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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)

Announcement
New arrangement for toll collection

Summary

Reference is made to the announcement of the Company dated 3 June, 2003. With respect to the demolition of former toll stations owned by the Company, namely the Jinlai Highway toll station, the Weijinnan Road toll station, the Youyi Road Toll station, the Jiefangnan Road toll station, the Dagunan Road toll station, the Zhangguizhuang Road toll station, the Yuejin Road toll station, the Weiguo Road toll station, the Jinzhonghe Road toll station, the Xinyibai Road toll station, the Jinyu Highway toll station, the Jingjin Highway toll station, the Guangrong Road toll station, the Xiqing Road toll station, the Jieyuanxi Road toll station and the Fukang Road toll station (collectively referred to as "Former Toll Stations") and the new toll collection arrangement, the Company has reached an agreement on 9 July, 2003 with the relevant Tianjin Municipal Government authorities. Pursuant to this agreement, Tianjin Municipal Government's Tianjin Municipal Engineering Bureau (the "Bureau") has provided a compensation of RMB 8.0 million in cash to the Company for its toll collection services from 31 May, 2003 to 30 June, 2003, the amount of which is arrived at with reference to the level of income in the same period last year. In the meantime, the Bureau has agreed that an one-off cash compensation will be made to the Company for demolishing Former Toll Stations which is equivalent to the unaudited net book value of Former Toll Stations as at 30 June, 2003 of approximately RMB32.6 million.

According to the "Instructions on concession of the Southeastern Half Ring of the Middle Ring Line (amended in 2003)" promulgated by the Bureau on 18 July, 2003, effective from 1 July, 2003, the Company has been granted the toll collection rights (till 1 March, 2029) for six new toll stations to compensate the Company for its loss of earnings of Former Toll Stations.

The Company believes that the new toll collection arrangement will not have any material impact on the operating results and net asset value of the Company.

This announcement is a reproduction of an announcement released in the People's Republic of China by the Company today. It is issued by the Company pursuant to paragraph 2(2) of the Listing Agreement for information purpose only. Reference is made to the announcement of the Company dated 3 June, 2003.

With respect to the demolition of Former Toll Stations and the new toll collection arrangement, the Company has reached an agreement with the relevant Tianjin Municipal Government authorities. Pursuant to this agreement, the Bureau has provided a compensation of RMB 8.0 million in cash to the Company for its toll collection services from 31 May, 2003 to 30 June, 2003, the amount of which is equivalent to the level of income in the same period last year. In the meantime, the Bureau has agreed that an one-off cash compensation will be made to the Company for demolishing Former Toll Stations which is equivalent to the unaudited net book value of Former Toll Stations as at 30 June, 2003 of approximately RMB32.6 million. The audited profit before tax contributed from Former Toll Stations for the year ended 31st December 2002 amounted to approximately RMB38.6 million, which represents approximately 9% of the profit before taxation of the Company for the same period of approximately RMB428.5 million.

According to the "Instructions on concession of the Southeastern Half Ring of the Middle Ring Line (amended in 2003)" promulgated by the Bureau on 18 July, 2003, effective from 1 July, 2003, the Company has been granted the toll collection rights (till 1 March, 2029) for six new toll stations, namely the toll station south to Jizhou Bridge of Jinwei Highway, the toll station east to Jizhou Bridge of Jingha Highway, Jinglai toll station of Jinwen Highway, Dongmajuan toll station of Jingfu Highway, Maying toll station of Yangyu Highway and Gaozhuang toll station of Hannan Highway (collectively referred to as "Current Toll Stations"), to compensate the Company for its loss of earnings of Former Toll Stations.

The Company has engaged Scott Wilson Consultancy Group, an independent consulting engineer, to assess the traffic volume, toll fee, operation, management, and maintenance costs of Former Toll Stations and Current Toll Stations and issue separate assessment reports in respect thereof. The assessment reports indicated that the new toll collection arrangement will not have any material impact on the operating results of the Company.

With the approval granted by the 31st board meeting of the second session of the board of directors of the Company, the Company has entered into the "Toll Collection Subcontracting Agreement" on 24 July, 2003 with the newly formed Tianjin Toll Collection Office (the "Toll Collection Office"), an independent third party of the Company, pursuant to which the Company has agreed to engage the Toll Collection Office till 1 March, 2029 to collect tolls on its behalf and to take charge of the operation, management, repair and maintenance of Current Toll Stations. With reference to the cost estimates indicated in the assessment reports issued by Scott Wilson Consultancy Group, the Company has set out a basic monthly fee of RMB593,300 (subject to adjustment if toll increases), to be paid by the Company to the Toll Collection Office during the engagement period, in the Toll Collection Subcontracting Agreement. The basic monthly fee of RMB593,300 represents approximately 0.09% of the audited turnover and approximately 0.14% audited profit before taxation of the Company for the year ended 31 December, 2002.

The Company believes that the new toll collection arrangement will not have any material impact on the operating results and net asset value of the Company.

By order of the Board
Ma Baiyu
Chairman

Tianjin, the PRC, 24 July, 2003

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