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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

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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)

(Stock Code: 1065)

CONTINUING CONNECTED TRANSACTION — SEWAGE WATER PROCESSING INTERIM SERVICE AGREEMENT

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders**



A letter from the Independent Board Committee (as defined herein) containing its advice to the Independent Shareholders (as defined herein) is set out on page 13 of this circular. A letter from Access Capital Limited containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 27 of this circular. A letter from the Board is set out on pages 4 to 12 of this circular.

A notice convening the EGM (as defined herein) to be held at 10:30 a.m. on 29th May 2006 at the conference room of the Company on 5th Floor, TCEP Building, 76 Weijin South Road, Nankai District, Tianjin, the PRC is set out on pages 33 to 34 of this circular.

Whether or not you intend to attend the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's principal office address at TCEP Building, 76 Weijin South Road, Nankai District, Tianjin, the PRC, as soon as possible but in any event not less than 24 hours before the time scheduled for the holding of the EGM or any adjournments thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournments thereof should you so wish.

11th April 2006

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DEFINITIONS

In this circular, the following expressions shall have the meanings set out below unless the content requires otherwise:

“Access Capital”	Access Capital Limited, a licenced corporation to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders;
“associate”	has the meaning ascribed to it in the Listing Rules;
“Acceptance Inspection”	acceptance of inspection on the respective Sewage Water Treatment Plants undertaken by the relevant regulatory authorities in the PRC;
“A Shares”	renminbi-denominated domestic shares of nominal value of RMB1.00 each in the ordinary share capital of the Company;
“Beicang Plant”	the Beicang sewage treatment plant (北倉污水處理廠);
“Board”	the board of Directors;
“Cap Amounts”	the aggregate annual value of the transaction contemplated under the Sewage Water Processing Interim Service Agreement for the year ending 31st December 2006;
“Company”	Tianjin Capital Environmental Protection Company Limited (天津創業環保股份有限公司), a joint stock limited company established in the PRC whose A Shares and H Shares are listed on the Shanghai Stock Exchange and the Stock Exchange, respectively;
“connected person”	has the meaning ascribed to it in the Listing Rules;
“Directors”	the directors of the Company;
“Dongjiao Plant”	the Dongjiao sewage treatment plant (東郊污水處理廠);
“EGM”	the extraordinary general meeting of the Company to be held at 10:30 a.m. on 29th May 2006 for the purpose to consider and approve, if thought fit, the Sewage Water Processing Interim Service Agreement and the Cap Amounts;
“Group”	the Company and its subsidiaries;
“H Shares”	overseas listed foreign shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Stock Exchange;

DEFINITIONS

“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors namely Mr. Wang Xiangfei, Mr. Gao Zongze and Mr. Ko Poming;
“Independent Shareholders”	the Shareholders, other than TMICL and its associates (as defined in the Listing Rules) and any connected persons having an interest in the transactions contemplated under the Sewage Water Processing Interim Service Agreement;
“Jizhuangzi Expansion Plant”	the expanded Jizhuangzi sewage treatment plant (紀莊子污水處理廠);
“Latest Practicable Date”	3rd April 2006, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“Pricing Formula”	the formula, which is calculated on a cost-plus-profit basis and is linked to, among others, the operation cost of processing sewage water and a fixed return on capital investment, in determining the price payable by TSC to the Company for the processing of sewage water as set out in the Sewage Water Processing Agreement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sewage Water Plants Fee Agreement”	the conditional agreement dated 24th September 2001 entered into between the Company and TSC in relation to the fee charged by the Company during the construction period of the Sewage Water Treatment Plants;
“Sewage Water Processing Agreement”	the agreement dated 10th October 2000 entered into between TSC and TMICL in relation to the pricing of the treatment of sewage water;
“Sewage Water Processing Interim Service Agreement”	the agreement dated 20th March 2006 entered into between TSC and the Company in relation to the arrangement for charging of the sewage water processing fee by the Company before the completion (i.e. the passing of the Acceptance Inspection) of the Sewage Water Treatment Plants;
“Sewage Water Treatment Plants”	the Xianyanglu Plant, the Jizhuangzi Expansion Plant and the Beicang Plant;

DEFINITIONS

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholders”	shareholders of the Company, including holders of A Shares and H Shares;
“Stock Exchange”	the Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules;
“TMICL”	Tianjin Municipal Investment Company Limited (天津市政投資有限公司), a Stated-owned company with limited liability under the supervisory control of the Urban Construction Bureau;
“TSC”	Tianjin Sewage Company (天津市排水公司), a Stated-owned enterprise established in the PRC and under the supervisory control of the Urban Construction Bureau;
“Urban Construction Bureau”	the Urban Construction Bureau of the Tianjin Municipality (天津市市政工程局);
“Xianyanglu Plant”	the Xianyanglu sewage treatment plant (咸陽路污水處理廠);
“%”	per cent.

For the purpose of this circular, unless otherwise indicated, the conversion rate between RMB and Hong Kong dollar in this circular is HK\$100 = RMB104.

LETTER FROM THE BOARD



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)

(Stock Code: 1065)

Executive Directors:

Ms. Ma Baiyu (*Chairman*)

Mr. An Pindong

Mr. Gu Qifeng

Mr. Wang Zhanying

Mr. Tan Zhaofu

Ms. Fu Yana

Registered address:

No. 45

Guizhou Road

Heping District

Tianjin, the PRC

Postal Code: 300051

Independent non-executive Directors:

Mr. Wang Xiangfei

Mr. Gao Zongze

Mr. Ko Poming

11th April 2006

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION — SEWAGE WATER PROCESSING INTERIM SERVICE AGREEMENT

INTRODUCTION

On 20th March 2006, the Board announced that the Company entered into the Sewage Water Processing Interim Service Agreement with TSC, a connected person of the Company on 20th March 2006. The purpose of this circular is to provide you with further information relating to the Sewage Water Processing Interim Service Agreement, advice of Access Capital to the Independent Board Committee and the Independent Shareholders, and the recommendation from the Independent Board Committee.

BACKGROUND AND REASONS FOR ENTERING INTO THE SEWAGE WATER PROCESSING INTERIM SERVICE AGREEMENT

The Company entered into the Sewage Water Plants Fee Agreement with TSC on 24th September 2001 for the term from 24th September 2001 to the completion (i.e. including the passing of the Acceptance Inspection) of the respective Sewage Water Treatment Plants, and pursuant to which, TSC agreed to pay, and the Company will charge a fee during the construction period of the respective Sewage Water Treatment Plants in order to provide incentives and compensate the Company in constructing the Sewage Water Treatment Plants (which are regarded as public utility facilities) during

LETTER FROM THE BOARD

the construction period. Pursuant to the Sewage Water Plants Fee Agreement, the Company is entitled to a lump sum fee for each of the Sewage Water Treatment Plants, which is calculated on the aggregate of the fees calculated at 23.7% of the simple average balances of the estimated construction cost of each of the Sewage Water Treatment Plants for each year/period until the completion (i.e. including the passing of the Acceptance Inspection) and operation of the respective Sewage Water Treatment Plants. The estimated lump sum fees (the “**Lump Sum Fee**”) payable to the Company for the construction of each of the Sewage Water Treatment Plants are approximately RMB317 million for the Jizhuangzi Expansion Plant, RMB589 million for the Xianyanglu Plant, and RMB264 million for the Beicang Plant. Such lump sum fee shall be payable by TSC to the Company in advance on a monthly basis according to the percentage of the estimated amount of construction works completed during the relevant month as compared to the total estimated construction costs to be incurred since 24th September 2001 to the completion of the Sewage Water Treatment Plants (i.e. including the passing of the Acceptance Inspection).

In addition, TMICL entered into the Sewage Water Processing Agreement with TSC on 10th October 2000 which was subsequently assigned by TMICL to the Company on 20th December 2000, and pursuant to which, the Company agreed to procure the Jizhuangzi plant and the Dongjiao Plant and any future sewage water treatment plants of the Company to process sewage water released from the sewage systems located in the Tianjin city, and in return a monthly processing fee calculated based on the Pricing Formula shall be payable by TSC to the Company. In addition, according to the terms of the Sewage Water Plants Fee Agreement, the Company can commence to charge the sewage water processing fee under the rate as stipulated in the Sewage Water Processing Agreement for the sewage water processed by the Sewage Water Treatment Plants, once and upon the respective Sewage Water Treatment Plants have been completed (i.e. including the passing of the Acceptance Inspection).

