

Important

The board (the "Board") of directors (the "Directors") of Tianjin Capital Environmental Protection Company Limited (the "Company") confirmed that the information in this 2005 interim report (the "Interim Report") does not contain any false information, misleading statements or material omissions, and accept joint and several responsibility for the truthfulness, accuracy and completeness of the content of this Interim Report.

Mr. An Pindong and Mr. Wang Zhanying, both are executive Directors, and Mr. Ko Poming, an independent non-executive Director, all were on business trips and unable to attend the Board meeting (the "Meeting") held on 30th August 2005 for approving, among other matters, this Interim Report. Mr. An Pindong and Mr. Wang Zhanying appointed Ms. Ma Baiyu, the Chairman, while Mr. Ko Poming appointed Mr. Wang Xiangfei, an independent non-executive Director, to vote on their behalf respectively at the Meeting.

The financial statements in this Interim Report are prepared in accordance with the Accounting Principles Generally Accepted in Hong Kong and have been reviewed by the audit committee of the Company but have not been audited.

Ms. Ma Baiyu, the Chairman, Mr. Gu Qifeng, the financial controller and Ms. Chen Yinxing, the manager of the accounting department of the Company, have declared that they are responsible for the truthfulness and completeness of the financial statements contained in this Interim Report.

重要提示

天津創業環保股份有限公司(「本公司」)董事會(「董事會」)及董事(「董事」)保證本半年度報告所載資料不存在虛假記載、誤導性陳述或者重大遺漏，並對其內容的真實性、準確性和完整性承擔個別及連帶責任。

董事安品東先生和王占英先生因公務出差，分別委託董事長馬白玉女士出席董事會會議並代為行使表決權，獨立非執行董事高寶明先生因公務出差，委託獨立非執行董事王翔飛先生出席董事會會議並代為行使表決權。

本半年度報告中按香港會計原則編製的未經審計之財務會計報表已經本公司審計委員會審閱。

本公司負責人董事長馬白玉女士、主管會計工作負責人顧啟峰先生和會計部門負責人陳銀杏女士聲明：他們保證本半年度報告中財務會計報表的真實及完整性。

I. Company Profile

1. Company name

Chinese name

天津創業環保股份有限公司

Abbreviation of the Chinese name

創業環保

English name

Tianjin Capital Environmental Protection Company Limited

Abbreviation of the English name

TCEPC

2. Information about the Company's listed shares (the "Shares")

Place for listing of A Shares

Shanghai Stock Exchange ("SSE")

Short form for A Shares

Tianjin Capital

Stock code for A Shares

600874

Place for listing of A Share convertible bonds (the "A Share Convertible Bonds") of the Company

SSE

Short form for A Share Convertible Bonds

Tianjin Convertible Bonds

A Share Convertible Bonds code

110874

Place for listing of H Shares

The Stock Exchange of Hong Kong Limited
("Hong Kong Stock Exchange")

Short form for H Shares

Tianjin Capital

Stock code for H Shares

1065

一、公司簡介

(一) 公司名稱

公司中文名稱

天津創業環保股份有限公司

中文名稱縮寫

創業環保

公司英文名稱

Tianjin Capital Environmental Protection
Company Limited

英文名稱縮寫

TCEPC

(二) 公司上市證券的相關資料

A股上市地點

上海證券交易所(「上交所」)

A股股票簡稱

創業環保

A股股票代號

600874

可轉換A股公司債券(「A股轉債」)上市地點

上交所

A股轉債簡稱

創業轉債

A股轉債代號

110874

H股上市地點

香港聯合交易所有限公司
(「香港聯交所」)

H股股票簡稱

天津創業環保

H股股票代號

1065

3. Company registered address

Registered address

No. 45 Guizhou Road
Heping District
Tianjin
The People's Republic of China (the "PRC")

