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)

ANNOUNCEMENT RELATING TO THE QUARTERLY CONVERION OF THE A SHARE CONVERTIBLE BONDS

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Tianjin Capital Environmental Protection Company Limited (the "**Company**") and all members of the board (the "**Board**") of directors (the "**Directors**") of the Company warrant that the content of this announcement is true, accurate and complete, and assume joint responsibility on any false record, misrepresentation or material omission as set out herein.

Reference is made to the announcement of the Company dated 4th April 2006 (the "**Announcement**"). Terms used in this announcement shall have the same meanings as those defined in the Announcement unless the context requires otherwise.

On 1st July 2004, the Company issued 12,000,000 A share convertible bonds (the "**A Share Convertible Bonds**") of the Company namely "Tianjin Convertible Bonds" in the sum of RMB1,200,000,000, with conversion period commencing from 1st July 2005. The period for the Sale Back of the A Share Convertible Bonds is from 5th August 2005 to 11th August 2005, and during such period, the holders of 8,239,020 A Share Convertible Bonds exercised the Sale Back, and there were 3,760,980 A Share Convertible Bonds remained outstanding after the Sale Back. As at the close of trading on 30th June 2006, 40,300 A Share Convertible Bonds (A Share Convertible Bonds code: 110874) amounted to RMB4,030,000 were converted into the Company's A Shares "G Tianjin Capital" (600874). The number of shares converted in the second quarter of 2006 amounted to 4,358 A Shares. As at the date of this announcement, the accumulated number of shares converted was 664,468 A Shares, representing 0.050% of the Company's total issued share capital, and there were 3,720,680 A Share Convertible Bonds amounted to RMB372,068,000 remained outstanding, representing 98.93% of the remaining number of outstanding A Share Convertible Bonds after the Sale Back.

Pursuant to the requirements under the "Interim Measures for the Administration of Convertible Bonds" and the "Rules Governing the Listing of Securities on the Shanghai Stock Exchange", the detailed information is disclosed as follows:

1. **Change in the share capital of the Company (unit: share)**

Before the share segregation reform of the Company		After the share segregation reform of the Company			
Class of Shares	**Number of Shares prior to the current changes (as at 31st March 2006)**	**Class of Shares**	**Number of Shares prior to the current changes (as at the resumption of trading on the A Share market on 20th April 2006)**	**Increase in the current changes**	**Number of Shares after the current changes (as at 30th June 2006)**
Non-circulating Shares	877,505,000	Restricted circulating A Shares	835,637,609	0	835,637,609
Circulating A Shares	113,155,110	Non-restricted circulating A Shares	155,022,501	4,358	155,026,859
Circulating H Shares	340,000,000	Circulating H Shares	340,000,000	0	340,000,000
Total	1,330,660,110	Total	1,330,660,110	4,358	1,330,664,468

2. **The top ten Shareholders as at 30th June 2006**

Name of Shareholders	**Number of Shares held (unit: share)**	**Percentage to the total issued share capital of the Company (unit: %)**	**Class of Shares**
Tianjin Municipal Investment Company Limited	797,152,609	59.91	Restricted circulating A Shares
HKSCC Nominees Limited	337,122,900	25.33	Circulating H Shares
Shenyang Railway Bureau Economy Development Co., Ltd	3,500,000	0.26	Restricted circulating A Shares
China Huadian Power Plant Equipment Engineering (Group) Co., Ltd	2,557,596	0.19	Non-restricted circulating A Shares

Name of Shareholders	Number of Shares held (unit: share)	Percentage to the total issued share capital of the Company (unit: %)	Class of Shares
Galaxy Securities	1,500,000	0.11	Restricted circulating A Shares
Liaoning Shennong Development Company Limited	1,000,000	0.08	Restricted circulating A Shares
China Air Clearing Centre	1,000,000	0.08	Restricted circulating A Shares
Changsha Hai Sheng Technology and Trade Company	1,000,000	0.08	Restricted circulating A Shares
Qing Dao City Shi Nan Zhen Yuan Trading Company	1,000,000	0.08	Restricted circulating A Shares
Jinhong Sub-branch, Tianjin Branch of China Construction Bank	1,000,000	0.08	Restricted circulating A Shares

As at the date of this announcement, the Board comprises executive Directors: Ms. Ma Baiyu, Mr. An Pindong, Mr. Gu Qifeng, Mr. Wang Zhanying, Mr. Tan Zhaofu and Ms. Fu Yana, and independent non-executive Directors: Mr. Wang Xiangfei, Mr. Gao Zongze and Mr. Ko Poming.

By order of the Board of
Ma Baiyu
Chairman

Tianjin, the PRC
5th July 2006

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