option Awards** | | **Stock Awards** | |
|---|---|---|---|---|
| **Name** | **Number of Shares Acquired on Exercise (#)** | **Value Realized on Exercise ($)** | **Number of Shares Acquired on Vesting (#)** | **Value Realized on Vesting ($)** |
| Frederick W. McTaggart | — | — | — | — |
| David W. Sasnett | — | — | 1,268 | 22,846 |
| Ramjeet Jerrybandan | — | — | — | — |
| Gregory S. McTaggart | — | — | — | — |
| Gerard J. Pereira | — | — | — | — |

**Pension Benefits**

We do not have any defined benefit plans and only offer defined contribution plans.

**Non-Qualified Deferred Compensation**

We do not have any non-qualified deferred contribution plans or other deferred compensation plans.

**Potential Payments Upon Termination or Change of Control**

The section below describes the payments that may be made to Named Executive Officers upon termination or Change in Control, as defined below, pursuant to individual agreements. For payments made to a participant upon a retirement other than in connection with termination or a Change in Control, see Pension Benefits above.

*Termination*

Our Named Executive Officers' employment agreements may be terminated upon the occurrence of the following:

- the death of the Named Executive Officer;
- the Named Executive Officer being adjudicated bankrupt;
- the Named Executive Officer giving six month's notice of termination; and
- the Named Executive Officer being unable to discharge his duties due to physical or mental illness for a period of more than 60 days.

Additionally, our Chief Financial Officer's employment agreement may be terminated due to his conviction of a felony or his commission of an act or omission that could result in material harm to us or conduct justifying dismissal under Cayman Island law. Our other Named Executive Officers' employment agreements may be terminated due to conduct by such Named Executive Officer justifying dismissal under Cayman Island law.

Upon termination due to the Named Executive Officer's inability to discharge his duties due to physical or mental illness for a period of more than 60 days, the Named Executive Officer will be terminated. In the case of all Named Executive Officers other than our Chief Financial Officer, we will pay such Named Executive Officer $1,000 per year, provide medical insurance for him and his family, and contribute to a pension fund for the Named Executive Officer for a period of two years. In the case of our Chief Financial Officer, we will pay him $1,000 per year and provide medical insurance for him and his family for a period of one year.

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Assuming our Named Executive Officers' employment were terminated on December 31, 2008 due to the Named Executive Officer's inability to discharge his duties due to physical or mental illness for a period of more than 60 days, the compensation due to our Named Executive Officers would be as set forth in the following table.

| Name | Salary ($) | Medical Insurance ($) | Pension Fund Contribution ($) | Total Compensation ($) |
|---|---|---|---|---|
| Frederick W. McTaggart | 2,000 | 28,526 | 7,200 | 37,726 |
| David W. Sasnett | 1,000 | 22,080 | — | 23,080 |
| Ramjeet Jerrybandan | 2,000 | 9,656 | 7,200 | 18,856 |
| Gregory S. McTaggart | 2,000 | 9,529 | 7,200 | 18,729 |
| Gerard J. Pereira | 2,000 | 28,526 | 7,200 | 37,726 |

If our Chief Financial Officer terminates his employment agreement with six month's prior notice or if we terminate his employment agreement due to his commission of an act or omission that could result in material harm to us or conduct justifying dismissal under Cayman Island law, he will forfeit all unvested shares issued pursuant to his employment agreement. If his employment agreement is otherwise terminated or upon a "Change in Control," as defined below, all unvested shares issued pursuant to his employment agreement will vest immediately.

*Severance*

Upon termination of employment, our Chief Executive Officer and Chief Financial Officer are entitled to receive severance payments under their employment agreements. Our Chief Executive Officer's and Chief Financial Officer's employment agreements provide for a lump sum severance payment equal to 24 months and 12 months, respectively, of their then current respective base salary if their employment is terminated without cause or if their employment agreements are not renewed. The Committee negotiated our Chief Executive Officer's severance packages to provide him an amount equal to their base salary for the length of his non-competition arrangement with us. If our Chief Executive Officer's or Chief Financial Officer's employment agreements were terminated on December 31, 2008, they would have received a lump sum payment of $750,000 and $221,000, respectively.

*Change in Control*

Upon a "Change in Control," as defined below, our Chief Financial Officer may elect to terminate his employment and receive a lump sum payment equal to three times his then current base salary. In determining whether to approve and setting the terms of such Change in Control arrangement, the Committee recognizes the importance to us and our shareholders of avoiding the distraction and loss of key management personnel that may occur in connection with rumored or actual

fundamental corporate changes. A properly arranged Change in Control provision protects shareholder interests by enhancing employee focus during rumored or actual Change in Control activity through:

- Incentives to remain with us despite uncertainties while a transaction is under consideration or pending; and

- Assurance of compensation for terminated employees after a Change in Control.

Our Chief Financial Officer's employment agreement provides that, at his election, he may terminate his employment upon a Change in Control and receive a payment of 36 months of his then current base salary. After reviewing the practices of companies represented in the compensation data we obtained, the Committee negotiated our Chief Financial Officer's Change in Control arrangement to provide him an amount equal to three times his base salary. We believe that our Chief Financial Officer's Change in Control arrangement is generally in line with such arrangements offered to chief financial officers of the companies of similar size to us represented in the compensation data reviewed. If our Chief Financial Officer's employment agreement had been terminated on December 31, 2008, he would have received a lump sum payment of $663,000.

For the purposes of this discussion, a "Change of Control" means where: (i) any person, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, publicly announces that such person or group has become the beneficial owner of more than 50% of the combined voting power ("Controlling Voting Power") of our then outstanding securities that may be cast for the election of directors and (ii) the persons who were our directors before such event shall cease to constitute a majority of our Board of Directors, or any successor, as the direct or indirect result of any person or group acquiring Controlling Voting Power.

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**Director Compensation**

The following table sets forth a summary of the compensation earned by our non-employee directors and/or paid to certain of our non-employee directors in 2008.

| Name | Fees Earned or Paid in Cash ($) | Stock Awards ($)(1) | Total ($) |
|---|---|---|---|
| Jeffrey M. Parker | 39,140 | — | 39,140 |
| Frederick W. McTaggart | — | — | — |
| David W. Sasnett | — | — | — |
| William T. Andrews | 27,600 | 6,409 | 34,009 |
| Brian E. Butler * | 29,400 | 7,310 | 36,710 |
| Steven A. Carr * | 36,700 | 10,150 | 46,850 |
| Carson K. Ebanks * | 20,200 | 4,338 | 24,538 |
| Richard L. Finlay * | 44,050 | 11,788 | 55,838 |
| Clarence B. Flowers, Jr. * | 28,000 | 6,866 | 34,866 |
| Wilmer F. Pergande * | 36,400 | 9,251 | 45,651 |
| Leonard J. Sokolow * | 48,950 | 12,245 | 61,195 |
| Raymond Whittaker * | 33,200 | 8,140 | 41,340 |

* The Board of Directors has determined that each of such persons is an "independent director" under the corporate governance rules of NASDAQ.

(1) Represents the grant date fair value computed in accordance with SFAS No. 123(R).

***Director Compensation Policy***

Our Chairman receives an annual retainer of $80,000 instead of meeting fees or stock compensation.

Each director who is not an executive officer is entitled to an annual retainer of $8,000 and an attendance fee of $2,800 for each quarterly Board of Directors' meeting attended, and $1,000 for any additional Board of Directors' meetings attended.

Each director who is a member of the Audit Committee is entitled to an attendance fee of $900 for each Audit Committee meeting attended, except for the chairman of the Audit Committee who is entitled to $1,650 for each Audit Committee meeting attended.

Each director who is a member of the Compensation Committee is entitled to an attendance fee of $900 for each Compensation Committee meeting attended, except for the chairman of the Compensation Committee who is entitled to $1,650 for each Compensation Committee meeting attended.

Each director who is a member of the Executive Committee is entitled to an attendance fee of $400 for each Executive Committee meeting attended.

Each director who is a member of the Nominations Committee is entitled to an attendance fee of $400 for each Nominations Committee meeting attended, except for the chairman of the Nominations Committee who is entitled to $900 for each Nominations Committee meeting attended.

In addition, under the non-executive directors share grant plan, a director receives ordinary shares worth the share equivalent of $1,200 for each quarterly Board of Directors meeting and $600 for each Committee meeting attended. The ordinary shares are calculated by dividing the accumulated share attendance fees by the prevailing market price on October 1st of the preceding year.

Directors who are executive officers on our Board of Directors are not entitled to an annual retainer or any attendance fees.

**Compensation Committee Interlocks and Insider Participation in Compensation Decisions**

The Compensation Committee of the Board of Directors consists of Messrs. Flowers, Finlay, and Pergande. No member of the Compensation Committee is, or at any time in the past has been, an officer or employee of the Company or any of its subsidiaries.

**Transactions With Related Persons**

In 2003, DWEER Technology Ltd., the owner of the DWEER™ technology, licensed the worldwide rights to the DWEER™ technology to Calder AG, a Swiss company. On February 26, 2004, we entered into a distributorship agreement with Calder AG, pursuant to which we have the exclusive right to distribute and sell in the Caribbean the products manufactured by Calder AG using the DWEER™ technology. This agreement was terminated in March 2009. William T. Andrews, Ph.D., a director of our Company and his spouse indirectly own 35% of the issued and outstanding shares of Calder AG. Dr. Andrews also is the Vice-Chairman of the Board of Directors of Calder AG. In addition, Dr. Andrews and his spouse own 100% of the issued and outstanding shares of DWEER Technology Ltd. During 2008, we paid $1,033,108 to Calder AG for DWEER™ equipment purchases.

The Company has a written policy regarding the review, approval or ratification of related person transactions. A related person transaction for the purposes of the policy is a transaction between the company and one of the Company's directors or nominees for director, executive officers or 5% shareholders, or a member of one of these person's immediate family, in which such person has a direct or indirect material interest and involves more than $120,000. Under this policy, related person transactions are prohibited unless the Audit Committee has determined in advance that the transaction is in the best interests of the Company.

The Board of Directors has determined that all of the current directors, other than Messrs. Parker, McTaggart, Sasnett, and Andrews, are "independent" as such term is defined by the applicable listing standards of NASDAQ. The Board of Directors based this determination primarily on a review of the responses of the directors to questions regarding their employment, affiliations and family and other relationships.

**Section 16(a) Beneficial Ownership Reporting Compliance**

As a foreign private issuer, the Company is not subject to the requirements of Section 16(a) of the Securities Exchange Act of 1934, as amended.