Postal code

300381

Website

<http://www.tjcep.com>

E-mail address

tjcep@tjcep.com

4. Legal representative of the Company

Ms. Ma Baiyu

5. Secretary to the Board and Company Secretary in Hong Kong

Secretary to the Board

Ms. Fu Yana

Correspondence address

TCEP Building, 76 Weijin South Road
Nankai District
Tianjin
the PRC

Postal code

300381

Telephone number

86-22-2393 0000

Facsimile number

86-22-2393 0100

E-mail address

fu_yn@tjcep.com

Company Secretary in Hong Kong

Mr. Ip Pui Sum

Correspondence address

2/F, Jonsim Place
228 Queen's Road East
Wanchai
Hong Kong

Telephone number

852-2803 2373

Facsimile number

852-2540 6365

(三) 公司註冊地址

註冊地址

中華人民共和國(「中國」)
天津市
和平區
貴州路45號

郵政編碼

300381

互聯網網址

<http://www.tjcep.com>

公司電子信箱

tjcep@tjcep.com

(四) 公司法定代表人

馬白玉女士

(五) 董事會秘書及香港公司秘書

董事會秘書

付亞娜女士

聯絡地址

中國
天津市
南開區
衛津南路76號創業環保大廈

郵政編碼

300381

聯絡電話

86-22-2393 0000

傳真

86-22-2393 0100

電子信箱

fu_yn@tjcep.com

香港公司秘書

葉沛森先生

聯絡地址

香港
灣仔
皇后大道東228號
中華大廈2樓

聯絡電話

852-2803 2373

傳真

852-2540 6365

E-mail address

ip_ps@tjcep.com

Securities Affairs Representative

Mr. Gu Wenhui

Correspondence address

TCEP Building, 76 Weijin South Road
Nankai District
Tianjin
the PRC

Postal code

300381

Telephone number

86-22-2393 0000

Facsimile number

86-22-2393 0100

E-mail address

gu_wh@tjcep.com

電子信箱

ip_ps@tjcep.com

證券事務代表

顧文輝先生

聯絡地址

中國
天津市
南開區
衛津南路76號創業環保大廈

郵政編碼

300381

聯絡電話

86-22-2393 0000

傳真

86-22-2393 0100

電子信箱

gu_wh@tjcep.com

6. Designated media for the Company's announcement**Newspapers for the Company's announcement**

Shanghai Securities, Hong Kong Wen Wei Po and The Standard

(1) Website for the Interim Report**Website operated by the SSE
for the disclosure of the Interim Report**<http://www.sse.com.cn>**Website operated by Hong Kong Stock Exchange
for the disclosure of the Interim Report**<http://www.hkex.com.hk>**(2) Place where the Interim Report is available
for inspection**

Office of the Secretary to the Board
18/F, TCEP Building, 76 Weijin South Road
Nankai District
Tianjin
the PRC
Postal code: 300381

(六) 公司指定信息披露媒體

公司選定的信息披露報紙的名稱
《上海證券報》、香港《文匯報》和
《The Standard》

(1) 登載本半年度報告的互聯網網址

上交所登載本半年度報告的
互聯網網址為

<http://www.sse.com.cn>

香港聯交所登載本半年度報告的互聯網網
址為

<http://www.hkex.com.hk>**(2) 本半年度報告備查地點**

中國
天津市
南開區
衛津南路76號創業環保大廈18樓
郵政編碼：300381
董事會秘書辦公室

7. Other information

The initial registered address of the Company

No. 10 Hubei Road, Heping District, Tianjin, the PRC

Initial date of registration of the Company

8th June 1993

Dates of changes in registration of the Company

26th August 1998, 8th January 2001, 23rd July 2001 and 25th February 2003

Change in registered address of the Company

No. 45 Guizhou Road, Heping District, Tianjin, the PRC

Number of business licence of the Company

Qi He Jin Zong Zi No. 009079

State tax registration number

Guo Shui Jin Zi 120114103065501

Local tax registration number

Di Shui Jin Zi 120114103065501

Agent for custody of the Company's non-circulating Shares

China Securities Depository and Clearing Corporation Limited, Shanghai Branch

Details of the auditors appointed by the Company

(1) PRC auditors

PricewaterhouseCoopers Zhong Tian
Certified Public Accountants Co., Ltd.

Correspondence address

11th Floor
PricewaterhouseCoopers Center
202 Hu Bin Road
Shanghai
the PRC

(2) International auditors

PricewaterhouseCoopers
Certified Public Accountants

Correspondence address

22/F, Prince's Building
Central
Hong Kong

(七) 其他相關資料

公司首次註冊地點

中國天津市和平區湖北路十號

公司首次註冊日期

1993年6月8日

公司變更登記日期

1998年8月26日、2001年1月8日、
2001年7月23日及2003年2月25日

公司變更註冊地址

中國天津市和平區貴州路45號

企業法人營業執照註冊號

企合津總字第009079號

國稅登記號

國稅津字120114103065501號

地稅登記號

地稅津字120114103065501號

公司未流通股票託管機構名稱

中國證券登記結算有限責任公司上海分公司

公司聘請的會計師事務所名稱、聯絡地址

(1) 中國會計師

普華永道
中天會計師事務所有限公司

聯絡地址

中國
上海市
湖濱路202號
普華永道中心
11樓

(2) 國際會計師

香港羅兵咸永道
會計師事務所

聯絡地址

香港
中環
太子大廈22樓

II. Accounting Data and Business Statistics Highlights 二、會計數據與業務數據摘要

1. In accordance with the Accounting Standards and the Accounting Regulations for Business Enterprises in the PRC (collectively "PRC GAAP"), the Company and its subsidiaries (the "Group") achieved a net profit of Rmb93,789,000 during the reporting period. Details of the major financial indicators for the reporting period together with the comparative figures of the corresponding period and last year are as follows:

