The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 CONVERSION 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 10th October 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 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 was 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. As at the close of trading on 29th December 2006, 40,360 A Share Convertible Bonds (A Share Convertible Bonds code: 110874) amounting to RMB4,036,000 were converted into the Company's A Shares "Tianjin Capital" (600874). The number of shares converted in the fourth quarter of 2006 amounted to 777 A Shares. As at the close of trading on 29th December 2006, the accumulated number of Shares converted was 666,019 A Shares, representing 0.05% of the Company's total issued share capital, and there were 3,720,620 A Share Convertible Bonds amounting to RMB372,062,000 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)**

Class of Shares	Number of Shares prior to the current changes (as at 29th September 2006)	Increase in the current changes	Number of Shares after the current changes (as at 29th December 2006)	Percentage to the total issued share capital of the Company
Restricted circulating A Shares	835,637,609	0	835,637,609	62.80%
Non-restricted circulating A Shares	155,027,633	777	155,028,410	11.65%
Circulating H Shares	340,000,000	0	340,000,000	25.55%
Total	1,330,665,242	777	1,330,666,019	100%

As at the date of this announcement, the Company still maintains the minimum public float requirements as set out in Rule 8.08(1)(b) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. **Shareholdings by the top 10 Shareholders (as at 29th December 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	337,054,900	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
Galaxy Securities	1,500,000	0.11	Restricted circulating A Shares
China Air Clearing Centre	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
Guotai Tian Zheng	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
Liaoning Shennong Development Company Limited	1,000,000	0.08	Restricted circulating A Shares

By order of the Board
Ma Baiyu
Chairman

Tianjin, the PRC
5 January 2007

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.

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