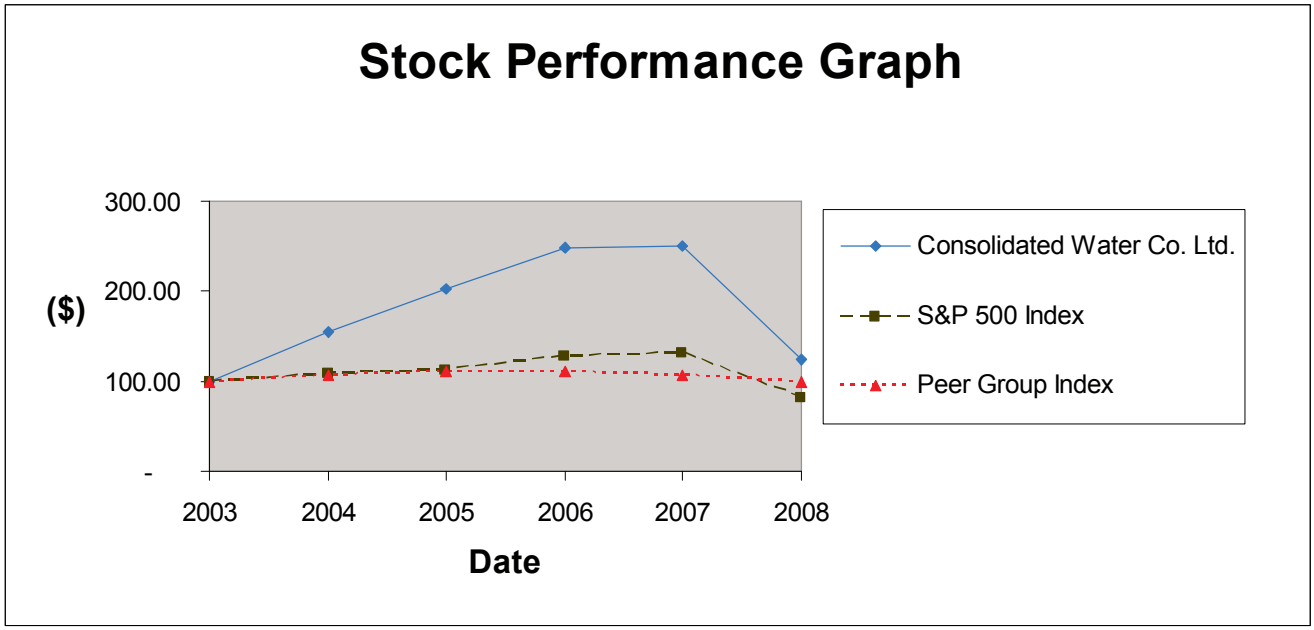
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**Stock Performance Graph**

The following graph compares the changes over the last five years in the value of $100 invested in (i) the Company's Ordinary Shares, (ii) the Standard & Poor's 500 Stock Index ("S&P 500 Index") and (iii) the Peer Group Index. The peer group is comprised of Southwest Water Co., Middlesex Water Co., Connecticut Water Service Inc., American States Water Co., California Water Service Group and Artesian Resources Corp. The year-end values of each investment are based on share price appreciation and the reinvestment of all dividends.

Historical stock price performance shown on the performance graph is not necessarily indicative of future stock price performance.

**FIVE-YEAR CUMULATIVE TOTAL RETURNS**
**VALUE OF $100 INVESTED ON DECEMBER 31, 2003**




| | Consolidated Water Co. Ltd. | S&P 500 Index | Peer Group Index |
|---|---|---|---|
| 2003 | 100.00 | 100.00 | 100.00 |
| 2004 | 154.51 | 108.99 | 107.87 |
| 2005 | 202.39 | 112.26 | 111.31 |
| 2006 | 248.68 | 127.55 | 110.05 |
| 2007 | 250.67 | 132.06 | 106.06 |
| 2008 | 124.69 | 81.23 | 100.21 |

## OTHER MATTERS

### *Deadline for Shareholder Proposals*

Shareholder proposals intended to be presented under Rule 14a-8 of the Exchange Act for inclusion in the Company's proxy statement and accompanying proxy for the 2009 Annual Meeting of Shareholders, including nomination of an individual for election as a director at the 2009 Annual Meeting of Shareholders, must be received at the Company's principal executive offices in the Grand Cayman Islands, on or before December 11, 2009 and must meet all the requirements of Rule 14a-8. If a shareholder intends to present a proposal at the 2009 Annual Meeting, but has not sought the inclusion of such proposal in the Company's proxy materials, the proposal must be received by the Company on or before February 24, 2010, or management proxies for the 2009 Annual Meeting will be entitled to use their discretionary voting authority if the proposal is then raised at the meeting, without any discussion of the matter in the Company's proxy materials. To recommend a prospective nominee for the Nominations Committee's consideration, see "Committee of the Board of Directors."

Proposals and other notices should be sent to:

Consolidated Water Co. Ltd.
Regatta Office Park, Windward Three, 4th Floor, West Bay Road
P.O. Box 1114
Grand Cayman, KY1-1102
Cayman Islands
Attn: Secretary of the Company

### *Householding of Annual Meeting Materials*

Some banks, brokers and other nominee record holders may be participating in the practice of "householding" proxy statements, annual reports and Notices of Internet Availability of Proxy Materials. This means that only one copy of the Company's proxy statement, annual report and Notice of Internet Availability of Proxy Materials may have been sent to multiple shareholders in your household. The Company will promptly deliver a separate copy of any of the documents to you if you notify the Company's Secretary at the Company's executive offices of your desire to receive additional copies. If you wish to receive separate copies of the annual report, proxy statement and Notice of Internet Availability of Proxy Materials in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker or other nominee record holder, or you may contact the Company's Secretary at the Company's executive offices.

### *Financial Statements and Exhibits to Form 10-K*

The Company financial statements are contained in its Annual Report on Form 10-K for the fiscal year ended December 31, 2008 that was filed with the SEC on March 17, 2009, a copy of which is included with this proxy statement. Such report and the financial statements contained therein are not to be considered a part of this soliciting material.

The Company's 2008 Annual Report which is included with this proxy statement does not include copies of the exhibits to that filing. The Company will furnish any such exhibits by request sent to the Corporate Secretary.

***Other Matters***

Management knows of no matters that are to be presented for action at the meeting other than the matters set forth above. If any other matters properly come before the meeting, the persons named in the enclosed form of proxy will vote the shares represented by proxies in accordance with their judgment on such matters.

The Company will make available a list of shareholders of the Company before the close of business on May 13, 2009 for inspection during normal business hours from 8:30 a.m. through 4:30 p.m., at the Company's corporate headquarters located at Regatta Office Park, Windward Three, 4th Floor, West Bay Road, Grand Cayman, Cayman Islands. The list will also be available for inspection during the meeting.

# ANNEX A

**RESOLVED as a Special Resolution** that the Company's Articles of Association be amended as follows:

a. By the deletion from Article 18.01 (a) of the words "on a poll";

b. By the deletion of Article 19.05 and the substitution therefor of the following:
"Subject to Article 19.06, at any general meeting a declaration by the chairman that a resolution has been carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.";

c. By the deletion of Articles 19.07, 19.08, 19.09 and 19.10;

d. By the renumbering of Article 19.11 as 19.07 and by the deletion of that Article and the substitution therefor of the following:
"In the case of an equality of votes, the chairman of the meeting at which the vote takes place shall be entitled to a second or casting vote.";

e. By the deletion from Article 20.01 of the words:-
"Subject to any special rights or restrictions for the time being attached to any shares or any class of shares, every member as at the record date who is present in person or by proxy shall have:
(a) on a show of hands one vote; and
(b) on a poll one vote for each whole share (and a corresponding fraction of a vote for every fraction of a share) registered in his name in the Register as at the record date"
and the substitution therefor of the following:
"Subject to any special rights or restrictions for the time being attached to any shares or any class of shares, every member as at the record date who is present in person or by proxy shall have one vote for each whole share (and a corresponding fraction of a vote for every fraction of a share) registered in his name in the Register as at the record date";

f. By the deletion from Article 20.04 of the words "on a show of hands or on a poll";

g. By the deletion from Article 20.06 of the words "On a poll a" and the substitution therefor of "A";

h. By the deletion from Article 21.04 of the comma and words ", including the power to demand a poll".

# ANNEX B

**RESOLVED as a Special Resolution** that the Company's Articles of Association be amended as follows:

a. By the addition at the end of Article 5.01 of the words "and all shares issued shall be fully paid";

b. By the deletion from Article 5.03 of the commas and words ", if fully paid up,";

c. By the deletion from Article 8.02 of the commas and words "and, in the case of partly paid shares, by the transferee also";

d. By the deletion of Article 10.05;

e. By the deletion of Article 11.03;

f. By the deletion of Article 12;

g. By the deletion from Article 13.01 of the commas and words ", whether or not fully paid up,";

h. By the deletion of the first sentence of Article 17.02 and the substitution therefor of the following:
"If the Directors do not within twenty-one days from the date of the requisition duly proceed to call an Extraordinary General Meeting to be convened within ninety days of the date of the requisition, the requisitionists may themselves convene an Extraordinary General Meeting; but any meeting so called shall not be held more than one hundred and fifty days after the date of the requisition.";

i. By the deletion from Article 19.02 of the words "member or members present shall be a quorum' and the substitution therefor of the words "meeting shall be dissolved";

j. By the deletion of Article 19.03 and the substitution therefor of the following:
"The chairman, if any, of the board of Directors or failing him, the President (if there is one appointed by the Directors) shall preside as chairman at every general meeting of the Company; or, if there is no such chairman or President or if neither shall be present at the time appointed for the meeting, or be willing to act, the Directors present shall elect one of their number to be chairman of the meeting; or, if no Directors are present at the time appointed for the meeting or no Director is willing to act as chairman, then the members present shall choose one of their number to be chairman of the meeting.";

k. By the deletion from Article 20.01 of the semi-colon and words "; provided that a partly paid share shall confer a fraction of a vote according to the proportion borne by

the amount paid-up on the share to the total issue price (including share premium, if any)" and the substitution therefor of a full stop;

l. By the deletion of Article 20.03;

m. By the deletion of Article 24.05 and the substitution therefor of the following:
"The Company may by resolution remove any Director before the expiration of his term of office and appoint another person in his stead; the person so appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director.";

n. By the addition in Article 24.06 at the end of paragraph (c) of a semi-colon in place of the full-stop and the word "or" and the following new paragraph as paragraph (d):
"if he is adjudged by a court in any country to have been negligent as, or guilty of misconduct as, a director or for any reason unfit to act as a director of a Company and that judgement is final and unappealable.";

o. By the deletion of the third sentence of Article 28.03 and the substitution therefor of the following:
"Not less than forty-eight hours notice in the case of a meeting proposed to be held in accordance with Article 28.04 or five clear days notice in any other case shall be given save that all the Directors (or their Alternate Directors) may waive notice of the meeting at, before or after the meeting is held.";

p. By the deletion from Article 30.01 of the word "by" where it first appears and the substitution therefor of the words "under the direction of";

q. By the deletion from Article 34.04 (b) of the words "or, if the Company is an exempted company and its shares have no par value, then on an equal per share basis";

r. By the deletion from Article 34.05 of the commas and words ", whether in respect of shares or otherwise,".

