

Directors' Report

Principal Activities

Prior to the asset exchange on 20th December 2000, the principal activity of the Group was the manufacturing of chemical raw materials. Following the completion of asset exchange, the principal activity of the Company was changed to environmental protection and city construction. The Company is the only listed vehicle of the Tianjin Municipal Government that is engaged in environment protection and urban infrastructure construction. The net profit of the Group in 2000, as prepared in accordance with PRC GAAP and HK GAAP, was Rmb 168,604,000 and Rmb 178,091,000, respectively. The accounts for these operations are set out in the appropriate sections of this annual report.

Financial Summary

A summary of the Group's results and assets and liabilities for the last five years prepared under PRC GAAP is set out on pages 9 and 10 of the annual report.

A summary of the Group's results and assets and liabilities for the last five years prepared under HK GAAP is set out on page 11 of the annual report.



Results and Appropriations

The results and profit appropriation of the Group for the year ended 31st December 2000, as prepared in accordance with PRC GAAP and HK GAAP, are set out in the profit and loss accounts on page 52, profit appropriation statements on page 53 and consolidated profit and loss account on page 92 of this annual report.

An analysis of the Group's turnover and contribution to operating profit/(loss) after finance costs by principal activities based on the accounts prepared under HK GAAP is as follows:

	Turnover		Operating profit/(loss) before taxation (including finance costs)	
	2000	1999	2000	1999
	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Chemical Business:				
Sale of goods	3,483,874	2,838,127	(86,222)	(360,511)
Recovery of certain assets at gross value	—	—	241,975	—
	3,483,874	2,838,127	155,753	(360,511)
Finance management	2,407	5,972	(995)	(2,309)
Recovery of certain assets at gross value	—	—	12,165	—
	2,407	5,972	11,170	(2,309)
New Business:				
Sewage water treatment business	11,236	—	9,411	—
Toll station business	2,426	—	1,581	—
Total	3,499,943	2,844,099	177,915	(362,820)

Dividends

The directors did not declare an interim dividend (1999:nil). They do not recommend the payment of a final dividend for the year ended 31st December 2000 (1999:nil).

Details of Shareholders

- The number of shareholders of the Company as at 31st December 2000 is as follows:

Type of shareholders	Number
State shareholder	1
Legal person shareholders	108
Individual shareholders	38,514
Foreign shareholders (H share shareholders)	441

Details of Shareholders (Cont'd)**2. As at 31st December 2000, the top ten shareholders of the Company were as follows:**

Name of shareholders*	Class	Number of	Percentage
		shares held at the end of the year (‘000 shares)	to total share capital (%)
(1) Tianjin Municipal Investment Company Limited ("TMICL") (State shares)	A	839,020	63.09
(2) HKSCC Nominees Limited (foreign shares)	H	323,671	24.34
(3) Shenyang Railway (legal person shares)	A	3,500	0.26
(4) Nanfang Securities Company, Nanjing Branch (legal person shares)	A	2,725	0.20
(5) Zhuhai Sanzao Lingyu New Construction Material Trial Research Institute (legal person shares)	A	2,250	0.17
(6) Zhongguo Dongfang Trust and Investment Company, Nanchang Sales Department (legal person shares)	A	1,500	0.11
(7) Wu Jinzhi (individual shares)	A	1,150	0.086
(8) CITIC Securities (legal person shares)	A	1,000	0.075
(9) Haitong Shenyang (legal person shares)	A	1,000	0.075
(10) Qingdao Southern District Zhen Yuan Trading Company (legal person shares)	A	1,000	0.075

Note: Pursuant to the register of the shareholders as provided by the HKSCC Nominees Limited, H Shares were held on behalf of various clients' accounts. There was no client who was interested in more than 10% of the total issued H share capital of the Company.

* The top ten Shareholders were not related to each other.