As at the Latest Practicable Date, the Jizhuangzi Expansion Plant and the Xianyanglu Plant have been basically completed, with quality of water output reaching the national standards and certified by the relevant regulatory authorities. Further, it is also expected that the Beicang Plant will be basically completed and achieve the requisite national standards in about June 2006. Based on the current progress of work, it is anticipated that the schedules for the completion (i.e. including the passing of the Acceptance Inspection) of the Jizhuangzi Expansion Plant, the Xianyanglu Plant and the Beicang Plant will be taken place in December 2006, December 2006 and April 2007 respectively. As such, according to the terms of the Sewage Water Plants Fee Agreement, the Company can only commence to charge the sewage water processing fee under the rate as stipulated in the Sewage Water Processing Agreement for the sewage water processed by the respective Sewage Water Treatment Plants on such date.

Given the Jizhuangzi Expansion Plant and the Xianyanglu Plant have been basically completed and have processed sewage water, with quality of water output reaching the national standards and certified by the relevant regulatory authorities since 1st January 2006, the Company and TSC agreed to enter into the Sewage Water Processing Interim Service Agreement so as to set out the arrangement for charging of the sewage water processing fee by the Company before the completion (i.e. including the passing of the Acceptance Inspection) of the Sewage Water Treatment Plants.

By constructing the Sewage Water Treatment Plants, the Company can engage in the business for the provision of the sewage water treatment service, and obtain its return on capital investment (i.e.

LETTER FROM THE BOARD

including the injection of capital expenditure for constructing the Sewage Water Treatment Plants) by charging sewage water processing fee for the sewage water processed in the Sewage Water Treatment Plants. However, before the Sewage Water Treatment Plants are completed (i.e. including the passing of the Acceptance Inspection), no income could be generated as no sewage water was processed by the Sewage Water Treatment Plants during the construction period. As such, TSC agreed to pay the fee to the Company under the Sewage Water Plants Fee Agreement and the purpose of which is to provide incentives for the Company in constructing the Sewage Water Treatment Plants (which are regarded as public utility facilities), and to provide compensation for the Company's injection of the construction costs of the Sewage Water Treatment Plants at the time when no income could be generated by the Sewage Water Treatment Plants under construction.

Given that the fee paid under the Sewage Water Plants Fee is not a consideration given to the Company for the construction of the Sewage Water Treatment Plants, nor the consideration given for processing sewage water in the Sewage Water Treatment Plants, but the nature of which is to provide compensation for the Company's injection of the construction costs of the Sewage Water Treatment Plants at the time when no income could be generated by the Sewage Water Treatment Plants under construction, the fee paid under the Sewage Water Plants Fee Agreement shall be set-off against the sewage water processing fee to be charged under the Sewage Water Processing Interim Service Agreement during the terms of the Sewage Water Processing Interim Service Agreement (at such time, income can be generated by charging sewage water processing fee for the sewage water processed in the Sewage Water Treatment Plants). As such, being a condition for TSC to agree on the arrangement for paying the sewage water processing fee before the completion of the Sewage Water Treatment Plants (i.e. including the passing of the Acceptance Inspection) under the Sewage Water Processing Interim Service Agreement, the Company shall agree to waive such fee in respect of the Sewage Water Treatment Plants charged under the Sewage Water Plants Fee Agreement. Accordingly, pursuant to the Sewage Water Processing Interim Service Agreement, the Company's rights to charge the fee in respect of the Sewage Water Treatment Plants under the Sewage Water Plants Fee Agreement for the remaining term of such agreement shall be waived, and the Sewage Water Plants Fee Agreement shall cease to be effective. If the terms of the Sewage Water Processing Interim Service Agreement are not approved by the Independent Shareholders in the EGM, and not be proceeded by the Company and TSC, the Company's rights to charge the fee in respect of the Sewage Water Treatment Plants under the Sewage Water Plants Fee Agreement for the remaining term of such agreement will not be waived and the Sewage Water Plants Fee Agreement will remain effective. The Directors consider that this arrangement is fair and reasonable and to the interest of the Shareholders as a whole.

With reference to the latest information available, the estimated construction costs (the “**Estimated Total Costs**”) to be incurred since 24th September 2001 to the respective date of completion of the Sewage Water Treatment Plants (i.e. including the passing of the Acceptance Inspection) for each of the Sewage Water Treatment Plants are approximately RMB978 million for the Jizhuangzi Expansion Plant, RMB1,134 million for the Xianyanglu Plant, and RMB366 million for the Beicang Plant. According to the calculation made by Tianjin International Construction Consultation Company (天津國際工程諮詢公司), the qualified independent surveyor (“**Tianjin International**”), as at 31st December 2005, the outstanding amounts of construction works for each of the Sewage Water Treatment Plants to be completed by the Company (the “**Outstanding Amount**”) are approximately RMB174 million for the Jizhuangzi Expansion Plant, RMB121 million for the Xianyanglu Plant, and RMB79 million for the Beicang Plant. The Outstanding Amount for each of the Sewage Water

LETTER FROM THE BOARD

Treatment Plants are determined by deducting the actual construction costs incurred by the Company for each of the Sewage Water Treatment Plants (valued by Tianjin International with reference to the actual construction works as at 31st December 2005) from the estimated total construction costs for each of the Sewage Water Treatment Plants (valued by Tianjin International with reference to numerous approval documents in relation to the construction works of the Sewage Water Treatment Plants issued by the Commission for National Development Reform (國家發展改革委員會)).

As the fee charged by the Company for each of the Sewage Water Treatment Plants under the Sewage Water Plants Fee Agreement is payable by TSC to the Company according to the percentage of the estimated amount of construction works completed, the fees to be charged for each of the Sewage Water Treatment Plants under the Sewage Water Plants Fee Agreement for the remaining term of such agreement shall be RMB56.4 million for the Jizhuangzi Expansion Plant, RMB62.8 million for the Xianyanglu Plant, and RMB57 million for the Beicang Plant, which is calculated by the formula of “Outstanding Amount/ Estimated Total Costs X Lump Sum Fee” for each of the Sewage Water Treatment Plants.

Beside, by entering into the Sewage Water Processing Interim Service Agreement, the Directors expect that the aggregate annual sewage water processing fee payable by TSC under the Sewage Water Processing Interim Service Agreement will approximately be RMB360 million (equivalent to approximately HK\$346 million) for the year ending 31st December 2006, details of which are set out in the paragraph headed “Cap Amounts” of this circular.

As the sewage water processing fee to be charged for the sewage water processed in the Sewage Water Treatment Plants (if the Sewage Water Processing Interim Service Agreement is entered into) is far greater than the aggregate fee in respect of the Sewage Water Treatment Plants to be charged under the Sewage Water Plants Fee Agreement for the remaining term of such agreement, the Company agreed to enter into the Sewage Water Processing Interim Service Agreement and the Directors, including the independent non-executive Directors are of the opinion that the terms of such agreement (including the Cap Amounts) are on normal commercial terms with reference to the prevailing market conditions, are fair and reasonable and are in the commercial interest of the Shareholders.

SEWAGE WATER PROCESSING INTERIM SERVICE AGREEMENT

Date

20th March 2006

Parties

- (i) the Company; and
- (ii) TSC, a connected person of the Company

LETTER FROM THE BOARD

Principal terms

Principal terms of the Sewage Water Processing Interim Service Agreement are as follows:

1. The Company shall procure the Xianyanglu Plant and the Jizhuangzi Expansion Plant to provide sewage water processing services to TSC, and TSC shall pay the sewage water processing fee to the Company for the sewage water processed in such sewage water treatment plants, from 1st January 2006 up to the date of the completion (i.e. including the passing of the Acceptance Inspection) of such sewage water treatment plants. The Company shall also procure the Beicang Plant to provide sewage water processing service to TSC, and TSC shall pay the sewage water processing fee to the Company for the sewage water processed in Beicang Plant, from the date when the Beicang Plant is basically completed and achieves the requisite national standards for the quality of water output, which is expected to be taken place in about June 2006 up to the date of the completion (i.e. including the passing of the Acceptance Inspection) of the Beicang Plant.
2. During the service period under the Sewage Water Processing Interim Service Agreement, the amount of sewage water processing fee shall be based on the historical unit price of sewage water processing fee charged by the Company under the Sewage Water Processing Agreement (i.e. at the charging rate of RMB1.93 per cubic meter) and the actual amount of sewage water processed by the respective Sewage Water Treatment Plants;
3. the Company's rights to charge the fee under the Sewage Water Plants Fee Agreement for the remaining term of such agreement shall be waived and the Sewage Water Plants Fee Agreement shall cease to be effective;
4. save for the terms set out above, other rights and obligations between the Company and TSC under the Sewage Water Processing Interim Service Agreement shall be the same to the terms as set out in the Sewage Water Processing Agreement.