## ANNEX C

**RESOLVED as a Special Resolution** that the Company's Articles of Association be amended as follows:

a. By the addition in Article 2.01 in their proper alphabetical sequence of the following:
"'circulate" and "circulated" include transmission by electronic means of the document to be circulated or of the electronic location where the document to be circulated can be viewed and printed;'
"electronic" has the meaning set out in the Electronic Transactions Law but for the purposes of these Articles does not include any means which does not generate an electronic record;
"electronic record" has the meaning set out in the Electronic Transactions Law;'

b. By the deletion of Article 21.01 and the substitution therefor of the following:
"The appointment of a proxy by an individual shall be by written instrument under the hand of the appointor or his attorney duly authorised in writing or by electronic record generated by the electronic means provided by the Company for the purpose. If the appointor is a corporation, the appointment shall be either (i) under the corporation's seal or (ii) under the hand of, or by electronic record generated by the electronic means provided by the Company for the purpose by, an officer or attorney duly authorised.";

c. By the addition at the end of Article 21.03 of the following:
"but subject to Articles 21.08 and 21.11, an electronic record of an appointment transmitted by a method established for that purpose by the Directors in respect of that meeting shall be accepted unless on the face of the electronic record in the chairman's opinion there are material doubts as to authenticity or content or the chairman has evidence satisfactory to him of the withdrawal of that proxy.";

d. By the addition in Articles 21.04 and 21.05 after the word "instrument" in each case, of the words "or electronic record";

e. By the deletion of Article 21.06 and the substitution therefor of the following:
"A written instrument appointing a proxy (and any power of attorney or other authority under which it is signed, or a notarially certified copy of such authority) shall be deposited at the Registered Office or at such other place as is specified for that purpose in the notice of meeting; and such deposit or the generation of the electronic record appointing the proxy (as the case may be) shall be made no later than the time for holding the meeting, provided that the Directors may in giving notice of the meeting stipulate that instruments of proxy shall be deposited or the electronic record generated up to twenty-four hours before the time for holding the meeting. Deposit of a written instrument may be made by telecopier transmission, but may be disallowed at or before the meeting by the Directors or the chairman of the meeting if in his or their opinion there are material doubts as to authenticity or content. The chairman of the meeting may at his discretion direct that the deposit of a written instrument of proxy

(or other requisite written document) shall be deemed to have been duly made, if satisfied that the instrument of proxy duly signed (or other requisite document) is in the course of transmission to the Company.";

f. By the renumbering of Article 21.08 and 21.09 as 21.10 and 21.11 respectively, and the addition of the following as Article 21.09:
"The directors may at the expense of the Company establish and maintain a secure website for the purposes of the appointment of proxies by electronic means using such programmes and security protocols as they shall in their discretion think fit but which shall require a means of identifying the appointor and generate an electronic record, and neither they nor the Company shall be liable to any member if it is afterwards discovered that the programmes or security protocols were insecure or had caused incorrect recording of proxy appointments.";

g. By the renumbering of Article 21.07 as 21.08, and the addition of the following as Article 21.07:
"An electronic record appointing a proxy shall be transmitted only by the method or methods authorised by the directors in the notice of the meeting at which it is to be used but the Directors may provide such a method for use either generally or for a specified meeting or meetings.";

h. By the addition in the second sentence of Article 27.08 after the word "members" of the parentheses and words "(including appointment by telecopier transmission but excluding provisions for appointment by other electronic means)";

i. By the additions in Article 41.01 of the words "electronic or" immediately before the word "written" in the first sentence and of the words "or other electronic means" after the word "telecopy" in paragraph (b);

j. By the addition in Article 41.02 after the word "Register" in the first sentence of the words "or to any telecopy number or electronic address provided by him to the Company for the purpose".

## ANNEX D

**RESOLVED as a Special Resolution** that the Company's Articles of Association be amended as follows:

a. By the deletion of Article 26.08 and the renumbering of Article 26.09 as 26.08;

b. By the deletion from Article 30.02 of paragraph (c) and the substitution therefor of the following:

"the Directors may establish, maintain and fund scholarship or similar programmes for the education and advancement of persons meeting such qualifications as the Directors may determine;";

c. By the deletion from Article 30.02 of paragraph (d) and the substitution therefor of the following:

"this Sub-Article does not apply to an action which, though it may in itself be gratuitous, is considered by the Directors to promote the Company, its products or its business or otherwise to be in the financial interests of the Company;";

d. By the deletion of Article 34.09 and the substitution therefor of the following:

"The Directors may determine that:

(a) a dividend shall be satisfied in whole or specified part by an issue of shares of the Company credited as fully paid; or

(b) the persons entitled to participate in the dividend shall have a right of election to accept shares of the Company credited as fully paid in satisfaction of all or (if the Directors so specify or permit) part of their dividend entitlement;

and in either event the Directors may determine all questions that arise concerning the right of election, notification thereof to members, the basis and terms of issue of shares of the Company and otherwise.";

e. By the deletion from Article 36.01 of the words "With the sanction of an ordinary resolution of the Company the" and the substitution therefor of the word "The".

## ANNEX E

**RESOLVED as a Special Resolution** that the Company's Articles of Association be amended by the deletion of Article 11.01 and the substitution therefor of the following:

"Subject to the Statute, the Directors may on behalf of the Company purchase any share of the Company (including a redeemable share):

(a) by agreement with the holder, or
(b) pursuant to the terms of issue of the share, or
(c) on any exchange on which the share is for the time being listed,

and may make payments in respect of such purchase out of capital or out of any other account or fund which can be authorised for this purpose in accordance with the Statute.

Except with the sanction of an ordinary resolution authorising some other manner or terms of purchase, the Directors may only exercise the power under this Article 11.01 if:-

(1) the repurchase is made at a price per share not greater than the fair market value of the shares:
    (i) for cash, or
    (ii) in satisfaction of a debt due to the Company, or
    (iii) in exchange for the Company's entering into an unsecured debt obligation in favour of the seller, or
    (iv) partly in one of the above ways and partly in another or others; and
(2) no more than twenty percent (20%) of the Company's issued shares are at any time authorised for repurchase but not yet repurchased.

For purposes of this Article 11.01, "fair market value" means the prevailing price at the time of purchase of the shares proposed to be repurchased by the Company:-

(a) as reported as the asking price by the principal United States stock exchange on which those shares are traded, or
(b) if those shares are not listed on such an exchange, as reported as the market price by the United States National Association of Securities Dealers' automated quotation system or any similar system that reports the trading price of the shares, or
(c) if neither such system is then in effect, the fair market value as determined in good faith by the Company's board of directors.".

## ANNEX F

**RESOLVED as a Special Resolution** that the Company's Articles of Association be revoked and that amended and restated Articles of Association, taking into account such of the amendments in the foregoing resolutions as are passed, be adopted as the Company's Articles of Association.

**ANNEX G**

**AMENDED AND RESTATED**

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION
OF

**CONSOLIDATED WATER CO. LTD.**

(as Amended by Special Resolution ~~May 11~~ _____, 200~~7~~)

1. **TABLE A**

1.01 The regulations in Table A in the Schedule to the Companies Law (1998 Revision) do not apply to this company.

2. **INTERPRETATION**

2.01 In these Articles where the context permits:

"Articles" means these Articles of Association as altered from time to time;

"Auditors" means the auditors for the time being of the Company;

"circular resolution" means a resolution passed in accordance with these Articles without a meeting;

**"circulate" and "circulated" include transmission by electronic means of the document to be circulated or of the electronic location where the document to be circulated can be viewed and printed;**

"class meeting" means a separate meeting of the holders of a class of shares;

"clear days" in relation to notice of a meeting means days falling after the day on which notice is given or deemed to be given and before the day of the meeting;

"Company" means the above-named company;

"Directors" means the directors, or the sole director, for the time being of the Company;

"electronic" has the meaning set out in the Electronic Transactions Law but for the purposes of these Articles does not include any means which does not generate an electronic record;

"electronic record" has the meaning set out in the Electronic Transactions Law;

"holder" in relation to a share of the Company means the member or members for the time being registered in the Register as the holder of the share;

"month" means calendar month;

"ordinary resolution" means a resolution passed at a general meeting (or, if so specified, a class meeting) of the Company by a simple majority of the votes cast, or a circular resolution;

"paid-up" means paid-up or credited as paid-up;

"Register" means the register of members of the Company;

"Registered Office" means the registered office for the time being of the Company;

"Seal" means the common seal or any official or duplicate seal of the Company;

"Secretary" means the secretary or assistant secretary for the time being of the Company;

"share" includes a fraction of a share;

"special resolution" means a resolution passed as such at a general meeting (or, if so specified, a class meeting) of the Company by a majority of three-quarters of the votes cast, as provided in the Statute, or a circular resolution;

"Statute" means the Companies Law (1998 Revision) of the Cayman Islands and every modification or re-enactment thereof for the time being in force;

"written" and "in writing" import all methods of representing, reproducing or communicating words or numerals in permanent visible form, including printing, lithography, photography, telecopying and telexing;

"year" means calendar year.

2.02 In these Articles where the context permits:

(a) Words importing the singular number include the plural and vice versa;

(b) Words importing the masculine gender include the feminine gender and vice versa;

(c) Words importing persons include companies or associations or bodies of persons, corporate or unincorporate;

(d) The word "may" is permissive; the word "shall" is imperative;

(e) A reference to a statutory provision shall be deemed to include any amendment or re-enactment thereof.

2.03 Subject as aforesaid, words defined or used in the Statute have the same meaning in these Articles.

2.04 The headings in these Articles are for ease of reference only and shall not affect the construction or interpretation of these Articles.

## 3. PRELIMINARY

3.01 The Company may commence business immediately upon registration pursuant to the Statute.

3.02 The Company may ratify any contract or other transaction entered into in its name or on its behalf prior to registration.

3.03 The preliminary expenses of incorporating the Company shall be paid by the Company, including any expenses concerned with the issue of shares by the Company or with any contract or transaction ratified pursuant to the foregoing Sub-Article. The preliminary expenses may be charged to income or capital or amortised over any period as the Directors think fit.

## 4. CLASSIFICATION OF SHARES

4.01 Subject to the Memorandum of Association and subject to any directions of the Company in general meeting, the unissued shares of the Company may from time to time be divided or sub-divided into such classes, or re-classified, and be issued with such preferred, deferred or other special rights, privileges, restrictions or obligations, whether in regard to dividend, voting, transfer, forced sale, conversion, winding-up entitlement or otherwise as the Directors think fit. This Sub-Article is without prejudice to other provisions of these Articles restricting the variation of rights attached to shares already in issue.

4.02 The rights attached to any class of shares may (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, be varied or abrogated with the sanction of a special resolution passed at a class meeting of the holders of the shares of that class. The rights conferred upon the holders of the shares of any class shall, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed not to be varied by the creation or issue of further shares ranking equally with them.

## 5. ISSUE OF SHARES

5.01 Subject to any directions of the Company in general meeting and subject to any special rights of shares already issued, all shares in the Company for the time being unissued shall be under the control of the Directors who may issue and dispose of the same (including the issue or grant of options, warrants and other rights, renounceable or otherwise, in respect of shares) at such times, to such persons, on such terms and in such manner as they think fit, provided that no share shall be issued at a discount except in accordance with the Statute **and all shares issued shall be fully paid**.

5.02 Save as expressly provided by its terms of issue, no share shall confer on the holder any pre-emptive or other right in respect of any further shares that may be issued.

5.03 Fractions of a share may be issued if the Directors think fit. The holder of a whole share (or a fraction of a share)~~, if fully paid up,~~ may divide it into fractions for the purpose of a transfer, redemption or other disposition, provided that, without the prior approval of the Directors, the holder may only create a fraction which can be expressed as a whole number of hundredths of a whole share. Subject to the terms of issue of the fraction, or of the whole share from which it was derived, a fraction of a share shall carry the corresponding fraction of all the attributes of a whole share.

