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 in relation to the adjustment on the Conversion Price of the A Share Convertible Bonds of the Company

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

Tianjin Capital Environmental Protection Company Limited (the "**Company**") and all members of the board (the "**Board**") of directors (the "**Directors**") of the Company hereby warrant the truth, accuracy and completeness of the contents in this announcement, and accept joint responsibility for any false information, misleading statements or material omission in this announcement.

Important Notice:

- Conversion price before the adjustment: RMB3.86 per Share
- Conversion price after the adjustment: RMB3.82 per Share
- The commencement date of the adjusted conversion price: 2 July, 2007

In accordance with the terms stipulated in the "Prospectus of the issue of the A Share Convertible Bonds" of the Company, in the event of bonus issue, capitalisation, new issue (other than the increase in the share capital as a result of the share conversion by the exercise of the A share convertible bonds (the "**A Share Convertible Bonds**") of the Company), rights issue and distribution of dividends, the Company shall make accumulated adjustments to the conversion price of the A Share Convertible Bonds in the sequence of the occurrence of the above conditions, and details of the adjustment are as follows:

By assuming the conversion price before the adjustment as Po, the number of bonus Shares or Shares being issued upon capitalisation of each Share as N, the number of new Shares or rights issue of each Share as K, the price of the new Shares or rights issue as A, distribution of dividends for each Share as D, the conversion price after the adjustment as P (the adjustment value are reserved up to two digits after the decimal place, and rounding the last figure), then

Dividends distribution: $P = Po - D$;
Bonus issue or capitalisation: $P = Po/(1+N)$;
Issue of new Shares or rights issue: $P = (Po+AK)/(1+K)$;
Combination of the three items: $P = (Po - D+AK)/(1+N+K)$.

After the Company has implemented the 2006 Appropriation Plan for the distribution of a cash dividend of RMB0.40 per ten Shares, the conversion price of the A Share Convertible Bonds will be adjusted from RMB3.86 per Share to RMB3.82 per Share starting from 2 July 2007.

By order of the Board
Ma Baiyu
Chairman

Tianjin, the PRC
25 July, 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.