The Sewage Water Processing Interim Service Agreement shall be effective on the date (the “**Effective Date**”) upon:

1. the passing of the ordinary resolution in the EGM for approving the Sewage Water Processing Interim Service Agreement;
2. the obtaining of the approval for the Sewage Water Processing Interim Service Agreement in the meeting of the management office of TSC.

Term

The term of the Sewage Water Processing Interim Service Agreement shall be from the Effective Date up to the date of the completion (i.e. including the passing of the Acceptance Inspection) of the respective Sewage Water Treatment Plants, but in any event shall not be exceeded 2 years from the Effective Date.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

Since TSC and TMICL are all under the supervisory control of the Urban Construction Bureau and TMICL is the controlling shareholder of the Company and beneficially owns an aggregate of approximately 63.05% of the issued share capital of the Company, accordingly the transactions contemplated under the Sewage Water Processing Interim Service Agreement and the Cap Amounts constituted continuing connected transaction of the Company and are subject to reporting and announcement requirements of the Listing Rules and the approval of the Independent Shareholders.

HISTORICAL FIGURES

Based on the audited financial statements of the Company for the two years ended 31st December 2004, the historical unit prices of sewage water processing fee charged by the Company in respect of its existing sewage water treatment plants such as Dongjiao Plant under the Sewage Water Processing Agreement for the two years ended 31st December 2004 are RMB1.93 per cubic meter and RMB1.93 per cubic meter respectively. With reference to the above historical figures, the unit price of sewage water processing fee charged by the Company under the Sewage Water Processing Interim Service Agreement will be at the charging rate of RMB1.93 per cubic meter, and such unit price will be no less favourable than that charged to other independent third parties by the Company.

The relevant historical cap amounts and the actual amounts under the Sewage Water Processing Agreement for the following periods are set out below:

	Annual Caps 2001-2006	Actual amounts for the years ended 31st December	
		2003 RMB' 000	2004 RMB' 000
Total revenues of the Company		594,645	713,737
Revenue generated under the Sewage Water Processing Agreement (Note 1)	95% of the revenue of the Company	397,890 representing 66.9% of the revenue of the Company	434,756 representing 60.9% of the revenue of the Company

Note:

1. The Jizhuangzi Expansion Plant and the Xianyanglu Plant are due to be completed (i.e. including the passing of the Acceptance Inspection) in December 2006 and the annual caps for the years of 2004 to 2006 previously approved by the then Independent Shareholders will expire soon (i.e. 31st December 2006).

LETTER FROM THE BOARD

MAXIMUM DESIGNED DAILY CAPACITY AND THE ESTIMATED CURRENT UTILISATION RATE

The maximum designed daily capacity and the estimated current utilisation rate for each of the Sewage Water Treatment Plants is as follows:

Plants	Maximum designed daily capacity (cubic meter)	Estimated current daily utilisation rate (cubic meter)
The Jizhuangzi Expansion Plant	540,000 (Note 2)	290,000 (Note 3)
The Xianyanglu Plant	450,000 (Note 2)	175,000 (Note 3)
The Beicang Plant (assuming if the operation commences in June 2006)	100,000 (Note 2)	30,000 (Note 4)

Notes:

2. The maximum designed daily capacity for each of the Sewage Water Treatment Plants is referred to the designed maximum capacity in which each of the Sewage Water Treatment Plants is in full operation. The maximum designed daily capacity for each of the Sewage Water Treatment Plants was set at the time prior to the commencement of the construction of the Sewage Water Treatment Plants, and represents the estimated volumes of sewage water to be collected from the sewage water systems in Jizhuangzi (all sewage water from southern part of Tianjin would pass through the sewage water system in Jizhuangzi), Xianyanglu (all sewage water from western part of Tianjin would pass through the sewage water system in Xianyanglu) and Beicang (all sewage water from northern part of Tianjin would pass through the sewage water system in Beicang) in Tianjin city in the next couple of years. Such estimated volumes of sewage water to be collected were determined with reference to factors including the population, economy scale of Tianjin city, etc, all of which would affect the volume of sewage water needed to be processed in the Sewage Water Treatment Plants in the next couple of years.
3. The estimated current daily utilisation rates of the Jizhuangzi Expansion Plant and the Xianyanglu Plant are determined with reference to the initial operation during the months of January and February, 2006. Such estimated current daily utilisation rates of the Jizhuangzi Expansion Plant and the Xianyanglu Plant represented the actual volumes of sewage water collected from the sewage water system in Jizhuangzi (all sewage water from southern part of Tianjin would pass through the sewage water system in Jizhuangzi) and Xianyanglu (all sewage water from western part of Tianjin would pass through the sewage water system in Xianyanglu) in Tianjin city during the months of January and February, 2006. It is anticipated that there shall be no material change in the volume of sewage water to be collected in the sewage water system in Jizhuangzi and Xianyanglu in Tianjin city in the years ending 31st December 2006.
4. The estimated current daily utilisation rate of the Beicang Plant is determined with reference to the volume of sewage water needed to be processed in the period from June 2006 to December 2006 estimated by TSC. Such estimated current daily utilisation rate of the Beicang Plant represents the actual volume of untreated sewage water passed through the sewage water system in Beicang (all sewage water from northern part of Tianjin would pass through the sewage water system in Beicang) in Tianjin city during the end of 2005 and early 2006. As there shall be no material change on the actual volume of sewage water to be passed through the sewage water system in Beicang in Tianjin city for the second half year of 2006, the estimated current daily utilisation rate of the Beicang Plant reflects the estimated volumes of sewage water to be collected from the sewage water system in Beicang in Tianjin city and the estimated volumes of sewage water needed to be processed in the Beicang Plant in Tianjin city during the period from June 2006 to December 2006.

CAP AMOUNTS

The Directors expect that the aggregate annual sewage water processing fee payable by TSC under the Sewage Water Processing Interim Service Agreement will not exceed the amount of approximately RMB360 million (equivalent to approximately HK\$346 million) for the year ending 31st December 2006, such amounts being determined or estimated (i) with reference to the maximum designed daily capacities and the estimated current daily utilisation rates of Sewage Water Treatment Plants, the number of working days and the historical unit price of sewage water processing fee charged by the Company under the Sewage Water Processing Agreement (i.e. at the charging rate of RMB1.93 per cubic meter) for the treatment of each cubic meter of sewage water as stipulated in the Sewage Water Processing Interim Service Agreement; and (ii) taking into some discounted factors on the estimated current daily utilisation rates of the respective Sewage Water Treatment Plants during the initial operation period such as the population and economy scale in the initial operation period is less than the expected population and economy scale in the next ten years, and thus the volume of sewage water needed to be processed in the respective Sewage Water Treatment Plants in the initial operation period shall also be lower.

Given there is an uncertainty on the exact date of completion of the respective Sewage Water Treatment Plants (i.e. including the passing of the Acceptance Inspection), the Directors believe that it will be premature to estimate the number of working days and daily utilisation rate for each of the Sewage Water Treatment Plants, and thus the annual cap amounts for the year ending 31st December 2007 and thereafter. Accordingly, the Company will, when appropriate, in compliance with the Listing Rules, to seek Independent Shareholders' approval for the annual cap amounts for the year ending 31st December 2007 and thereafter. Further announcement and circular will be made by the Company in compliance with the Listing Rules if and when the Company seeks Independent Shareholders' approval for the annual cap amounts for the year ending 31st December 2007 and thereafter.

INFORMATION ON THE GROUP AND TSC

The Group is principally engaged in (i) the design, management, operation, technological consultation of sewage water treatment plants under their related infrastructure facilities and auxiliary services; (ii) the design, toll collection, repair and maintenance, management, operation, technological consultation of toll roads and auxiliary services in relation to the operation of the South-eastern Half Ring Road of the Middle Ring of Tianjin, Tianjin City Indebted Road Construction for Vehicle-passage Toll Collection Office and their related auxiliary facilities; and (iii) the development and operation of environmental protection technology and products.

TSC is a Stated-owned enterprise established in the PRC. It is under the supervisory control of the Urban Construction Bureau and is principally engaged in the maintenance, operation, development and construction of sewage drainage pipelines, river and sewage water tunnel facilities and sewage water treatments plant. It is also engaged in the maintenance, installation of electrical equipment, and technological consultation service of sewage water drainage system.