5.04 Subject to the Statute, shares need not have distinguishing numbers.

5.05 The Directors may pay or authorise payment of a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in the Company, or procuring or agreeing to procure subscriptions (whether absolute or conditional) for any shares in the Company, but a commission exceeding ten percent of the price at which the shares are issued, or to be issued, shall not be paid without the sanction of an ordinary resolution.

## 6. REGISTER OF MEMBERS AND RECORD DATES

6.01 The Register shall be kept in accordance with the Statute.

6.02 The Company may keep one or more duplicates of the Register in such place or places as the Directors think fit but in the event of a discrepancy the main Register shall prevail.

6.03 The Company shall not be bound to register more than four persons as the joint holders of any share.

6.04 Except as otherwise expressly provided by these Articles or as required by law or as ordered by a court of competent jurisdiction, no person shall be entitled to recognition by the Company as holding any share upon any trust and the Company shall not be bound by, or be compelled in any way to recognise, (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any other right in respect of any share except an absolute right to the entirety of the share in the holder. If, notwithstanding this Article, notice of any trust is at the holder's request entered in the Register or on a share certificate in respect of a share, then, except as aforesaid:

(a) such notice shall be deemed to be solely for the holder's convenience;

(b) the Company shall not be required in any way to recognise any beneficiary, or the beneficiary, of the trust as having an interest in the share or shares concerned;

(c) the Company shall not be concerned with the trust in any way, as to the identity or powers of the trustees, the validity, purposes or terms of the trust, the question of whether anything done in relation to the shares may amount to a breach of trust or otherwise; and

(d) the holder shall keep the Company fully indemnified against any liability or expense which may be incurred or suffered as a direct or indirect consequence of the Company entering notice of the trust in the Register or on a share certificate and continuing to recognise the holder as having an absolute right to the entirety of the share or shares concerned.

6.05 (i) To determine Members entitled to notice of or to vote at any meeting or any adjournment of it, or to receive payment of any dividend, or in order to determine Members for any other purpose, the Directors may close the Register for a stated period not exceeding in any case fourteen (14) consecutive days. If the Register is closed to determine the members entitled to notice of or to vote at a meeting, then it must be closed for at least ten (10) days immediately before that meeting, and the first day of the closure will be the record date.

(ii) Instead of closing the Register, the Directors may fix a date as the record date for any determination of members, the date in any case to be not more than ninety (90) days before the date on which the particular action, requiring the determination of members, is to be taken.

(iii) If the Directors do not close the Registrar or fix any record date for determining the members entitled to receive notice of or to vote at any meeting or to receive a dividend, the date on which notice of the meeting is mailed or, in the case only of an interim dividend or distribution declared or effected by the Directors, the date on which the resolution declaring the dividend or effecting the distribution is passed will be record date for determining the members. When a determination of persons entitled to vote at any meeting has been made under this Article, that determination will apply to any adjournment of it.

## 7. SHARE CERTIFICATES

7.01 Share certificates shall be in such form as the Directors determine provided that a share certificate shall specify the name of the holder and the number and class of shares to which it relates and the amount paid up thereon. Share certificates may not be issued in bearer form.

7.02 Share certificates shall be issued under the Seal affixed in accordance with these Articles provided that the Directors may authorise share certificates to be issued with the Seal or the authorised signature(s) affixed or represented by printing or other mechanical process.

7.03 Subject to article 7.07, every person whose name is entered as a member in the Register shall be entitled on request to one certificate for all his shares of each class or, upon payment of a fee not exceeding ten Cayman Islands dollars per additional certificate, to several certificates, each representing a part of his holding. Subject to Article 7.07, a member whose holding of shares has been reduced by transfer, redemption or otherwise shall be entitled on request to a certificate for the balance.

7.04 In the case of joint holders the Company shall not be bound to issue more than one share certificate; and delivery of the certificate to one of the holders shall be sufficient delivery to all the holders.

7.05 A member wishing to exercise his rights, if any, to transfer or redeem shares in accordance with these Articles may do so only upon surrendering to the Company the share certificate(s), if any, representing such shares.

7.06 If a share certificate is damaged or defaced or alleged to have been lost, stolen or destroyed, a new certificate representing the same shares may be issued to the holder upon request subject to delivery up of the old certificate if any or, if alleged to have been lost, stolen or destroyed, compliance with such conditions as to evidence and indemnity and the payment of expenses of the Company in connection with the request (including the investigation of evidence) as the Directors think fit.

7.07 The Directors may at any time, determine in their absolute discretion that the Company will no longer issue share certificates and if they so determine,

(i) they must use their best endeavours to call in or cancel existing share certificates giving a receipt therefore to the holder and ensure that the Company keeps a record of all share certificates not surrendered for cancellation; and

(ii) no shares for which a certificate is outstanding may thereafter be transferred unless the requirements of Article 7.05 and, if applicable, Article 7.06 are complied with; and no share certificate shall be issued either to the transferee or, if all the shares in the certificate are not being transferred, to the transferor for the balance of the shares.

## 8. TRANSFER OF SHARES

8.01 Transfers of shares shall be in writing in any usual or common form in use in the Cayman Islands or in any other form approved by the Directors.

8.02 A share transfer shall be signed by or on behalf of the transferor ~~and, in the case of partly paid shares, by the transferee also~~.

8.03 The transferor of a share shall be deemed to remain the holder of the share until the name of the transferee is entered into the Register in respect thereof.

8.04 In the case of a transfer of shares issued subject to special restrictions or requirements as to transfer the Directors may, as a condition of approval or registration, require the transferor to reimburse the Company for all expenses incurred in connection with the transfer.

8.05 The registration of transfers shall be suspended during any period in which the Register is closed in accordance with these Articles.

## 9. TRANSMISSION OF SHARES

9.01 Following the death of a member the survivor or survivors where the deceased was a joint holder, and the legal personal representatives of the deceased where he was a sole holder, shall be the only persons recognised by the Company as having any title to the shares previously held by the deceased, but nothing in this Article shall release the estate of the deceased from any liability in respect of shares which had been held by him, whether solely or jointly.

9.02 A person becoming entitled to a share by reason of the death or bankruptcy of the holder or otherwise by operation of law may upon producing such evidence of his title as the Directors may require, elect either to be registered himself as the holder of the share or to make such transfer of the share as the holder could have made. An election pursuant to this Sub-Article to be registered as holder shall be made in writing signed by or on behalf of the person making the election.

9.03 A person entitled to make an election pursuant to the foregoing Sub-Article shall, pending election, have the right to receive (and to give a good discharge for) all monies payable in respect of the share, the same right (if any) as the holder to call for the redemption of the share, and the same right as the holder to enter into an agreement for the purchase of the share by the Company; but such person shall not be entitled to receive notice of, or attend or vote at, general meetings or class meetings of the Company nor, save as aforesaid, to any of the rights or privileges of a member; and the Directors may at any time give him notice requiring election pursuant to the foregoing Sub-Article and, if there is no election within ninety days of the notice, the Directors may thereafter withhold all monies payable in respect of the share until such time as the election is made.

## 10. REDEMPTION OF SHARES

10.01 Subject to the Statute, the Company is hereby authorised to issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or the holder; but, save for shares declared to be redeemable by the Memorandum of Association, the Directors shall not issue redeemable shares without the sanction of an ordinary resolution.

10.02 The Company is hereby authorised to make payments in respect of the redemption of its shares out of capital or out of any other account or fund which can be authorised for this purpose in accordance with the Statute.

10.03 Unless fixed by the ordinary resolution sanctioning its issue the redemption price of a redeemable share, or the method of calculation thereof, shall be fixed by the Directors at or before the time of issue;

10.04 Unless otherwise provided or directed by the ordinary resolution sanctioning the issue of the shares concerned:

(a) every share certificate representing a redeemable share shall indicate that the share is redeemable;

(b) in the case of shares redeemable at the option of the holder a redemption notice from the holder may not be revoked without the agreement of the Directors;

(c) at the time or in the circumstances specified for redemption the redeemed shares shall be cancelled and shall cease to confer on the holder any right or privilege, without prejudice to the right to receive the redemption price, which price shall become payable so soon as it can with due despatch be calculated, but subject to surrender of the relevant share certificate if any for cancellation (and reissue subject to Article 7.07 in respect of any balance);

(d) the redemption price may be paid in any manner authorised by these Articles for the payment of dividends;

(e) a delay in payment of the redemption price shall not affect the redemption but, in the case of a delay of more than thirty days, interest shall be paid for the period from the due date until actual payment at a rate which the Directors, after due enquiry, estimate to be representative of the rates being offered by class A banks in the Cayman Islands for thirty day deposits in the same currency;

(f) the Directors may exercise as they think fit the powers conferred on the Company by Section 37(5) of the Statute (payment out of capital) but only if and to the extent that the redemption could not otherwise be made (or not without making a fresh issue of shares for this purpose);

(g) subject as aforesaid, the Directors may determine as they think fit all questions that may arise concerning the manner in which the redemption of the shares shall or may be effected.

~~10.05 No share may be redeemed unless it is fully paid-up.~~

## 11. PURCHASE OF SHARES BY THE COMPANY

11.01 **Subject to the Statute, the Directors may on behalf of the Company purchase any share of the Company (including a redeemable share):**

**(a) by agreement with the holder, or**

**(b) pursuant to the terms of issue of the share, or**

**(c) on any exchange on which the share is for the time being listed,**

**and may make payments in respect of such purchase out of capital or out of any other account or fund which can be authorised for this purpose in accordance with the Statute.**

**Except with the sanction of an ordinary resolution authorising some other manner or terms of purchase, the Directors may only exercise the power under this Article 11.01 if:-**

**(1) the repurchase is made at a price per share not greater than the fair market value of the shares:**

**(i) for cash, or**

**(ii) in satisfaction of a debt due to the Company, or**

**(iii) in exchange for the Company's entering into an unsecured debt obligation in favour of the seller, or**

**(iv) partly in one of the above ways and partly in another or others; and**

**(2) no more than twenty percent (20%) of the Company's issued shares are at any time authorised for repurchase but not yet repurchased.**

**For purposes of this Article 11.01, "fair market value" means the prevailing price at the time of purchase of the shares proposed to be repurchased by the Company:-**

**(a) as reported as the asking price by the principal United States stock exchange on which those shares are traded, or**

**(b) if those shares are not listed on such an exchange, as reported as the market price by the United States National Association of Securities Dealers' automated quotation system or any similar system that reports the trading price of the shares, or**

**(c) if neither such system is then in effect, the fair market value as determined in good faith by the Company's board of directors.**

~~Subject to the Statute, and with the sanction of an ordinary resolution authorising the manner and terms of purchase, the Directors may on behalf of the Company purchase any share of the~~

~~Company (including a redeemable share) by agreement with the holder or pursuant to the terms of issue of the share, and may make payments in respect of such purchase out of capital or out of any other account or fund which can be authorised for this purpose in accordance with the Statute.~~

11.02 Shares purchased by the Company shall be noted in the Company's register as cancelled and shall cease to confer any right or privilege on the seller.