(一) 按照中國《企業會計準則》和《企業會計制度》(統稱「中國會計規則」)編製，本公司及其附屬公司(「本集團」)在本報告期內實現淨利潤為人民幣93,789,000元。本報告期和上年同期及上年全年的主要財務指標如下：

		As at 30th June 2005 於2005年 6月30日 Rmb'000 人民幣千元	As at 31st December 2004 於2004年 12月31日 Rmb'000 人民幣千元	Percentage(%) Increase(+)/ Decrease(-) 本報告期末 比年初數 增減(+/-%)
Current assets	流動資產	1,756,557	1,865,556	-5.84
Current liabilities	流動負債	1,460,723	508,695	+187.15
Total assets	總資產	4,765,556	4,657,758	+2.31
Shareholders' equity (excluding minority interests)	股東權益 (不含少數股東權益)	2,196,552	2,235,763	-1.75
Net asset value per Share	每股淨資產	Rmb1.65	Rmb1.68	-1.79
Adjusted net asset value per Share	調整後的每股淨資產	Rmb1.63	Rmb1.66	-1.81

		Six months ended 30th June 2005 截至6月30日止6個月 2005年 Rmb'000 人民幣千元		2004 2004年 Rmb'000 人民幣千元	Percentage(%) Increase(+)/ Decrease(-) 本報告期 比上年同期 增減(+/-%)
Net profit	淨利潤	93,789	144,138	-34.93	
Net profit excluding extraordinary items	扣除營業外收入後的 淨利潤	93,760	147,358	-36.37	
Earnings per Share (weighted average)	每股收益(加權)	Rmb0.07	Rmb0.11	-36.36	
Return on net assets	淨資產收益率	4.27%	7.01%	減少39.09個百分點	
Net cash flows from operating activities	經營活動產生的現金流量淨額	-23,111	87,009	-126.56	

2. Non-operating Income

(二) 營業外收入

		Rmb'000 人民幣千元
Net non-operating income	其他各項營業外收入、支出淨額	43
Effect of income tax	所得稅影響數	(14)
		<u>29</u>

3. Difference between accounts prepared under PRC GAAP and HK GAAP (三) 國內外會計準則差異

Items		Net profit		Shareholders' equity	
		Current period	Previous period	Beginning	Closing
項目		淨利潤	淨利潤	股東權益	股東權益
		本期數	上期數	期初數	期末數
		(Rmb'000)	(Rmb'000)	(Rmb'000)	(Rmb'000)
		(人民幣千元)	(人民幣千元)	(人民幣千元)	(人民幣千元)
In accordance with PRC GAAP	按中國會計制度	93,789	144,138	2,235,763	2,196,552
Adjustment made in accordance with HK GAAP	按香港會計準則 調整項目				
Reserve of A Share Convertible Bonds	A股轉債儲備			100,215	100,215
Fair value of A Share Convertible Bonds	A股轉債之公允價值	-16,579		-47,041	-63,620
Impact of deferred taxation	遞延稅款影響	5,471		15,524	20,995
Minority interests (reclassified)	少數股東權益(重分類)	-1,050	1,030	16,581	15,531
In accordance with HK GAAP	按香港會計準則	81,631	145,168	2,321,042	2,269,673

Note: The difference arises from the difference in the method used for recognising the closing value of the A Share Convertible Bonds in accordance with the PRC GAAP and HK GAAP and the classification of minority interests.

註：會計差異是由於中國會計制度和香港會計準則對於A股轉債的期末價值和少數股東權益的分類方式不同造成。

4. Return on net assets and earnings per Share as calculated according to the "Information Disclosure for Companies Issuing Listed Securities" (No. 9) of the China Securities Regulatory Commission (the "CSRC") are as follows: (四) 按照中國證券監督管理委員會(「中國證監會」)《公開發行證券公司信息披露編報規則》(第9號)計算的淨資產收益率和每股收益如下：

Profit for the reporting period		Return on net assets		Earnings per Share	
		Fully diluted	Weighted average	Fully diluted	Weighted average
本報告期利潤		淨資產收益率	淨資產收益率	每股收益	每股收益
		全面攤薄	加權平均	全面攤薄	加權平均
		%	%	Rmb	Rmb
		%	%	人民幣元	人民幣元
Profit from principal operations	主營業務利潤	8.36	8.13	0.14	0.14
Operating profit	營業利潤	6.45	6.27	0.11	0.11
Net profit	淨利潤	4.27	4.15	0.07	0.07
Net profit, net of non-operating income	扣除營業外收入後的淨利潤	4.27	4.15	0.07	0.07

III. Changes in Share Capital and Shareholders 三、股本變動及股東情況

1. Changes in share capital

- (1) The following table showing changes in share capital of the Company and number of Shares in issue during the reporting period:

During the reporting period, the Company has not issued any bonus Shares, increased its share capital or listed any employee Shares. There is no change in the structure of the share capital of the Company and the number of Shares in issue.