LETTER FROM THE BOARD

EGM

An EGM will be convened at 10:30 a.m. on 29th May 2006 at the conference room on 5th Floor, TCEP Building, 76 Weijin South Road, Nankai District, Tianjin, the PRC at which ordinary resolutions will be proposed to seek approval of the Independent Shareholders for the Sewage Water Processing Interim Service Agreement and the Cap Amounts. In view of the interests of TMICL and its associates in the transactions contemplated under the Sewage Water Processing Interim Service Agreement, TMICL and its associates, holding an aggregate of approximately 63.05% of the issued share capital of the Company, will abstain from voting at the EGM. At the EGM, votes of the Independent Shareholders will be taken on a poll.

A notice of EGM, together with the proxy form, was despatched to the Shareholders on 11th April 2006. Whether or not you intend to attend the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's principal office address at TCEP Building, 76 Weijin South Road, Nankai District, Tianjin, the PRC, as soon as possible but in any event not less than 24 hours before the time scheduled for the holding of the EGM or any adjournments thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournments thereof should you so wish.

An announcement will be made by the Company following conclusion of the EGM to inform Shareholders of the results of the EGM.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors (namely Mr. Wang Xiangfei, Mr. Gao Zongze and Mr. Ko Poming) has been formed to consider the transactions contemplated under the Sewage Water Processing Interim Service Agreement and the Cap Amounts, and to advise the Independent Shareholders as to whether the Sewage Water Processing Interim Service Agreement and the Cap Amounts are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Access Capital, an independent financial adviser, has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

FURTHER INFORMATION

You are urged to read carefully the letters from the Independent Board Committee and from Access Capital set out on page 13 and pages 14 to 27 of this circular respectively, and a copy of the notice of the EGM as set out on pages 33 to 34 of this circular.

Yours faithfully,
For and on behalf of the Board
Ma Baiyu
Chairman



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)

(Stock Code: 1065)

11th April 2006

To the Independent Shareholders,

Dear Sir or Madam,

We refer to the circular of the Company despatched to the Shareholders dated 11th April 2006 (the “**Circular**”), of which this letter forms a part. The terms used in the Circular shall have the same meanings in this letter unless the context otherwise requires.

As the Independent Board Committee, we have been appointed to advise you in connection with the transactions contemplated under the Sewage Water Processing Interim Service Agreement and the Cap Amounts, details of which are set out in the Letter from the Board contained in the Circular.

Access Capital has been appointed as the independent financial adviser to advise us regarding the transactions contemplated under the Sewage Water Processing Interim Service Agreement and the Cap Amounts. Details of their advice, together with the principal factors and reasons taken into consideration in arriving at such advice, are set out in their letter on pages 14 to 27 of the Circular.

Having taken into account the terms of the Sewage Water Processing Interim Service Agreement and the Cap Amounts, the interests of the Independent Shareholders and the advice of Access Capital, we consider that the transactions contemplated under the Sewage Water Processing Interim Service Agreement and the Cap Amounts are in the interests of the Company and are fair and reasonable so far as the Independent Shareholders are concerned and are on normal commercial terms. Accordingly, we recommend that the Independent Shareholders to vote in favour of the ordinary resolution approving the transactions contemplated under the Sewage Water Processing Interim Service Agreement and the Cap Amounts.

Yours faithfully,
**For and on behalf of the
Independent Board Committee**

Wang Xiangfei
*Independent
non-executive Director*

Gao Zongze
*Independent
non-executive Director*

Ko Poming
*Independent
non-executive Director*

LETTER FROM ACCESS CAPITAL

The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from Access Capital prepared for incorporation in this circular.



ACCESS
CAPITAL

Suite 606, 6th Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

11th April, 2006

*To: The Independent Board Committee and Independent Shareholders of
Tianjin Capital Environmental Protection Company Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTION — SEWAGE WATER PROCESSING INTERIM SERVICE AGREEMENT

I. INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as regards (i) the Sewage Water Processing Interim Service Agreement (including the agreement to waive the amount of sewage water plants fee receivable according to the Sewage Water Plants Fee Agreement for the period effective from 1st January, 2006); and (ii) the Cap Amounts for the aggregate annual sewage water processing fee payable by TSC under the Sewage Water Processing Interim Service Agreement for the year ending 31st December, 2006.

Details of the transactions contemplated in the Sewage Water Processing Interim Service Agreement are contained in the “Letter from the Board” of a circular to the Shareholders dated 11th April, 2006 (the “Circular”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 24th September, 2001, the Company entered into the Sewage Water Plants Fee Agreement with TSC for the term from 24th September, 2001 to the date of completion (i.e. including the passing of the Acceptance Inspection) of the respective Sewage Water Treatment Plants, and pursuant to

which, TSC would pay, and the Company would charge a fee during the construction period of the respective Sewage Water Treatment Plants in order to provide incentives and compensate the Company in constructing the Sewage Water Treatment Plants (which are regarded as public utility facilities) during the construction period.

In addition, TMICL entered into the Sewage Water Processing Agreement with TSC on 10th October, 2000 which was subsequently assigned by TMICL to the Company on 20th December, 2000, and pursuant to which, the Company agreed to procure the Jizhuangzi plant and the Dongjiao Plant and any future sewage water treatment plants of the Company to process sewage water released from the sewage systems located in the Tianjin City, and in return a monthly processing fee calculated based on the Pricing Formula shall be payable by TSC to the Company. In addition, according to the terms of the Sewage Water Plants Fee Agreement, the Company can commence to charge the sewage water processing fee under the rate as stipulated in the Sewage Water Processing Agreement for the sewage water processed by the Sewage Water Treatment Plants, once and upon the respective Sewage Water Treatment Plants have been completed (i.e. including the passing of the Acceptance Inspection).

On 20th March, 2006, the Company entered into the Sewage Water Processing Interim Service Agreement with TSC. In summary, the key terms of the Sewage Water Processing Interim Service Agreement are as follows:

- (i) The Company shall procure the Xianyanglu Plant and the Jizhuangzi Expansion Plant to provide sewage water processing services to TSC, and TSC shall pay the sewage water processing fee to the Company for the sewage water processed in such sewage water treatment plants, from 1st January, 2006 up to the date of the completion (i.e. including the passing of the Acceptance Inspection) of such sewage water treatment plants. The Company shall also procure the Beicang Plant to provide sewage water processing service to TSC, and TSC shall pay the sewage water processing fee to the Company for the sewage water processed in Beicang Plant, from the date when the Beicang Plant is basically completed and achieves the requisite national standards for the quality of water output, which is expected to take place around June 2006 and up to the date of the completion (i.e. including the passing of the Acceptance Inspection) of the Beicang Plant.

During the service period under the Sewage Water Processing Interim Service Agreement, the amount of sewage water processing fee will be calculated on the basis of (i) the historical unit price of sewage water processing fee being charged by the Company under the Sewage Water Processing Agreement (i.e. charging at the rate of RMB1.93 per cubic meter); and (ii) the actual amount of sewage water processed by the respective Sewage Water Treatment Plants.

- (ii) All the other rights and obligations between the Company and TSC under the Sewage Water Processing Interim Service Agreement will be the same as the terms set out in the Sewage Water Processing Agreement.
- (iii) Following the Sewage Water Processing Interim Service Agreement becomes effective, the right to charge fee under the Sewage Water Plants Fee Agreement for the remaining term of such agreement shall be waived and the Sewage Water Plants Fee Agreement shall cease to be effective.

As TSC and TMICL are both under the supervisory control of the Urban Construction Bureau and TMICL is the controlling shareholder of the Company holding approximately 63.05% of the issued share capital of the Company, accordingly, the transactions contemplated under the Sewage Water Processing Interim Service Agreement constituted a connected transaction for the purpose of the Listing Rules and will be subject to the approval of the Independent Shareholders in the EGM by poll under Chapter 14A of the Listing Rules. TMICL, being a connected person of the Company, and its associates, will abstain from voting at the EGM. In addition, the term of the Sewage Water Processing Interim Service Agreement shall commence from the Effective Date up to the date of completion (i.e. including the passing of the Acceptance Inspection) of the respective Sewage Water Treatment Plants, but in any event shall not exceed 2 years from the Effective Date. Accordingly, the said transactions also constituted a continuing connected transaction for the purpose of the Listing Rules.

II. THE INDEPENDENT BOARD COMMITTEE

Messrs. Wang Xiangfei, Gao Zongze and Ko Poming, the independent non-executive Directors, have been appointed to form the Independent Board Committee to consider and advise the Independent Shareholders (i) the Sewage Water Processing Interim Service Agreement (including the agreement to waive the amount of sewage water plants fee receivable according to the Sewage Water Plants Fee Agreement for the period effective from 1st January, 2006); and (ii) the Cap Amounts for the aggregate annual sewage water processing fee payable by TSC under the Sewage Water Processing Interim Service Agreement for the year ending 31st December, 2006.