~~11.03 No share may be purchased by the Company unless it is fully paid-up.~~

## 12. ~~CALLS ON SHARES AND FORFEITURE~~*[Deleted]*

~~12.01 If a share has been issued partly paid (or nil paid), then, subject to the terms of issue, the Directors may from time to time make calls upon the holder in respect of the monies unpaid on the share, whether in respect of the nominal value or the premium (if any), and, subject as aforesaid:~~

~~(a) the holder shall be given written notice of the call;~~

~~(b) the date for payment of the call shall be not less than thirty days after the date of the notice of call;~~

~~(c) payment of the call shall be made at the Registered Office or such other place as shall be specified in the notice of call;~~

~~(d) a call may be made payable by instalments;~~

~~(e) a call may be revoked or postponed;~~

~~(f) the Directors may differentiate between holders of different shares as to the time or amount of calls;~~

~~(g) if full payment pursuant to a call is not made on or before the due date, interest may in the Directors' discretion be charged at a rate not exceeding ten percent per annum;~~

~~(h) if payment pursuant to a call is not made on or before the due date, the Directors may, in addition to interest under the foregoing paragraph, require the holder to indemnify the Company for any expenses incurred by reason of non-payment, including expenses incurred in enforcing the Company's rights under these Articles;~~

~~(i) the joint holders of a share shall be jointly and severally liable for all calls (and interest and other monies due in respect of calls) on the share;~~

(j) a holder may not require the Company to make a call on his shares or, in the absence of a call, pay up any amount unpaid on his shares, but the Directors may accept advances from the holder to be applied against future calls on such terms as to interest and repayment as the Directors may determine.

12.02 Any sum which by the terms of issue of a share becomes payable upon issue or at any fixed date, whether in respect of the nominal value of the share or by way of premium, shall for the purposes of these Articles be deemed to have been duly called and to be immediately payable and, in the event of non-payment, all the provisions of these Articles as to the payment of interest, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

12.03 If full payment pursuant to a call is not made on or before the due date, the Directors may at any time thereafter give the holder a forfeiture notice stating the amount which remains unpaid (including any accrued interest and expenses owed to the Company by reason of non-payment) and appointing the day, not less than fourteen days after the date of the forfeiture notice, on which the shares shall be forfeited unless payment of the stated amount has by then been paid in full. If the stated amount has not by then been paid in full the shares shall be forfeited accordingly.

12.04 In the event of forfeiture the holder shall cease to be a member in respect of the forfeited shares and shall cease to have any right, title or interest in or to the shares but shall remain liable for all amounts due before forfeiture; and the Company may enforce such liability without making any allowance for the value of the shares at the time of forfeiture.

12.05 A forfeited share shall become the property of the Company and may be sold, re-allotted or otherwise disposed of for the benefit of the Company to such person or persons, upon such terms and in such manner as the Directors think fit. Without limiting the foregoing generality, the Directors may determine whether and to what extent the share shall be treated as paid-up by payments made, or credited as made, thereon prior to forfeiture.

12.06 At any time before the sale, re-allotment or other disposal of a forfeited share the Directors may cancel the forfeiture on such terms as they think fit.

12.07 A note in the Register or a certificate under the hand of the Secretary that a share has been forfeited at a stated time shall be conclusive evidence of those facts in favour of any person to whom the share is sold, re-allotted or disposed of, and his title to the share shall not be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or disposal.

## 13. LIEN ON SHARES

13.01 The Company shall have a first and paramount lien and charge on all shares, whether or not fully paid-up, for all the debts and obligations of the holder (or, in the case of joint holders, of any one or more of the joint holders) but the Directors may at any time waive the lien generally or as regards any particular debt or obligation or category of debts or obligations.

13.02 The registration of a transfer of shares shall operate as a waiver of the Company's lien thereon in respect of the debts or obligations of the transferor.

13.03 The Company's lien on a share shall extend to all dividends and other monies and benefits payable in respect of the share.

13.04 The Company may sell any share on which the Company has a lien if an amount secured by the lien is presently payable but not until the expiration of fourteen days after written notice to the holder stating and demanding payment of the said amount and stating the Directors' intention of effecting a sale.

13.05 A sale by the Company pursuant to the foregoing Sub-Article shall be effected in such manner as the Directors think fit; and the Directors may authorise some person to do and execute such transfers and other documents and things on behalf of the holder as may appear to the Directors necessary or desirable for the purpose of carrying out the sale and entering the purchaser or purchasers in the Register.

13.06 The proceeds of a sale by the Company pursuant to this Article shall be applied in payment of the amount secured by the lien which is presently payable and the balance, if any, shall be paid to the person who was the holder of the shares before the sale unless there are debts or obligations of that person, not presently payable, which were secured by the lien on the shares, in which case the Company shall have the same lien and charge on the said balance of the proceeds of sale as it had on the shares.

## 14. ALTERATION OF CAPITAL

14.01 Subject to the Statute, the Company may from time to time by ordinary resolution alter the conditions of its Memorandum of Association to increase its share capital by new shares of such amount as it thinks expedient. All new shares shall be subject to the provisions of these Articles concerning calls, forfeiture, lien, transfer, transmission, disposal by the Directors and otherwise as the original shares.

14.02 Subject to the Statute, the Company may from time to time by ordinary resolution alter the conditions of its Memorandum of Association to:

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum of Association; or

(c) cancel shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled or, in the case of shares without par value, diminish the number of shares into which its capital is divided.

14.03 Subject to the Statute, the Company may from time to time by special resolution reduce its share capital in any way or alter any conditions of its Memorandum of Association relating to share capital.

## 15. ALTERATION OF REGISTERED OFFICE, NAME AND OBJECTS

15.01 Subject to the Statute, the Company may by resolution of its Directors change the location of its Registered Office.

15.02 Subject to the Statute, the Company may from time to time by special resolution change its name or alter its objects or make any other alteration to its Memorandum of Association for which provision has not been made elsewhere in these Articles.

## 16. GENERAL MEETINGS

16.01 (a) The Company shall in each year hold a general meeting as its Annual General Meeting. The time and place of Annual General Meetings shall be determined by the Directors and, if no other time and place is prescribed by them, it shall be held at the registered office on the second Wednesday in December of each year at ten o'clock in the morning.

(b) At these meetings the Directors shall be elected as provided for in these Articles, the annual report of the Directors shall be presented and the general business of the Company transacted.

16.02 General meetings other than Annual General Meetings shall be called Extraordinary General Meetings. The Directors may call or authorise the calling of an Extraordinary General Meeting whenever they think fit.

## 17. REQUISITION OF GENERAL MEETINGS

17.01 The Directors shall call an Extraordinary General Meeting on the requisition of members holding at the date of the requisition not less than fifty-one per cent of the issued shares of the Company for the time being carrying the right to vote at general meetings of the Company. To be effective the requisition shall state the objects of the meeting, shall be in writing, signed by the requisitionists, and shall be deposited at the Registered Office. The requisition may consist of several documents in like form each signed by one or more requisitionists.

17.02 If the Directors do not within twenty-one days from the date of the requisition duly proceed to call an Extraordinary General Meeting **to be convened within ninety days of the date of the requisition**, the requisitionists may themselves convene an Extraordinary General Meeting; but any meeting so called shall not be held more than ~~ninety~~ **one hundred and fifty** days after the **date of the** requisition. An Extraordinary General Meeting called by requisitionists shall be called in the same manner, as nearly as possible, as that in which general meetings are to be called by the Directors.

## 18. NOTICE OF GENERAL MEETINGS

18.01 At least five clear days notice in writing shall be given of a general meeting to all members entitled as at the record date for the notice provided that:

(a) an Extraordinary General Meeting may be called by shorter notice (but not shorter than two clear days) if so agreed by a member or members (or their proxies or representatives) holding in the aggregate, as at the record date for the meeting, shares conferring the right to cast seventy-five percent of the votes that could be cast ~~on a poll~~ if all members so entitled attended the meeting;

(b) an Annual General Meeting or an Extraordinary General Meeting may be held without notice and without observing any of the requirements or provisions of these Articles concerning general meetings if so agreed by all the members (or their proxies or representatives) entitled as at the date of the meeting to attend and vote at general meetings;

and agreement for the purposes of the foregoing paragraphs (a) or (b) may be reached before, during or within thirty days after the meeting concerned.

18.02 The notice of a general meeting shall specify:

(a) the place, the day and the hour of the meeting and, if different, the record date for determining members entitled to attend and vote; and

(b) the general nature of any special business to be conducted at the meeting; and for this purpose all business shall be deemed special which is transacted at an Extraordinary General Meeting, and also all business that is transacted at an Annual General Meeting with the exception of the consideration and approval of the report of the Directors, the financial statements of the Company and the report of the Auditors (if any), the election or re-election of the Directors and the election or re-election of the Auditors and approval of their remuneration.

18.03 The Directors and the Auditors, if any, shall be entitled to receive notice of, and to attend and speak at, any general meeting of the Company.

18.04 The accidental omission to give notice to, or the non-receipt of notice by, any person entitled to receive notice shall not invalidate the proceedings at any general meeting.

## 19. PROCEEDINGS AT GENERAL MEETINGS

19.01 No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business; a quorum shall be such members present in person or by proxy as represent one-third of the issued shares of the Company carrying the right to vote at the meeting calculated in accordance with Article 6.05.

19.02 If within half an hour from the time appointed for a meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved and in any other case it shall stand adjourned to the same day in the next week at the same time and place or to such other time or such other place as the Directors may determine and, if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the ~~member or members present shall be a quorum~~**meeting shall be dissolved**.

19.03 The chairman, if any, of the board of Directors **or failing him, the President (if there is one appointed by the Directors)** shall preside as chairman at every general meeting of the Company; or, if there is no such chairman **or President** or if ~~he~~ **neither** shall ~~not~~ be present at the time appointed for the meeting, or ~~if he is un~~**be** willing to act, the Directors present shall elect one of their number to be chairman of the meeting; or, if no Directors are present at the time appointed for the meeting or no Director is willing to act as chairman, then the members present shall choose one of their number to be chairman of the meeting.

19.04 The chairman may, with the consent of any general meeting duly constituted, and shall if so directed by the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting; save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned general meeting.

19.05 **Subject to Article 19.06,** ~~A~~**a**t any general meeting ~~a resolution put to the vote of the meeting shall be decided on a show of hands unless before or on the declaration of the result of the show of hands a poll is demanded by the chairman or any member entitled to vote, present in person or by proxy. Unless a poll is so demanded,~~ a declaration by the chairman that a resolution has ~~on a show of hands~~ been carried~~, or carried~~ unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

19.06 If any votes are counted which ought not to have been counted, or which might have been rejected, the error shall not vitiate the resolution unless pointed out at the same meeting, or at any adjournment thereof, and not in that case unless in the opinion of the chairman (whose decision shall be final and conclusive) it is of sufficient magnitude to vitiate the resolution.

~~19.07 If a poll is duly demanded, it shall be taken in such manner as the chairman directs. Without limiting the foregoing generality, the chairman may direct the use of ballot or voting papers, may appoint scrutineers and, subject to the next Sub-Article, may adjourn the meeting to some other time or place for the purpose of conducting the poll or~~

~~declaring its result. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.~~

~~19.08 A poll demanded on the election of a chairman and a poll demanded on a question of adjournment shall be taken forthwith. In any other case the poll shall be taken not more than thirty days after the date of the meeting or adjourned meeting at which the poll was demanded.~~

~~19.09 The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.~~

~~19.10 The demand for a poll may be withdrawn at any time before the taking of the poll, but in that case the chairman or any other member entitled to vote may then demand a poll.~~

19.**07**~~11~~ In the case of an equality of votes, ~~whether on a show of hands or on a poll,~~ the chairman of the meeting at which the ~~show of hands~~**vote** takes place ~~or at which the poll is demanded~~ shall be entitled to a second or casting vote.