Company's Management Structure and Employees' Information

1 Name of the Company's Directors, Supervisors and Senior Management, their terms of office, total annual remuneration, shareholding and changes in shareholding

20th-31st December 2000							
Shareholding							
at the Shareholding							
Salary beginning at the end							
Position	Name	Gender	Age	Term	Rmb	of the year	of the year
Chairman,							
General Manager	Ma Baiyu	F	38	2000.12.20 - 2003.12.19	3,801	0	0
Director	Zhumin	M	46	2000.12.20 - 2003.12.19	0	0	0
Director,							
Chief Accountant	An Pindong	M	32	2000.12.20 - 2003.12.19	3,339	0	0
Director,							
Chief Engineer	Cu Qifeng	M	34	2000.12.20 - 2003.12.19	3,349	0	0
Director	Wang Yueqing	M	56	2000.12.20 - 2003.12.19	0	0	0
Director	Zhang Wenhui	M	45	2000.12.20 - 2003.12.19	0	0	0
Director	Li Weibin	M	39	2000.12.20 - 2003.12.19	0	0	0
Director	Chan Boon Teong	M	58	2000.12.20 - 2003.12.19	0	0	0
Director	Guan Weili	M	57	1999.6.29 - 2002.6.28	4,000	0	0
					(Director's fee)		
Chairman of the							
Supervisory Committee	Yu Ruihua	F	54	2000.12.20 - 2003.12.19	3,035	0	0
Supervisor	Chen Baosen	M	48	2000.12.20 - 2003.12.19	2,902	0	0
Supervisor	Li Kaijian	M	48	2000.12.20 - 2003.12.19	0	0	0
Supervisor	Dou Zhenming	M	49	2000.12.20 - 2003.12.19	0	0	0
Supervisor	Shi Chunhua	M	36	2000.12.20 - 2003.12.19	0	0	0
Supervisor	Jing Shikui	M	54	2001.2.14 - 2004.2.13	0	0	0
Assistant General Manager	Lin Wenbo	M	43	2000.12.20 - 2003.12.19	600	0	0
Assistant General Manager	Luo Lianfang	M	52	2000.12.20 - 2003.12.19	3,521	0	0
Assistant General Manager	Liu Wenya	M	42	2000.12.20 - 2003.12.19	380	0	0
Company Secretary	Fu Yana	F	30	2000.12.20 - 2003.12.19	3,084	0	0
Company Secretary	Ip Pui Sum	M	41	2000.12.20 - 2003.12.19	0	0	0

Note: The remuneration paid to the Directors, Supervisors and Senior Managers in 2000 was Rmb 683,000. There are 22 people in the range of Rmb 0-30,000 and 8 people receiving Rmb 30,000 or above. 5 Directors, namely Zhu Min, Zhang Wenhui, Wang Yueqing, Li Weibin and Chan Boon Teong, and 4 Supervisors namely, Li Kaijian, Dou Zhenming, Shi Chunhua and Jing Shikui did not take any remuneration.

Company's Management Structure and Employees' Information (Cont'd)

Directors who resigned during the year were Wang Baodi, Li Guoping, Gong Suozhu, Zhang Peiyu, Li Hongxiang, Cao Bailin, Ning Peihai, Dong Yuhua, Wang Shizhong, Zhang Dongmin, Lai Zhenguo, Wang Xin, Wang Xiaotong, Guo Jun, Liu Hantao, Ji Chongwei and Feng Shupe. Supervisors resigned were Li Zhonghan, Liu Fucun, Qiu Wentong, Huang Fugui, Wang Guosheng, Yao Jinqiang, Wu Wei, Chen Jiefu, Wang Yimin, Wu Jianzhong and Zhang Hongtao. The above Directors and Supervisors formally resigned on 20th December 2000.

All the above directors and supervisors resigned because of the asset exchange.

Gong Suozhu resigned because of the asset exchange and the Company appointed Ma Baiyu as the General Manager.

Chen Yuanzhen left because of the asset exchange and the Company appointed Fu Yana as the Company Secretary.

2 Directors and Supervisors' remuneration

	2000	1999
	Rmb'000	Rmb'000
Fees	12	20
Salaries and other emoluments	553	396
Pensions	111	79
	676	495

The remuneration was paid to the directors and supervisors as follow:

	Number	
	2000	1999
Rmb nil - Rmb 1,073,000 (HK\$1,000,000)	25	29

The above analysis includes the five individuals whose remunerations were the highest in the Group for the year.

3 Arrangements to purchase shares or debentures

At no time during the year was the Company, its subsidiaries, its fellow subsidiaries or its holding company a party to any arrangements to enable the directors, supervisors or senior management of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.