We have been appointed to advise the Independent Board Committee as to whether (i) the Sewage Water Processing Interim Service Agreement (including waiving the amount of sewage water plants fee receivable according to the Sewage Water Plants Fee Agreement for the period effective from 1st January, 2006); and (ii) the Cap Amounts for the aggregate annual sewage water processing fee payable by TSC under the Sewage Water Processing Interim Service Agreement for the year ending 31st December, 2006 are fair and reasonable so far as the Independent Shareholders are concerned, and to give our opinion in relation to the aforesaid matters for the Independent Board Committee's consideration in making their recommendation to the Independent Shareholders.

III. BASIS AND ASSUMPTIONS OF THE ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company and/or the Directors. We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular or otherwise provided or made or given by the Company and/or its senior management staff and/or the Directors and for which it is/they are solely responsible were true and accurate and valid at the time they were made and given and continue to be true and valid as at the date of the Circular. We have assumed that all the opinions and representations made or provided by the Directors and/or the senior management staff of the Company contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or its senior management staff and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have reviewed all currently available information and documents which are available to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinions. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Company and/or its senior management staff and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out an independent verification of the information provided, nor have we conducted an independent investigation into the business and affairs of the Company or any of its subsidiaries.

IV. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation, we have taken into consideration the following principal factors and reasons:

1. Background

1.1 *Principal business of the Company and its subsidiaries*

The Group is principally engaged in (i) the design, management, operation, technological consultation of sewage water treatment plants under their related infrastructure facilities and auxiliary services; (ii) the design, toll collection, repair and maintenance, management, operation, technological consultation of toll roads and auxiliary services in relation to the operation of the South-eastern Half Ring Road of the Middle Ring of Tianjin, Tianjin City Indebted Road Construction for Vehicle-passage Toll Collection Office and their related auxiliary facilities; and (iii) the development and operation of environmental protection technology and products.

1.2 *Background of the Sewage Water Plants Fee Agreement*

Pursuant to the Sewage Water Plants Fee Agreement entered into between TSC and the Company dated 24th September, 2001, TSC shall pay and the Company shall charge a fee during the period of construction of the Sewage Water Treatment Plants in order to provide incentives and compensate the Company for the construction of the respective Sewage Water Treatment Plants.

As stated in the “Letter from the Board”, the Company is entitled to a lump sum fee which is calculated on the aggregate of the fees calculated at 23.7% of the simple average balances of the estimated construction cost for each of the Sewage Water Treatment Plants for each year/period until the estimated time of completion (i.e. including the passing of the Acceptance Inspection) and operation of the respective Sewage Water Treatment Plants.

Once the construction work of the respective Sewage Water Treatment Plants has passed the acceptance inspection by the relevant regulatory authorities in the PRC (the

“Acceptance Inspection”) and the Sewage Water Treatment Plants commenced commercial operation, the Sewage Water Plants Fee Agreement shall lapse and the rights and obligations between the Company and TSC shall follow the Sewage Water Processing Agreement.

1.3 Background of the Sewage Water Processing Agreement

TMICL entered into the Sewage Water Processing Agreement with TSC on 10th October, 2000 which was subsequently assigned by TMICL to the Company on 20th December, 2000. Details of which are stated in the circular of the Company dated 6th December, 2000, and the circular of the Company dated 30th April, 2004.

Pursuant to the Sewage Water Processing Agreement, the Company shall procure its sewage water treatment plants to process sewage water released from the sewage systems located in Tianjin City for a term of 30 years from 1st October, 2000 and extendable for a period of not less than 20 years but not more than 30 years by serving a written notice to TSC within a 12 months period prior to the expiry of the said agreement. The monthly processing fee payable by TSC to the Company for the processing of the sewage water is based on a pricing formula and is structured on a cost plus profit approach and is linked to, among other things, the operating cost of processing sewage water and a return of 15% per annum of the yearly average balance of the monthly net book value of the fixed assets (as defined in the Sewage Water Processing Agreement) of the sewage water processing business.

1.4 Background to and benefit of the Sewage Water Processing Interim Service Agreement

The aforesaid agreements involve the following Sewage Water Treatment Plants:

- (i) Xianyanglu Plant
- (ii) Jizhuangzi Expansion Plant
- (iii) Beicang Plant

In addition, the Xianyanglu Plant and the Jizhuangzi Expansion Plant have been basically completed, with quality of water output reaching the national standards and certified by the relevant regulatory authorities. The Directors expect that the Beicang Plant will basically complete and achieve the requisite national standards in about June 2006.

As stated in the “Letter from the Board”, pursuant to a report prepared by Tianjin International Construction Consultation Company (天津國際工程諮詢公司), an independent valuer, as at 31st December, 2005, the outstanding amounts of construction work for each of the Sewage Water Treatment Plants to be completed by the Company are approximately RMB174 million for the Jizhuangzi Expansion Plant, approximately RMB121 million for the Xianyanglu Plant, and approximately RMB79 million for the Beicang Plant

respectively. Based on the formula as stipulated under the Sewage Water Plants Fee Agreement, the fees to be charged for each of the Sewage Water Treatment Plants for the remaining term of such agreement shall be approximately RMB56.4 million for the Jizhuangzi Expansion Plant, approximately RMB62.8 million for the Xianyanglu Plant, and approximately RMB57 million for the Beicang Plant respectively, in aggregate, a sum of RMB176.2 million. We have reviewed the basis of the calculation for the fees to be charged for each of the Sewage Water Treatment Plants for the remaining term and we are of the view that the calculation represents the amounts to be charged under the Sewage Water Plants Fee Agreement for the remaining term of such agreement.

We have reviewed the report prepared by Tianjin International Construction Consultation Company (天津國際工程諮詢公司), an independent valuer, and noted that (save for any unforeseen circumstances, such as further delay with regards to the administrative procedures for the passing of the Acceptance Inspection) the Sewage Water Treatment Plants are expected to be completed and passed the Acceptance Inspection in the following period:

- (i) Xianyanglu Plant: December 2006
- (ii) Jizhuangzi Expansion Plant: December 2006
- (iii) Beicang Plant: April 2007

According to the terms of the Sewage Water Plants Fee Agreement, once the respective Sewage Water Treatment Plants has been completed (i.e. including the passing the Acceptance Inspection), the Company will charge sewage water processing fee under the Sewage Water Processing Agreement. Although the quality of water output of the abovementioned two Sewage Water Treatment Plants has reached PRC national standards and can commence operation, due to the longer time is required to obtain the Acceptance Inspection for such Sewage Water Treatment Plants, the Group would not be able to commence charging the sewage water processing fee.

Benefit of the Sewage Water Processing Interim Service Agreement

As stated in the “Letter from the Board”, by constructing the Sewage Water Treatment Plants, the Company can engage in the business for the provision of the sewage water treatment service, and obtain its return on capital investment (i.e. including the injection of capital expenditure for constructing the Sewage Water Treatment Plants) by charging sewage water processing fee for the sewage water processed by the Sewage Water Treatment Plants. However, before the Sewage Water Treatment Plants are completed (i.e. including the passing of the Acceptance Inspection), no income could be generated as no sewage water was processed by the Sewage Water Treatment Plants during the construction period. As such, TSC agreed to pay the fee to the Company under the Sewage Water Plants Fee Agreement and the purpose of which is to provide incentives for the Company in constructing the Sewage Water Treatment Plants (which are regarded as public utility facilities), and to provide compensation for the Company’s injection of the construction costs of the Sewage Water Treatment Plants at the time when no income could be generated by the Sewage Water Treatment Plants.

Due to the reasons for entering into the Sewage Water Processing Interim Service Agreement, the Company and TSC negotiated an arrangement, whereby TSC would agree to pay the sewage water processing fee before the completion of the Sewage Water Treatment Plants (i.e. including the passing of the Acceptance Inspection) on condition that the Company would agree to waive its right to receive the fee under the Sewage Water Plants Fee Agreement. Accordingly, the Company's rights to charge fee in respect of the Sewage Water Treatment Plants under the Sewage Water Plants Fee Agreement for the remaining term of such agreement shall be waived, and the Sewage Water Plants Fee Agreement shall cease to be effective as soon as the Sewage Water Processing Interim Service Agreement becomes effective. If the terms of the Sewage Water Processing Interim Service Agreement are not approved by the Independent Shareholders at the EGM, the Company's rights to charge fee in respect of the Sewage Water Treatment Plants under the Sewage Water Plants Fee Agreement for the remaining term of such agreement will not be waived and the Sewage Water Plants Fee Agreement will remain effective.