## 20. VOTES OF MEMBERS

20.01 Subject to any special rights or restrictions for the time being attached to any shares or any class of shares, every member as at the record date who is present in person or by proxy shall have~~:~~

~~(a) on a show of hands one vote; and~~

~~(b) on a poll~~ one vote for each whole share (and a corresponding fraction of a vote for every fraction of a share) registered in his name in the Register as at the record date~~, provided that a partly paid share shall confer a fraction of a vote according to the proportion borne by the amount paid up on the share to the total issue price (including share premium, if any)~~.

20.02 In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names of the holders stand in the Register.

20.03 ~~A member shall not be entitled to attend or vote at general meetings if and as long as any call or other sum in respect of shares is presently payable by him.~~***[Deleted]***

20.04 Subject to production of such evidence as the Directors may require, a member of unsound mind, or in respect of whom an order has been made by any court in the Cayman Islands or elsewhere having jurisdiction in lunacy may vote ~~on a show of hands or on a poll~~ by his committee, receiver, curator bonis, guardian or other person appointed by the court, and any such committee, receiver, curator bonis, guardian or other person may vote by proxy.

20.05 No objection shall be raised to the qualification of any voter except at the general meeting at which the vote objected to is given or tendered or at any adjournment thereof, and every vote not disallowed at such general meeting or adjournment shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the meeting whose decision shall be final and conclusive.

20.06 ~~On a poll a~~**A** member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

20.07 A corporation, whether formed in the Cayman Islands or elsewhere, which is a member may authorise such person as it thinks fit to act as its representative at any general meeting of the Company and the person so authorised shall be entitled to exercise the same voting and other powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual member of the Company. A corporation whose representative is present at a meeting shall itself be deemed to be present in person at the meeting and shall be counted towards the quorum. Nothing in this Article shall be construed as preventing a corporation from appointing a proxy.

## 21. PROXIES

21.01 The appointment of a proxy **by an individual** shall be by written instrument under the hand of the appointor or his attorney duly authorised in writing **or by electronic record generated by the electronic means provided by the Company for the purpose.** ~~or, i~~**I**f the appointor is a corporation, **the appointment shall be** either **(i)** under the corporation's seal or **(ii)** under the hand of**, or by electronic record generated by the electronic means provided by the Company for the purpose by,** an officer or attorney duly authorised.

21.02 A proxy need not be a member of the Company.

21.03 The instrument appointing a proxy may be in any usual or common form or otherwise acceptable to the chairman of the meeting for which the instrument is first presented **but subject to Articles 21.08 and 21.11, an electronic record of an appointment transmitted by a method established for that purpose by the Directors in respect of that meeting shall be accepted unless on the face of the electronic record in the chairman's opinion there are material doubts as to authenticity or content or the chairman has evidence satisfactory to him of the withdrawal of that proxy**.

21.04 The instrument **or electronic record** appointing a proxy may contain restrictions or directions as to the manner in which, or the matters upon which, the proxy may vote, but subject thereto the proxy may vote on any matter in such manner as the proxy thinks fit and may exercise the same powers as his appointor could exercise if present~~, including the power to demand a poll~~.

21.05 The instrument **or electronic record** appointing a proxy may be expressed to be for a particular meeting or particular meetings or to be effective generally until revoked. An

appointment for a particular meeting or meetings shall be presumed, in the absence of clear provision to the contrary, to extend to any adjournment of such meeting or meetings.

21.06 ~~The~~ **A written** instrument appointing a proxy (and any power of attorney or other authority under which it is signed, or a notarially certified copy of such authority) shall be deposited at the Registered Office or at such other place as is specified for that purpose in the notice of meeting; and such deposit **or the generation of the electronic record appointing the proxy (as the case may be)** shall be made no later than the time for holding the meeting, provided that the Directors may in giving notice of the meeting stipulate that instruments of proxy shall be deposited **or the electronic record generated** up to twenty-four hours before the time for holding the meeting. ~~Such d~~**D**eposit **of a written instrument** may be made by telecopier transmission, but may be disallowed at or before the meeting by the Directors or the chairman of the meeting if in his or their opinion there are material doubts as to authenticity or content. The chairman of the meeting may at his discretion direct that the deposit of a~~n~~ **written** instrument of proxy (or other requisite **written** document) shall be deemed to have been duly made, if satisfied that the instrument of proxy duly signed (or other requisite document) is in the course of transmission to the Company.

**21.07 An electronic record appointing a proxy shall be transmitted only by the method or methods authorised by the directors in the notice of the meeting at which it is to be used but the Directors may provide such a method for use either generally or for a specified meeting or meetings.**

21.0~~8~~**7** A proxy shall have no powers, as such, at any meeting at which his appointor is present in person or, being a corporation, by a duly authorised representative. If two or more proxies are present at a meeting and in accordance with their terms of appointment seek to vote on the same matter in respect of the same shares, the chairman shall in his absolute discretion decide which vote to accept and which vote or votes to disallow, or he may disallow all such votes.

**21.09 The directors may at the expense of the Company establish and maintain a secure website for the purposes of the appointment of proxies by electronic means using such programmes and security protocols as they shall in their discretion think fit but which shall require a means of identifying the appointor and generate an electronic record, and neither they nor the Company shall be liable to any member if it is afterwards discovered that the programmes or security protocols were insecure or had caused incorrect recording of proxy appointments.**

21.1~~0~~**0**8 The Directors may at the expense of the Company send to the members instruments of proxy (with or without prepaid postage for their return) for use at any general meeting, either in blank or (but only if such instruments are sent to all members entitled to attend and vote) nominating one or more Directors or other persons.

21.11~~09~~ All resolutions passed at a general meeting shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of a proxy or that the

appointment had been revoked or otherwise terminated prior to the meeting, be as valid as if every such proxy had been and remained duly appointed.

## 22. CIRCULAR RESOLUTIONS OF THE MEMBERS

22.01 A resolution in writing, in one or more counterparts, signed by all the members for the time being entitled to receive notice of and attend and vote at general meetings (or, being corporations, by their duly authorised representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly called and held, and shall satisfy any requirement of these Articles for a resolution to be passed by the Company in general meeting.

## 23. CLASS MEETINGS

23.01 All the provisions of these Articles regulating Extraordinary General Meetings (as to call, requisition, notice, proceedings, votes, proxies, circular resolutions and otherwise) apply equally to class meetings save only that references to members shall be construed as references to members holding shares of the relevant class.

## 24. APPOINTMENT OF DIRECTORS

24.01 (a) There shall be a Board of Directors consisting of not less than one or more than fifteen persons (exclusive of Alternate Directors) PROVIDED HOWEVER that the Company may from time to time by special resolution increase or reduce the limits in the number of Directors.

(b) The Board of Directors shall be divided into three groups designated Group I, Group II and Group III (which at all times shall be as nearly equal in number as possible);

(c) The initial classification of the Directors into Group I, Group II and Group III shall be for the Directors in their absolute discretion;

(d) The initial term of office of the Group III Directors shall expire at the 1999 Annual General Meeting; the initial term of office of the Group II Directors shall expire at the 2000 Annual General Meeting; the initial term of office of the Group I Directors shall expire at the 2001 Annual General Meeting.;

(e) Subject to initial classification and term of office as prescribed in this Article, at each Annual General Meeting Directors elected to succeed Directors whose terms expire shall be elected for a term of office to expire at the third succeeding Annual General Meeting after their election.

24.02 There shall be no shareholding qualification for Directors unless prescribed by special resolution.

24.03 The first Directors shall be appointed in writing by the subscribers of the Memorandum of Association or a majority of them.

24.04 The Directors may from time to time appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, subject to any upper limit on the number of Directors prescribed pursuant to this Article and subject to his designation as a Group I, Group II or Group III Director.

24.05 The Company may by ~~special~~ resolution~~s~~ remove any Director before the expiration of his term of office and ~~may by ordinary resolution~~ appoint another person in his stead; the person so appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director.

24.06 Without prejudice to other provisions of these Articles for the retirement or removal of Directors, the office of a Director shall be vacated:

(a) if he resigns as Director by notice to the Company in writing signed by him;

(b) if he dies, becomes bankrupt or makes any arrangement or composition with his creditors generally; or

**(c)** if he becomes of unsound mind or an order for his detention is made under the Mental Health Law or any analogous law of a jurisdiction outside the Cayman Islands**; or**

(d) **if he is adjudged by a court in any country to have been negligent as, or guilty of misconduct as, a director or for any reason unfit to act as a director of a Company and that judgement is final and unappealable**.

## 25. REMUNERATION OF DIRECTORS

25.01 The remuneration of the Directors shall be in such amount or at such rate, and upon such terms as the Directors may from time to time determine. Special remuneration may be agreed with or given to any Director who has undertaken, or is required to undertake, any special work, service or mission beyond the ordinary routine work of a Director.

25.02 An Alternate Director shall not be remunerated as such by the Company provided that he may, if the Directors think fit, be remunerated for any special work, service or mission beyond the ordinary routine work of a Director or Alternate Director.

## 26. TRANSACTIONS WITH DIRECTORS

26.01 A Director may hold any other executive or non-executive office or place of profit in or under the Company, other than the office of Auditor, on such terms as to tenure, remuneration, indemnity and otherwise as the Directors may determine.

26.02 A Director may act by himself or his firm in a professional capacity for the Company and shall be entitled to the same remuneration, indemnity and other privileges as if he were not a Director.

26.03 A Director may be a member or director or hold any other executive or non-executive office or place of profit in or under any company or association promoted by the Company or in which the Company may be interested or associated, and may exercise and enjoy the rights, privileges and benefits of any such position without being accountable in any way to the Company.

26.04 No person shall be disqualified from the office of Director by, or be prevented by such office from, contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract (or any other contract or arrangement entered into by or on behalf of the Company in which a Director shall be in any way interested) be liable to be avoided, nor shall any Director be liable to account to the Company for any profit realised by any such contract or arrangement; but the nature of his interest shall be disclosed by him at the meeting of the Directors at which the question of entering into the contract or arrangement is first taken into consideration or, if the Director was not at that time interested in the proposed contract or arrangement, then at the next meeting of the Directors held after he becomes so interested.

26.05 A Director may vote in respect of any contract, arrangement or other matter which may be proposed, notwithstanding that he has an interest therein provided that the nature of his interest shall have been disclosed to the Directors prior to the Directors' resolution.

26.06 For the avoidance of doubt it is declared that a Director shall be regarded as having an interest in any matter in which he has a duty conflicting with his duty to the Company, and also in any proposal to ratify a contract or transaction entered into by him in the name or on behalf of the Company prior to its registration.

26.07 A general notice that a Director is a shareholder, director or officer of, or otherwise interested in, a specified company or association and is to be regarded as interested in any transaction with such company or association shall be a sufficient disclosure for the purposes of this Article and thereafter it shall not be necessary to give any further notice relating to a particular transaction with that company or association.

