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Tianjin Capital Environmental Protection Company Limited

天津創業環保股份有限公司

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

TERMINATION OF THE HAIHE BRIDGE PROJECT MANAGEMENT AGREEMENT

The Directors wish to announce that the Company has entered into the Termination Agreement with TMICL on 29th April, 2003, pursuant to which the Company and TMICL agreed to terminate the Haihe Bridge Project Management Agreement dated 24th September, 2001 with effect from 29th April, 2003. As TMICL is the controlling shareholder of the Company, the transaction contemplated under the Termination Agreement constitutes a connected transaction for the Company under the Listing Rules. However, since the Foregone Revenue does not exceed the higher of HK$10,000,000 or 3% of the net tangible asset value of the Company, it is only subject to the disclosure requirements under Rule 14.25(1) of the Listing Rules.

BACKGROUND INFORMATION

Reference is made to the announcement of the Company dated 25th September, 2001 (the "Announcement") in relation to the Haihe Bridge Project Management Agreement entered into between Tianjin Capital Environmental Protection Company Limited (the "Company") and Tianjin Municipal Investment Company Limited ("TMICL") on 24th September, 2001. Terms used in this announcement shall have the same meaning as defined in the Announcement unless otherwise defined. Pursuant to the Haihe Bridge Project Management Agreement, the Company agreed to provide project management services to TMICL for the construction of Haihe Bridge and will be entitled to a total sum of project management fee amounting to RMB10,650,000 (equivalent to approximately HK$9,953,000) receivable on a monthly basis according to the percentage of completion of the construction of Haihe Bridge. The percentage of completion of the Haihe Bridge in a period/ year is determined by reference to the certification of a qualified independent surveyor/ engineer. The actual amount of total management fee will be subject to bonus payment or penalty upon the occurrence of specified events at completion, details of which are included in the circular of the Company dated 17th October, 2001. As TMICL was the controlling shareholder of the Company which was interested in approximately 63.08% of the issued share capital of the Company at the time when the Company and TMICL entered into the Haihe Bridge Project Management Agreement, the transaction contemplated under the Haihe Bridge Project Management Agreement constituted an ongoing connected transaction for the Company under the Listing Rules and was subject to the disclosure requirements under Rule 14.25(1) of the Listing Rules.

TERMINATION AGREEMENT

Date: 29th April, 2003

Parties: (i) the Company;

(ii) TMICL, a state-owned company with limited liability under the supervisory control of the Tianjin Urban Construction Bureau, and the controlling shareholder of the Company which beneficially owns an aggregate of approximately 63.08% of the issued share capital of the Company.

Particulars:

Under the Haihe Bridge Project Management Agreement, either party may terminate the agreement with prior written notice with the agreement of the other party. On 29th April, 2003, the Company has entered into a termination agreement with TMICL (the "Termination Agreement") to terminate the Haihe Bridge Project Management Agreement with effect from 29th April, 2003 as the Company was informed by TMICL on 2nd April, 2003 that the construction project of Haihe Bridge has been postponed indefinitely since 1st January, 2003 as determined by TMICL. No compensation, legal consequences, losses or any such demand would be imposed on either party under the Haihe Bridge Project Management Agreement as agreed by the parties involved therein.

TMICL completed 70.80% of the construction project work of Haihe Bridge as of 31st December, 2002 and the Company received in aggregate a management fee of RMB7.54 million (equivalent to approximately HK$7.05 million) calculated by reference to the percentage of completion of the project. Upon the entering of the Termination Agreement, the Company ceases to receive any revenue from TMICL under the Haihe Bridge Project Management Agreement. Had the Haihe Bridge Project Management Agreement not been terminated, the Company will receive an amount of revenue of RMB3.11 million (equivalent to approximately HK$2.91 million)(the "Foregone Revenue"), representing approximately 0.17% and 1.08% of the net tangible asset of the Company as at 31st December, 2002 and the net profit of the Company for the year ended 31st December, 2002 respectively as disclosed in the Company's latest published audited accounts.

LISTING RULES IMPLICATIONS FOR THE COMPANY

As TMICL is the controlling shareholder of the Company, the transaction contemplated under the Termination Agreement constitutes a connected transaction for the Company under the Listing Rules. However, since the Foregone Revenue does not exceed the higher of HK$10,000,000 or 3% of the net tangible asset value of the Company, the transaction contemplated under the Termination Agreement is only subject to the disclosure requirements under Rule 14.25(1) of the Listing Rules. Details as specified in Rules 14.25(1)(A) to (D) of the Listing Rules in respect of the transaction contemplated under the Termination Agreement will be disclosed in the Company's annual report and accounts.

IMPACT TO THE COMPANY'S BUSINESSES

The Company is principally engaged in the provision of urban construction and environmental protection related businesses in Tianjin, PRC.

Since TMICL has decided to postpone the construction project of Haihe Bridge indefinitely and requested to terminate the Haihe Bridge Project Management Agreement, the Company accepted the request after considering that the Foregone Revenue represents small amount of the Company's income (0.49%) and net profit (1.08%) for the year ended 31st December, 2002, and the termination of the Haihe Bridge Project Management Agreement will not have any material effect to the business operation of the Company.

By order of the board of
Tianjin Capital Environmental Projection Company Limited
Ma Baiyu
Chairman

Tianjin, the PRC, 29th April, 2003

Unless otherwise specified, the translation of RMB into Hong Kong dollars is based on the exchange rate of HK$1.00 to RMB1.07. The translation should not be construed as a representation that the relevant amounts have been, could have been, or could be, converted at that or any other rate at all.

Please also refer to the published version of this announcement in The Standard.