Taking into account the fact that (i) the Sewage Water Treatment Plants are yet to be completed (i.e. including the passing of the Acceptance Inspection) which is mainly an administration matter (in particular, the administration procedures for the passing of the Acceptance Inspection), and in turn, the Group is unable to commence charging the sewage water processing fee pursuant to the Sewage Water Processing Agreement; (ii) despite the fact that the Xianyanglu Plant and the Jizhuangzi Expansion Plant have been basically completed and have processed sewage water, with quality of water output reaching the PRC national standards, no sewage water processing fee can be charged by the Company as it can only commence to charge the sewage water processing fee for the sewage water processed by the Sewage Water Treatment Plants, once and upon the respective Sewage Water Treatment Plants have been completed (i.e. including the passing of the Acceptance Inspection); (iii) the sewage water processing fee to be charged for the sewage water processed in the Sewage Water Treatment Plants under the Sewage Water Processing Interim Services Agreement (which is expected to be not exceeding RMB360 million for the year ending 31st December, 2006 as mentioned under the heading "2. The cap amount for the fees chargeable under the Sewage Water Processing Interim Service Agreement for the year ending 31st December, 2006" below) is higher than the estimated fees chargeable under the Sewage Water Plants Fee Agreement, in aggregate of approximately RMB176.2 million as mentioned above; and (iv) the set-off arrangement between the fee to be received under the Sewage Water Plants Fee Agreement and the sewage water processing fee to be charged under the Sewage Water Processing Interim Service Agreement during the terms of the Sewage Water Processing Interim Service Agreement as mentioned above ("Set-off arrangement"), we are of the view that it is reasonable for the Company to negotiate with TSC for the Sewage Water Processing Interim Service Agreement, including the Set-off arrangement, with the intention to enjoy the benefit of charging the sewage water processing fee which is anticipated to be higher than the sewage water plants fee as stipulated in the Sewage Water Plants Fee Agreement.

Although the Company will have to forego its right to receive the fees to be charged under the Sewage Water Plants Fee Agreement (in aggregate, in the amount of RMB176.2 million), we have considered, amongst other things, the estimated amount of fee to be received instead under the Sewage Water Processing Interim Service Agreement (which is expected to be not exceeding RMB360 million for the year ending 31st December, 2006) and noted such amount exceeded the amount foregone. Since the interests of the Company and the Shareholders have not been affected and this arrangement is even better than the original arrangement under the Sewage Water Plants Fee Agreement, we are of the view that even if the Company has to give up its rights to receive the fees to be charged under Sewage Water Plants Fee Agreement, it is fair and reasonable for the Company to enter into the Sewage Water Processing Interim Service Agreement.

1.5 Terms of the Sewage Water Processing Interim Service Agreement

We have reviewed the terms of the Sewage Water Processing Interim Service Agreement, details of which are also set out in the “Letter from the Board”. In sum, the key terms are as follows:

- (i) The Company shall procure the Xianyanglu Plant and the Jizhuangzi Expansion Plant to provide sewage water processing services to TSC, and, TSC shall pay the sewage water processing fee to the Company for the sewage water processed in such sewage water treatment plants, from 1st January, 2006 up to the date of the completion (i.e. including the passing of the Acceptance Inspection) of such sewage water treatment plants. The Company shall also procure the Beicang Plant to provide sewage water processing service to TSC, and TSC shall pay the sewage water processing fee to the Company for the sewage water processed in Beicang Plant, from the date when the Beicang Plant is basically completed and achieves the requisite national standards for the quality of water output, which is expected to take place around June 2006 and up to the date of the completion (i.e. including the passing of the Acceptance Inspection) of the Beicang Plant.

During the service period under the Sewage Water Processing Interim Service Agreement, the amount of sewage water processing fee will be calculated on the basis of (i) the historical unit price of sewage water processing fee being charged by the Company under the Sewage Water Processing Agreement (i.e. charging at the rate of RMB1.93 per cubic meter); and (ii) the actual amount of sewage water processed by the respective Sewage Water Treatment Plants.

- (ii) It is stated in the Sewage Water Processing Interim Service Agreement that all the other rights and obligations between the Company and TSC under the Sewage Water Processing Interim Service Agreement will be the same as the terms set out in the Sewage Water Processing Agreement.
- (iii) Following the Sewage Water Processing Interim Service Agreement becomes effective, the right to charge fee under the Sewage Water Plants Fee Agreement for the remaining term of such agreement shall be waived and the Sewage Water Plants Fee Agreement shall cease to be effective.

LETTER FROM ACCESS CAPITAL

The Sewage Water Processing Interim Service Agreement shall be effective on the date (the “Effective Date”) upon:

1. the passing of the ordinary resolution in the EGM for approving the Sewage Water Processing Interim Service Agreement; and
2. the granting of the approval for the Sewage Water Processing Interim Service Agreement in the meeting of the management office of TSC.

The term of the Sewage Water Processing Interim Service Agreement shall begin from the Effective Date and up to the date of the completion (i.e. including the passing of the Acceptance Inspection) of the respective Sewage Water Treatment Plants, but in any event shall not exceed 2 years from the Effective Date.

Pursuant to the Sewage Water Processing Agreement, the Company and TSC agreed to use designated devices to measure, record and calculate the volume of the sewage water collected by the respective Sewage Water Treatment Plants and such volume shall be subject to the confirmation from Tianjin City Drainage Examination Station (天津城市排水監測站), a government entity. Given that the devices to measure, record and calculate the volume of the sewage water are mutually agreed between the Company and TSC and such measurement will have to be confirmed by the Tianjin City Drainage Examination Station, we are of the view that the abovementioned arrangement to measure the actual volume of the sewage water processed by the respective Sewage Water Treatment Plants is fair and reasonable.

Based on the audited financial statements of the Company for the two years ended 31st December, 2004, the historical unit prices of sewage water processing fee charged by the Company in respect of its existing sewage water treatment plants such as Dongjiao Plant under the Sewage Water Processing Agreement for the two years ended 31st December, 2004 were RMB1.93 per cubic meter and RMB1.93 per cubic meter respectively. With reference to the above historical figures, the unit price of sewage water processing fee charged by the Company under the Sewage Water Processing Interim Service Agreement will be charged at the rate of RMB1.93 per cubic meter, and such unit price will be no less favourable than that charged to other independent third parties by the Company. Accordingly, we are of the view that it is prudent to use the historical unit prices of sewage water processing fee charged by the Company in respect of its existing sewage water treatment plants under the Sewage Water Processing Agreement as the basis for the calculation of the fees to be charged under the Sewage Water Processing Interim Service Agreement.

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As stated in the “Letter from the Board”, the maximum designed daily capacity for processing sewage water and the daily utilisation rate for each of the Sewage Water Treatment Plants for the year ending 31st December, 2006 are as follows:

Sewage Water Treatment Plants	Maximum designed daily capacity (cubic meter per day)	Estimated daily utilisation rate (cubic meter per day)	% of the maximum designed daily capacity
Jizhuangzi Expansion Plant	540,000	290,000 (<i>note 1</i>)	53.7%
Xianyanglu Plant	450,000	175,000 (<i>note 1</i>)	38.9%
Beicang Plant (assuming if the operation commences in June 2006)	100,000	30,000 (<i>note 2</i>)	30%

Notes:

1. The estimated current daily utilisation rates of the Jizhuangzi Expansion Plant and the Xianyanglu Plant are determined with reference to the initial operation during the months of January and February, 2006. Such estimated current daily utilisation rates of the Jizhuangzi Expansion Plant and the Xianyanglu Plant represented the actual volume of sewage water collected from the sewage water system in Jizhuangzi (all sewage water from southern part of Tianjin would pass through the sewage water system in Jizhuangzi) and Xianyanglu (all sewage water from western part of Tianjin would pass through the sewage water system in Xianyanglu) in Tianjin City during the months of January and February, 2006.
2. The estimated current daily utilisation rate of the Beicang Plant is determined with reference to the volume of sewage water needed to be processed in the period from June 2006 to December 2006 estimated by TSC. Such estimated current daily utilisation rate of the Beicang Plant represents the actual volume of untreated sewage water passed through the sewage water system in Beicang (all sewage water from northern part of Tianjin would pass through the sewage water system in Beicang) in Tianjin City during the end of 2005 and early 2006.