~~26.08 The Company may from time to time by special resolution impose and vary rules more or less restrictive of Directors having conflicting interests.~~

26.0~~9~~**8** The provisions of this Article concerning Directors apply equally to Alternate Directors. For the purposes of this Article an interest of a Director shall be deemed to be an interest of his Alternate Director, and vice versa.

## 27. ALTERNATE DIRECTORS AND PROXIES

27.01 A Director may at any time appoint any person (including another Director) to be his Alternate Director and may at any time terminate such appointment. An appointment and

a termination of appointment shall be by notice in writing signed by the Director and deposited at the Registered Office or delivered at a meeting of the Directors.

27.02 The appointment of an Alternate Director shall determine on the happening of any event which, if he were a Director, would cause him to vacate such office or if his appointor ceases for any reason to be a Director.

27.03 An Alternate Director shall be entitled to receive notices of meetings of the Directors and shall be entitled to attend and vote as a Director at any such meeting at which his appointor is not personally present and generally at such meeting to perform all the functions of his appointor as a Director; and for the purposes of the proceedings at such meeting these Articles shall apply as if he (instead of his appointor) were a Director, save that he may not himself appoint an Alternate Director or a proxy.

27.04 If an Alternate Director is himself a Director or attends a meeting of the Directors as the Alternate Director of more than one Director, his voting rights shall be cumulative.

27.05 Unless the Directors determine otherwise, an Alternate Director may also represent his appointor at meetings of any committee of the Directors on which his appointor serves; and the provisions of this Article shall apply equally to such committee meetings as to meetings of the Directors.

27.06 If so authorised by express provision in his notice of appointment, an Alternate Director may join in a circular resolution of the Directors adopted pursuant to these Articles and his signature of such resolution shall be as effective as the signature of his appointor.

27.07 Save as provided in these Articles an Alternate Director shall not, as such, have any power to act as a Director or to represent his appointor and shall not be deemed to be a Director for the purposes of these Articles.

27.08 A Director who is not present at a meeting of the Directors, and whose Alternate Director (if any) is not present at the meeting, may be represented at the meeting by a proxy duly appointed, in which event the presence and vote of the proxy shall be deemed to be that of the Director. All the provisions of these Articles regulating the appointment of proxies by members **(including appointment by telecopier transmission but excluding provisions for appointment by other electronic means)** shall apply equally to the appointment of proxies by Directors.

## 28. PROCEEDINGS OF DIRECTORS

28.01 A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the powers and discretion by or under these Articles for the time being vested in or exercisable by the Directors generally.

28.02 Except as otherwise provided by these Articles, the Directors shall meet together for the dispatch of business, convening, adjourning and otherwise regulating their meetings as they think fit.

28.03 A Director may, and on the request of a Director the Secretary shall, at any time summon a meeting of the Directors. Notice thereof shall be given to each Director and Alternate Director in writing or by telephone or orally. Not less than **forty-eight hours notice in the case of a meeting proposed to be held in accordance with Article 28.04 or** five clear days notice **in any other case** shall be given save that all the Directors (or their Alternate Directors) may waive notice of the meeting at, before or after the meeting is held.

28.04 A meeting of the Directors may be held, and any Director may participate in a meeting, by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting are capable of hearing each other; and such participation shall be deemed to constitute presence in person at the meeting.

28.05 The quorum necessary for the transaction of business at a meeting of the Directors may be fixed by the Directors and, unless so fixed at any other number, shall be at least half the number of persons comprising the Board of Directors.

28.06 For the avoidance of doubt it is declared that an Alternate Director shall not be entitled to attend or vote at a meeting of the Directors or be counted towards the quorum if his appointor be present; and the proxy of a Director shall not be so entitled or counted if either the appointing Director or his Alternate Director be present.

28.07 The Directors may at any time elect a chairman and, if they think fit, a deputy chairman and may determine the period for which they respectively are to hold office. Subject to any such determination, the Directors may at any time remove a chairman or deputy chairman from office. A chairman or deputy chairman shall automatically cease to hold office if for any reason he ceases to hold office as a Director.

28.08 Questions arising at a meeting of the Directors shall be decided by a majority of the votes cast. In the case of an equality of votes, the chairman shall have a second or casting vote.

28.09 The continuing Directors may act notwithstanding any vacancy in their body but, if and so long as their number is reduced below the number fixed by or pursuant to these Articles as the minimum number of Directors or as the necessary quorum for meetings of Directors, the continuing Directors may act for the purpose of increasing the number of Directors to the requisite number, or of summoning a general meeting of the Company, but for no other purpose.

28.10 All resolutions passed and other acts done by any meeting of the Directors or of a committee of Directors shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any Director, Alternate Director or proxy, or that they or any of them were disqualified or had otherwise ceased to hold office, be as valid as if every such person had been duly appointed and qualified and continued to hold the office or position of Director, Alternate Director or proxy, as the case may be. This Article shall apply equally to a case in which there was no appointment as to the case in which there was a defective appointment.

28.11 A Director who is present at a meeting of the Directors at which action on any matter is taken shall be presumed to have assented to the action unless his dissent shall be entered in the minutes of the meeting or he shall file his written dissent with the person acting as the secretary of the meeting before the adjournment thereof or shall send his written dissent to the Registered Office immediately after the meeting, provided that this right of dissent shall not apply in the case of a Director who voted in favour of the action.

28.12 A resolution in writing, in one or more counterparts, signed by all the Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and held.

## 29. MINUTES AND REGISTERS

29.01 In accordance with the Statute the Directors shall cause minutes to be kept of all resolutions and proceedings of members, whether at general meetings, class meetings or otherwise, and of Directors or managers (if any), or committees of Directors (if any), whether at meetings or otherwise. Such minutes shall be kept in writing at the Registered Office or at such other location as the Directors may determine.

29.02 The minutes of a meeting, whether of the members or the Directors or a committee of the Directors, when signed by the person acting as the chairman of the meeting or by the person acting as the chairman of the next following meeting, shall until the contrary be proved be accepted as conclusive evidence of the matters stated in the minutes.

29.03 The Directors shall cause to be kept at the Registered Office the register of Directors and officers and the register of mortgages and charges required by the Statute. Alternate Directors shall be entered in the register of Directors and officers.

## 30. POWERS OF DIRECTORS

30.01 The business of the Company shall be managed ~~by~~ **under the direction of** the Directors, who may exercise all such powers of the Company as are not by the Statute or these Articles required to be exercised by the Company in general meeting, subject nevertheless to any regulations, not inconsistent with the Statute or these Articles, prescribed by the Company in general meeting. No such regulations made by the Company in general meeting may invalidate any prior act of the Directors. This Sub-Article is without prejudice to the provisions of these Articles permitting delegation by the Directors.

30.02 Notwithstanding that the Statute or the Memorandum of Association may permit the Company to pursue objects or exercise powers which are charitable or benevolent or otherwise independent of the financial interests of the Company itself, the Directors shall not without the sanction of a special resolution pursue any such objects or exercise any such powers, provided that:

(a) this Sub-Article does not apply to the declaration or payment of dividends, the redemption or purchase of shares or the conferring of other benefits upon members in accordance with these Articles;

(b) ~~T~~the Directors on behalf of the Company may pay or procure the payment of gratuities, pensions and other benefits to persons who are or were officers or employees of the Company or any associated company, or widows or other dependants of such persons, whether or not the Company has any legal obligation to do so;

(c) ~~T~~the Directors may establish, maintain and fund ~~a~~ scholarship **or similar** programme**s** for the education and advancement of persons meeting such qualifications as the Directors may determine;

(d) this Sub-Article does not apply to an action which, though it may in itself be gratuitous, is considered by the Directors to **promote the Company, its products or its business or otherwise to** be in the financial interests of the Company;

(e) if there is any reasonable doubt as to whether an action is prohibited by this Sub-Article, the Directors' decision, if made in good faith, shall be conclusive.

30.03 The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof by way of fixed charge, floating charge or other form of encumbrance, and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party. In the case of a charge over the uncalled capital of the Company or any part of it, the Directors may delegate to the charge holder (or any person acting as his trustee or appointed by him) the power to make calls on members in respect of such uncalled capital and to sue in the name of the Company or otherwise for the recovery of monies becoming due in respect of calls and to give valid receipts for such monies; and such powers shall be assignable if expressed to be so.

30.04 All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for monies paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed in such manner as the Directors may from time to time determine.

## 31. SECRETARY

31.01 The Secretary shall, and one or more assistant secretaries may, be appointed by the Directors for such terms, at such remuneration and upon such conditions as the Directors think fit. Notwithstanding the terms or conditions of appointment, the Secretary and any assistant secretary may at any time be removed from office by the Directors.

31.02 Subject to any contrary term or condition of his appointment, an assistant secretary may exercise or perform any task or power conferred upon the Secretary by the Statute, by

these Articles or by resolution of the Directors, but shall comply with any proper direction which may be given by the Secretary.

31.03 A provision of the Statute or of these Articles requiring or authorising anything to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as or in place of the Secretary.

## 32. COMMITTEES, OFFICERS, ATTORNEYS AND MANAGERS

32.01 The Directors may delegate any of their powers and discretion to committees consisting of such of their number as the Directors think fit and may at any time revoke any such delegation or discharge any such committee either wholly or in part. Every committee so formed shall in the exercise of the powers and discretions delegated to it conform to any regulations that may from time to time be imposed upon it by the Directors. All acts done by any such committee in conformity with such regulations and in fulfilment of the purposes for which it is appointed, but not otherwise, shall have the like force and effect as if done by the Directors. Subject to any regulations made by the Directors for this purpose, the meetings and proceedings of such committees shall be governed by the provisions of these Articles concerning the meetings and proceedings of the Directors, including provisions for circular resolutions.

32.02 The Directors may on behalf of the Company appoint from their own number or otherwise such officers to perform such duties, to exercise such powers and discretions and upon such terms as the Directors think fit.

32.03 The Directors may on behalf of the Company by power of attorney under the Seal appoint any person or persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers and discretion (not exceeding those vested in or exercisable by the Directors) and for such period and subject to such conditions as the Directors may think fit; and any such attorney, if so authorised, may execute deeds and instruments on behalf of the Company under his own hand and seal which shall bind the Company and have the same effect as if under the Seal of the Company.

32.04 The Directors may on behalf of the Company appoint such managers, custodians and agents with such duties, powers, and discretions and upon such terms as the Directors think fit.

32.05 Any delegation by the Directors pursuant to this Article may be on terms permitting sub-delegation.

## 33. SEAL

33.01 The Seal shall only be used by the authority of the Directors or of a committee of the Directors authorised by the Directors in that behalf; and, until otherwise determined by the Directors, the Seal shall be affixed in the presence of a Director or the Secretary or an

assistant secretary or some other person authorised for this purpose by the Directors or the committee of Directors.

33.02 Notwithstanding the foregoing Sub-Article the Seal may without further authority be affixed by way of authentication to any document required to be filed with the Registrar of Companies in the Cayman Islands, and may be so affixed by any Director, Secretary or assistant secretary of the Company or any other person or institution having authority to file the document as aforesaid.

33.03 The Company may have one or more duplicate Seals, as permitted by the Statute; and, if the Directors think fit, a duplicate Seal may bear on its face the name of the country, territory, district or place where it is to be used.