We have reviewed the internal estimation prepared by the Company in relation to the estimated daily utilisation rate for each of the Sewage Water Treatment Plants. Given that (i) the Xianyanglu Plant and the Jizhuangzi Expansion Plant have been basically completed, with quality of water output reaching national standards and certified by the relevant regulatory authorities, and the Beicang Plant will be basically completed in or about June 2006; (ii) the Sewage Water Treatment Plants will take time and reach its designed capacity, however, it is difficult to estimate the exact timing as to when the Sewage Water Treatment Plants will reach their designed capacities as the utilisation rate will depend and vary upon, among others things, a number of external factors, including the population growth, the economy scale, localities of the sewage plants, rainfall as well as the PRC government’s public policy; and (iii) the estimated daily utilisation rate for each of the Sewage Water

Treatment Plant represents a fraction of each of its maximum designed daily capacity, we therefore are of the view that it is reasonable for the Directors, on a conservative basis with reference to the actual volumes of sewage water collected from the sewage water system in Jizhuangzi and Xianyanglu during the months of January and February, 2006 and the actual volume of untreated sewage water passed through the sewage water system in Beicang during the end of 2005 and early 2006, to estimate the daily utilisation rate for each of the Sewage Water Treatment Plant.

However, Shareholders should note that each of the Sewage Water Treatment Plants is situated in different location for processing sewage water produced in different areas of Tianjin City. As different areas have different extent on the growth of population, economic activities, the actual utilisation rate for each of the Sewage Water Treatment Plants might differ from the above estimation.

As stated in “the Letter from the Board”, the sewage water processing fee to be charged under the Sewage Water Processing Interim Service Agreement will be calculated on the basis of (i) the maximum designed daily capacities and the estimated current utilisation rate of Sewage Water Treatment Plants, the number of working days and the historical unit price of the sewage water processing fee charged by the Company under the Sewage Water Processing Agreement (i.e. RMB1.93 per cubic meter); and (ii) taking into some discount factors on the estimated current utilisation rates of the respective Sewage Water Treatment Plants during the initial operation period. The Directors confirmed that the aforesaid basis of calculation was agreed between the Company and TSC on an arm’s length basis.

We have reviewed the relevant historical records in respect of the historical sewage water processing fee being charged by the Company and noted that the historical sewage water processing fee was charged in accordance with the terms under the Sewage Water Processing Agreement, we therefore are of the view that it is reasonable for the Company to use the historical sewage water processing fee as the basis for charging the sewage water processing fee under the Sewage Water Processing Interim Service Agreement.

Given that (i) the Xianyanglu Plant and the Jizhuangzi Expansion Plant has attained the national standards for the quality of water output and are ready to process sewage water and the Beicang Plant will attain the national standards for the quality of water output by June 2006; and (ii) the estimated daily utilisation rate for each of the Sewage Water Treatment Plants represents a fraction of each of its maximum designed daily capacity, we are of the view that the operating cost of processing sewage water by the Sewage Water Treatment Plants during their initial production period may not truly reflect the actual situation and consider that by applying the historical sewage water processing fee as the basis for charging the sewage water processing fee under the Sewage Water Processing Interim Service Agreement is a reasonable approach.

Based on the Company’s estimation for the usage of each of the Sewage Water Treatment Plants, the number of working days and the sewage water processing fee as stipulated under the Sewage Water Processing Interim Service Agreement, the estimated aggregate fees payable by TSC to the Company would amount to approximately RMB360.0 million for the year ending 31st December, 2006.

The Directors confirmed that the terms contemplated under the Sewage Water Processing Interim Service Agreement were based on normal commercial terms agreed after arms' length negotiations between the parties concerned and were conducted within the normal course of business of the Company. As the sewage water processing fee to be charged under the Sewage Water Processing Interim Service Agreement is greater than the aggregate fee in respect of the Sewage Water Treatment Plants to be charged under the Sewage Water Plants Fee Agreement for the remaining terms of such agreement, the Directors, including the independent non-executive Directors, are of the view that the terms contemplated under the Sewage Water Processing Interim Service Agreement are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Based on the above analysis, we are of the view that the terms contemplated under the Sewage Water Processing Interim Service Agreement (including the agreement to waive the amount of sewage water plants fee receivable under the Sewage Water Plants Fee Agreement for the period effective from 1st January, 2006) are fair and reasonable to the Independent Shareholders, and are in the interests of the Company and the Shareholders as a whole.

2. The cap amount for the fees chargeable under the Sewage Water Processing Interim Service Agreement for the year ending 31st December, 2006

The maximum designed daily capacity for processing sewage water and the daily utilisation rate for each of the Sewage Water Treatment Plants for the year ending 31st December, 2006 are stated in paragraph 1.5 above.

Based on the Company's estimation for the usage of each of the Sewage Water Treatment Plants, the number of working days and the process fee as stipulated under the Sewage Water Processing Interim Service Agreement, the estimated aggregate fees payable by TSC to the Company would amount to approximately RMB360.0 million for the year ending 31st December, 2006.

We have reviewed and discussed with the Company's senior management the basis and assumptions of their estimates, including, (i) the estimated daily utilisation rate for each of the Sewage Water Treatment Plants (as set out in paragraph 1.5 above); (ii) the number of working days; (iii) the historical sewage water processing fee being charged by the Company; and (iv) a buffer of approximately 5% as there may be some unpredictable factors such as the volume of rainfall during the year 2006, which may affect the volume of sewage water to be processed in the respective Sewage Water Treatment Plants for the year ending 31st December, 2006. Taking into account the basis of deriving the aforesaid amount above, in particular, (i) we are of the view that the Directors have on a conservative basis to estimate the daily utilisation rate for each of the Sewage Water Treatment Plants; and (ii) the basis for charging the sewage water processing

fee under the Sewage Water Processing Interim Service Agreement is a reasonable approach, we are of the view that the cap amount for the fees chargeable under the Sewage Water Processing Interim Service Agreement for the year ending 31st December, 2006 to be fair and reasonable to the Independent Shareholders.

Given that there is an uncertainty on the exact date of completion of the Sewage Water Treatment Plants, the Directors believe that it will be premature to estimate the daily utilisation rate for each of the Sewage Water Treatment Plants and thus the cap amount for the sewage water processing fees chargeable for the year ending 31st December, 2007 and thereafter. Accordingly, the Directors have stated in the “Letter from the Board” that the Company will, when appropriate, comply with the Listing Rules, to seek Independent Shareholders’ approval for the Cap Amounts for the sewage water processing fee chargeable for the year ending 31st December, 2007 and thereafter.

V. RECOMMENDATION

In considering the terms of the Sewage Water Processing Interim Service Agreement, we have taken into account the following factors:

- the principal business of the Company and its subsidiaries as described in paragraph 1.1 above;
- the background of the Sewage Water Plants Fee Agreement and the Sewage Water Processing Agreement as described in paragraphs 1.2 and 1.3 above;
- the background to and benefit of the Sewage Water Processing Interim Service Agreement as described in paragraph 1.4 above;
- the terms of the Sewage Water Processing Interim Service Agreement as described in paragraph 1.5 above;
- the estimated sewage water processing fee to be charged under the Sewage Water Processing Interim Service Agreement would exceed the aggregate fee in respect of the Sewage Water Treatment Plants to be charged under the Sewage Water Plants Fee Agreement for the remaining terms of such agreement; and
- the Cap Amounts for the sewage water processing fee chargeable under the Sewage Water Processing Interim Service Agreement for the year ending 31st December, 2006.

After having considered the above principal factors and based on the information provided and the representations made to us, we consider that (i) the Sewage Water Processing Interim Service Agreement (including the agreement to waive the amount of sewage water plants fee receivable according to the Sewage Water Plants Fee Agreement for the period effective from 1st January, 2006); and (ii) the Cap Amounts for the sewage water processing fee receivable under the Sewage Water Processing Interim Service Agreement for the year ending 31st December, 2006 are fair and reasonable

LETTER FROM ACCESS CAPITAL

so far as the Independent Shareholders are concerned and are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend to the Independent Shareholders to vote in favor of the ordinary resolution in relation to the aforesaid matters to be proposed at the EGM.

Yours faithfully,
For and on behalf of
ACCESS CAPITAL LIMITED
Jeanny Leung
Managing Director

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquires, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

DISCLOSURE OF INTERESTS

Directors’ Interest

As at the Latest Practicable Date, the interests and/or short positions of the Directors, supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or otherwise, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange were as follows:

		Approximate percentage in the issued share capital of the Company/associated corporations		
Name	The Company/ name of associated corporations	Capacity	Number and class of securities (Note)	
Director Wang Zhanying	the Company	Beneficial owner	5,000 domestic Shares (L)	0.00038%
Supervisor Nie Youzhuang	the Company	Beneficial owner	700 domestic Shares (L)	0.00005%

Note: The letter “L” represents the person’s long positions in the Shares.

As at the Latest Practicable Date, none of the Directors, supervisors or chief executives of the Company or their spouses or children under 18 years of age were granted or had exercised any right to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

None of the Directors or supervisor of the Company or Access Capital has any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31st December 2004, the date to which the latest published audited financial statement of the Company were made up.

None of the Directors or supervisor of the Company or Access Capital is materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which are the contract or arrangement subsisting at the date of this circular and which is significant in relation to the business of the Group taken as a whole.

As at the Latest Practicable Date, none of the Directors or supervisors of the Company and their respective associates have interests in a business, apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

As at the Latest Practicable Date, none of the Directors or supervisors of the Company had entered or was proposing to enter into a service contract with the Company or any of its subsidiaries (excluding contracts expiring or determinable within one year without payment of compensation other than statutory compensation).

Access Capital does not have any shareholding in any member of the Group, nor does it have any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Substantial Shareholders’ Interests

(a) As at the Latest Practicable Date, so far as is known to, or can be ascertained after reasonable enquiries by, the Directors, supervisors or chief executives of the Company, the following entities (other than the Director, supervisor or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Capacity	Number and class of securities (Note 1)	Approximate percentage in the relevant class of securities	Approximate percentage in the total issued share capital of the Company
Tianjin Municipal Investment Company Limited (“TMICL”)	Beneficial owner	839,020,000 state Shares (L)	84.69%	63.05%
ISIS Assets Management Plc.	Investment Manager	17,286,000 H Shares (L)	5.08%	1.30%

Note 1: The Letter “L” represents the entities’ long positions in the Shares.

(b) As at the Latest Practicable Date, so far as is known to, or can be ascertained after reasonable enquiries by, the Directors, supervisors, or chief executive of the Company, the following entities (other than a Director, supervisor or chief executive of the Company) were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of entity	Name of member of the Group	Approximate percentage of equity interests held
Tianjin Sewage Engineering Company	Tianjin Capital New Materials Company Limited	15.38%
Shanghai Compak Systems Company Limited	Tianjin Capital New Materials Company Limited	17.58%
Xianhe Sewage Water Treatment Plant	Baoying Capital Water Company Limited	30%
Hangzhou City Construction Property Operation Company Limited	Hangzhou Tianjin Capital Water Company Limited	30%

(c) Save as disclosed above, there is no other person (other than the Director, supervisor or chief executive of the Company) so far as is known to the Directors, supervisors or chief executives of the Company who, as at the Latest Practicable Date, had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or, had, directly or indirectly, interested in 10% or more of nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any members of the Group.

(d) As at the Latest Practicable Date, so far as known to the Directors, supervisors or chief executives of the Company, Ms. Ma Baiyu, the chairman and executive Director of the Company, is also the chairman of TMICL, being the controlling shareholder and holding company of the Company. Save as disclosed above, none of the Directors or proposed Directors is a director or an employee of a company which had any interests or short positions in any shares and underlying shares of the Company which would fall to be disclosed to the Company under Division 2 and 3 of Part XV of the SFO.

QUALIFICATION

The following is the qualification of the independent financial adviser who has given opinion or advice which is contained in this circular:

Name	Qualification
Access Capital	A licenced corporation to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

CONSENT

Access Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name and letter in the form and context in which they appear.

SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date are as follows:

Authorised:	Number of Shares	RMB
ordinary Shares of RMB1.00 each	1,330,660,110	1,330,660,110
Issued and fully paid:		
domestic Shares of RMB1.00 each	990,660,110	990,660,110
H Shares of RMB1.00 each	340,000,000	340,000,000

LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or arbitration or claim of material importance is known to the Directors to be pending or threatened by or against the Company.

MATERIAL CHANGES

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31st December 2004, the date to which the latest audited financial statements of the Company were made up.

GENERAL

The Company secretaries of the Company are Ms. Fu Yana and Mr. Ip Pui Sum. Mr. Ip Pui Sum, who is a fellow member of the Association of Chartered Certified Accountants and associate member of The Hong Kong Institute of Certified Public Accountants, is the company secretary and the qualified accountant of the Company under the Listing Rules.

The H Share transfer office of the Company in Hong Kong is Hong Kong Registrars Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

The registered address of the Company is at No. 45 Guizhou Road, Heping District, Tianjin, the PRC and the head office of the Company is at TCEP Building, 76 Weijin South Road, Nankai District, Tianjin, the PRC.

In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any week day (except public holidays) at the offices of Messer. Li & Partners, solicitors, at 22nd Floor, World Wide House, Central, Hong Kong up to and including 25th April 2006:

- (a) Sewage Water Plants Fee Agreement;
- (b) Sewage Water Processing Agreement;
- (c) Sewage Water Processing Interim Service Agreement; and
- (d) the letter from Access Capital, the text of which is set out in this circular.

NOTICE OF EGM



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)

(Stock Code: 1065)

NOTICE FOR CONVENING THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Tianjin Capital Environmental Protection Company Limited (the “**Company**”) will be held at 10:30 a.m. on 29th May 2006 at the conference room of the Company on 5th Floor, TCEP Building, 76 Weijin South Road, Nankai District, Tianjin, the People's Republic of China (the “**PRC**”) for the purpose of considering and, if thought fit, passing the resolution as listed below:

I. As ordinary resolution:

“THAT

- (a) the Sewage Water Processing Interim Service Agreement dated 20th March 2006 entered into between Tianjin Sewage Company (“**TSC**”) and the Company (a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the EGM for identification purpose) and the terms of and the transactions contemplated thereunder (the “**Continuing Connected Transactions**”) and the implementation thereof be and are hereby approved, ratified and confirmed;
- (b) the Cap Amounts (as defined in the circular of the Company dated 11th April 2006) in relation to the Continuing Connected Transactions be and is hereby approved, ratified and confirmed; and
- (c) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him to be incidental to, ancillary to or in connection with the matters contemplated in the Sewage Water Processing Interim Service Agreement and/or the Continuing Connected Transactions.”

By order of the Board
Fu Yana Ip Pui Sum
Company Secretaries

Tianjin, the PRC
11th April 2006

Notes:

- (1) Shareholders (the “**Shareholders**”) of the Company whose name appears on the register of members of the Company at the close of the afternoon trading session on 28th April 2006 will

NOTICE OF EGM

be entitled to attend the EGM. The Shareholders of H shares of the Company (the “**H Shares**”) are reminded that the register of members of the Company’s H Shares will be closed from 29th April 2006 to 29th May 2006, both days inclusive, during the period no transfer of H Shares will be effected. All transfers accompanied by relevant share certificates, must be lodged for registration with the Company’s H share registrar and transfer office, Hong Kong Registrars Limited at Rooms 1712-1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 28th April 2006.

- (2) Each Shareholders having the rights to attend and vote at the EGM is entitled to appoint in written form one or more than one proxy (whether a Shareholder or not) as his proxy to attend and vote on his behalf at the EGM. If more than one proxy is appointed by a Shareholder, such proxies shall only exercise his voting rights on a poll.
- (3) Shareholders can appoint a proxy by an instrument in writing (i.e. by using the enclosed form of proxy). In order to be valid, the form of proxy and, if such form of proxy is signed by a person under a power of attorney or authority on behalf of the appointer, a notarially certified power of attorney (if any) or other authority (if any) under which it is signed, must be deposited at the Company’s principal office address at TCEP Building, 76 Weijin South Road, Nankai District, Tianjin, the PRC as soon as possible but in any event not less than 24 hours before the time scheduled for the holding of the EGM or any adjournments thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournments thereof should you so wish.
- (4) Shareholders of the Company who intend to attend the EGM should complete and return the completed and signed reply slip for attendance to the Company’s principal office address at TCEP Building, 76 Weijin South Road, Nankai District, Tianjin, the PRC on or before 4:00 p.m. Monday, 8 May 2006 by hand, by post or by facsimile. Please use the enclosed reply slip or its copy for the purpose of confirmation.
- (5) Shareholders or their proxies shall present proofs of their identities upon attending the EGM. Should a proxy be appointed, the proxy shall also present the form of proxy.
- (6) Details of the transactions contemplated under the Sewage Water Processing Interim Service Agreement and the Cap Amounts, together with the notice of the EGM, will be despatched to the H Shares Shareholders in the form of a circular dated 11th April 2006.
- (7) It is expected that the EGM will last for half a day. Shareholders and their proxies who attend the EGM shall be responsible for their own travelling and accommodation expenses.

Principal office address of the Company: TCEP Building, 76 Weijin South Road, Nankai District, Tianjin the PRC.

Postal code: 300381

Telephone No.: (8622) 23930128

Facsimile No.: (8622) 23930126