## 34. DIVIDENDS AND RESERVES

34.01 Subject to these Articles and subject to any direction of the Company in general meeting, the Directors may on behalf of the Company declare and pay dividends (including interim dividends) at such times and in such amounts as they think fit. For the avoidance of doubt it is declared that, subject as aforesaid, the Directors may, if it appears to them fair and equitable to do so, fix as the record date for a dividend a date prior to the declaration of the dividend.

34.02 Dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed, or not in the same amount. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Statute.

34.03 The Directors may before declaring a dividend set aside such sums as they think fit as a reserve or reserves for any proper purpose. Pending application, such sums may be employed in the business of the Company or invested, and need not be kept separate from other assets of the Company. The Directors may also, without placing the same to reserve, carry forward any profit which they decide not to distribute.

34.04 Subject to these Articles and subject to any special dividend rights or restrictions for the time being attached to any shares or class of shares, if a dividend is declared:

(a) every share shall confer on the holder as at the record date the right to participate in the dividend;

(b) the dividend shall be declared and paid according to the amounts (other than share premium) paid up on shares as at the record date ~~or, if the Company is an exempted company and its shares have no par value, then on an equal per share basis~~;

34.05 The Directors may deduct from any dividend all sums of money presently payable by the holder to the Company~~, whether in respect of shares or otherwise;~~ and the Directors may

retain any dividend on shares over which the Company has a lien for any obligation presently due.

34.06 Any dividend or other monies payable in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, the holder who is first named in the Register in respect of the shares; but this Sub-Article is without prejudice to any other method of payment which the Directors may think appropriate and, in the case of joint holders, payment to any one or more of them shall be a good discharge to the Company.

34.07 No dividend shall bear interest against the Company.

34.08 With the sanction of an ordinary resolution of the Company (or, as regards a dividend payable in respect of a class of shares, an ordinary resolution passed at a class meeting), the Directors may determine that a dividend shall be paid wholly or partly by the distribution of specific assets (which may consist of the shares or securities of any other company) and may settle all questions concerning such distribution. Without limiting the foregoing generality the Directors may fix the value of such specific assets, may determine that cash payments shall be made to some members in lieu of specific assets and may vest any such specific assets in trustees on such terms as the Directors think fit.

34.09 ~~With the sanction of an ordinary resolution of the Company (or, as regards a dividend payable in respect of a class of shares, an ordinary resolution passed at a class meeting), t~~**T**he Directors may determine that:

(a) **a dividend shall be satisfied in whole or specified part by an issue of shares of the Company credited as fully paid**~~the persons entitled to participate in the dividend shall have a right of election to accept shares of the Company credited as fully paid in satisfaction of all or (if the Directors so specify or permit) part of their dividend entitlement~~; or

(b) **the persons entitled to participate in the dividend shall have a right of election to accept shares of the Company credited as fully paid in satisfaction of all or (if the Directors so specify or permit) part of their dividend entitlement**~~a dividend shall be satisfied in whole or specified part by an issue of shares of the Company credited as fully paid up, subject to a right of election on the part of persons entitled to participate in the dividend to receive their dividend entitlement wholly or (if the Directors so permit) partly in cash~~;

and in either event the Directors may determine all questions that arise concerning the right of election, notification thereof to members, the basis and terms of issue of shares of the Company and otherwise.

34.10 (a) The Directors shall have the power to cease sending dividend warrants, if such warrants have been returned undelivered or left uncashed, provided that such power shall not be exercised until either such warrants have been so returned or left

uncashed on two consecutive occasions or, following one such occasion, reasonable enquiries have failed to establish any new address of the holder;

(b) Any dividend that has remained unclaimed for twelve years from the date when it became due for payment shall, if the Directors so resolve, be forfeited and cease to remain owing by the Company;

34.11 The Directors shall have the power to sell the shares (which shall include the power for the Company to purchase such shares) of any holder who is untraceable, provided that such power shall not be exercisable unless:

(i) during a period of not less than 12 years three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and

(ii) on or after the expiry of such period the Company has given notice by such method as the Directors shall deem fit of its intention to sell the shares within the time frame stated therein, and no response is received, save that the Directors in their absolute discretion may dispense with such notice,

and, in the event of such a sale, the Directors shall authorise any one or more Directors or Officers of the Company to sign the transfer on behalf of any such untraceable holder notwithstanding it being unaccompanied by the certificate if any for the shares to which it relates and shall cause the name of name of the purchaser(s) of such share to be entered in the Register**.** The net proceeds of sale of any shares shall be held upon trust by the Company, or by such successor trustee as shall be appointed by the Directors, for the holder or his estate upon such terms, including the remuneration of any such trustee, as the Directors, or a liquidator if one is appointed, shall deem fit**.**

## 35. SHARE PREMIUM ACCOUNT

35.01 Subject to any direction from the Company in general meeting, the Directors may on behalf of the Company exercise all the powers and options conferred on the Company by the Statute in regard to the Company's share premium account, save that unless expressly authorised by other provisions of these Articles the sanction of an ordinary resolution shall be required for any application of the share premium account in paying dividends to members.

## 36. CAPITALISATION ISSUES

36.01 ~~With the sanction of an ordinary resolution of the Company t~~**T**he Directors may on behalf of the Company appropriate any sum standing to the credit of the share premium account or capital redemption reserve or any sum of profits available for dividend purposes (or credited to any reserve set aside from profits which the Directors determine is no longer needed, or not in the same amount) to members in the proportions in which such sum would have been divisible amongst them if distributed by way of dividend, and to apply such sum on their behalf in paying up in full unissued shares to be issued to the members in

the said proportions. The Directors may determine all questions that arise concerning a capitalisation issue including the basis and terms of issue.

## 37. BOOKS OF ACCOUNT

37.01 The Directors shall cause proper books of account to be kept with respect to:

(a) all sums of money received or expended by the Company and the matters in respect of which the receipt or expenditure takes place;

(b) all sales and purchases of goods by the Company;

(c) the assets and liabilities of the Company;

and proper books of account shall not be deemed to be kept with respect to the matters aforesaid if there are not kept such books as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions. Such books shall be kept at such place or places as the Directors determine.

37.02 The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being Directors; and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as authorised by the Directors or by the Company in general meeting.

37.03 Subject to any waiver by the Company in general meeting of the requirements of this Sub-Article, the Directors shall lay before the Company in general meeting, or circulate to members, financial statements in respect of each financial year of the Company, consisting of:

(a) a profit and loss account giving a true and fair view of the profit or loss of the Company for the financial year; and

(b) a balance sheet giving a true and fair view of the state of affairs of the Company at the end of the financial year;

together with a report of the Directors reviewing the business of the Company during the financial year. The financial statements and the Directors' report, together with the auditor's report, if any, shall be laid before the Company in general meeting, or circulated to members, no later than 180 days after the end of the financial year.

37.04 The financial year of the Company shall run from the anniversary of the Company's registration (or, in the case of the first financial year, the date of registration) to the day preceding the next such anniversary but, subject to any direction of the Company in general meeting, the Directors may from time to time prescribe some other period to be

the financial year, provided that the Directors may not without the sanction of an ordinary resolution prescribe or allow any financial year longer than eighteen months.

## 38. AUDIT

38.01 The Audit Committee, if any, of the Board of Directors of the Company shall have the sole authority to appoint or replace the Company's Auditors. The Audit Committee shall be directly responsible for the compensation and oversight of the work of the Auditors for the purpose of preparing or issuing an audit report or related work. The Auditors shall report directly to the Audit Committee. If there is no Audit Committee at any time, its duties under this Article shall be performed by the Board. Nothing in this Article shall be construed as making it obligatory to appoint Auditors.

38.02 The Auditors shall make a report to the members on the accounts examined by them and on every set of financial statements laid before the Company in general meeting, or circulated to members, pursuant to this Article during the Auditors' tenure of office.

38.03 The Auditors shall have right of access at all times to the Company's books, accounts and vouchers and shall be entitled to require from the Company's Directors and officers such information and explanations as the Auditors think necessary for the performance of the Auditors' duties; and, if the Auditors fail to obtain all the information and explanations which, to the best of their knowledge and belief, are necessary for the purposes of their audit, they shall state that fact in their report to the members.

38.04 The Auditors shall be entitled to attend any general meeting at which any financial statements which have been examined or reported on by them are to be laid before the Company and to make any statement or explanation they may desire with respect to the financial statements.

## 39. WINDING-UP

39.01 In the winding-up of the Company, subject to any special rights or restrictions for the time being attached to any shares or any class of shares, the assets available for distribution amongst the members as such shall be distributed according to the amounts (other than share premium) paid up on shares held by them.

39.02 In the winding-up of the Company the Liquidator may, with the sanction of a special resolution, determine that any winding-up distribution shall be made in whole or part by the distribution of specific assets.

## 40. INDEMNITY

40.01 The Directors and officers of the Company and any trustee for the time being acting in relation to any of the affairs of the Company and every former director, officer, or trustee and their respective heirs, executors, administrators and personal representatives (each of such persons being referred to in this Article as "indemnified party") shall be indemnified out of the assets of the Company from and against all actions, proceedings, costs, charges,

losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done or omitted in or about the execution of their duties in their respective offices or trusts, except any which an indemnified party shall incur or sustain by or through his own wilful neglect or default; no indemnified party shall be answerable for the acts, omissions, neglects or defaults of any other Director, officer, or trustee, or for joining in any receipt for the sake of conformity, or for the solvency or honesty of any banker or other persons with whom any moneys or effects belonging to the Company may be lodged or deposited for safe custody, or for any insufficiency of any security upon which any monies of the Company may be invested, or for any other loss or damage due to any such cause as aforesaid or which may happen in or about the execution of his office or trust unless the same shall happen through the wilful neglect or default of such indemnified party.

## 41. NOTICES

41.01 Save as otherwise expressly provided in these Articles, notices by the Company pursuant to these Articles shall be in writing and may be given personally or by sending the notice by post, telex, telecopy or any other method of **electronic or** written communication; and, subject as aforesaid:-

(a) when sent by post the notice shall be deemed given sixty hours (or one hundred and twenty hours, if overseas) after posting the notice, postage pre-paid, properly addressed (by airmail, if overseas);

(b) a notice sent by telex or telecopy **or other electronic means** shall be deemed given immediately upon despatch properly addressed; and

(c) in any other case (other than delivery in person) the notice shall be deemed given at such time as the Directors estimate the notice should reach the addressee in the ordinary course.

41.02 A notice to a member may be addressed to him at his address shown in the Register **or to any telecopy number or electronic address provided by him to the Company for the purpose**. In the case of joint holders of a share, notice may be given to the holder first named in the Register in respect of the share, but notice to any of the joint holders shall be deemed notice to all.

41.03 Notice may be given by the Company to the person or persons whom the Company has been advised are entitled to a share or shares in consequence of the death or bankruptcy of a member or otherwise by operation of law, addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description at the address supplied for that purpose by the persons claiming to be so entitled, or at the option of the Company by giving the notice in any manner in which the same might have been given if the death, bankruptcy or other event had not occurred.

## 42. ALTERATION OF ARTICLES

42.01 Subject to the Statute, the Company may from time to time by special resolution alter or amend these Articles in whole or in part.