(一) 股本變動情況

- (1) 於本報告期內，本公司股本及已發行股份數目的變動情況見下表：

本報告期內，本公司無送股、增加股本或內部職工股上市的情形。本公司已發行股份數目和股本結構均未發生變化。

		Increase/(decrease) during the reporting period 本報告期內變動增加/(減少)						End of the reporting period	
		Beginning of the year	Share placement	Bonus issue	Transfer of surplus to capital	Share issue	Others	Sub-total	End of the reporting period
		(Shares)	(Shares)	(Shares)	公積金轉股 (Shares)	增發 (Shares)	其他 (Shares)	小計 (Shares)	於本報告期末 (Shares)
		(股)	(股)	(股)	(股)	(股)	(股)	(股)	(股)
A. Non-circulating Shares	一、尚未流通股份 (「未流通股」)								
1. Promoter Shares	1. 發起人股份								
comprising:	其中：								
State Shares	國有股	839,020,000	—	—	—	—	—	—	839,020,000
Domestic Shares	內資股	38,485,000	—	—	—	—	—	—	38,485,000
Sub-total	尚未流通股份合計	877,505,000	—	—	—	—	—	—	877,505,000
B. Circulating Shares	二、已上市流通股份 (「流通股」)								
1. Rmb ordinary Shares ("A Shares")	1. 人民幣普通股 (「A股」)	112,495,000	—	—	—	—	—	—	112,495,000
2. Non-domestic listed foreign currency Shares ("H Shares")	2. 境外上市的外資股 (「H股」)	340,000,000	—	—	—	—	—	—	340,000,000
Sub-total	已流通股合計	452,495,000	—	—	—	—	—	—	452,495,000
C. Total	三、股份總數	1,330,000,000	—	—	—	—	—	—	1,330,000,000

The terms of the total sum of Rmb1,200,000,000 A Share Convertible Bonds issued by the Company did not allow any conversion of Shares during the reporting period. Therefore, as at 30th June 2005, no share conversion has taken place. At the end of the reporting period, non-circulating Shares accounted for approximately 65.98% of the total issued share capital of the Company, and circulating Shares accounted for approximately 34.02% of the total issued share capital of the Company.

本公司發行共值人民幣1,200,000,000元的A股轉債，於本報告期內尚未進入轉股期。因此，截至2005年6月30日，未有轉股情況發生。於本報告期末，未流通股佔本公司已發行總股本大約65.98%，流通股佔本公司已發行總股本大約34.02%。

2. Details of shareholders of the Company (the "Shareholders")

(二) 本公司股東(「股東」)情況介紹

(1) Number of Shareholders as at the end of the reporting period

As at 30th June 2005, the Company had 30,109 Shareholders comprising 30,000 Shareholders holding domestic Shares and 109 Shareholders holding H Shares.

(1) 本報告期末股東總數

截至2005年6月30日，本公司股東總數為30,109。其中：內資股股東總數為30,000，外資股股東總數為109。

(2) As at 30th June 2005, the top ten Shareholders were as follows:

(2) 截至2005年6月30日，本公司前10名最大股東持股情況如下：

Name of Shareholders 股東名稱	Increase(+)/ Decrease(-) during the reporting period 本報告期 內增減	Number of Shares held at the end of the reporting period 本報告期末 持股數量	Percentage to total share capital (%) 百分比 (%)	Class (circulating/ non-circulating) 股份類別 (已流通或 未流通)	Number of Shares pledged or frozen 質押或 凍結的 股份數量	Type of Shares (State Shares or H Shares) 股東性質 (國有股或 外資股)
Tianjin Municipal Investment Company Limited 天津市政投資有限公司	Nil 無增減	839,020,000	63.084	Non-circulating 未流通	Nil 無	State Shares 國有股
HKSCC Nominees Limited (Note 2) 香港中央結算(代理人)有限公司(註2)	+372,000 增加	336,946,900	25.330	Circulating 已流通	Unknown 未知	H Shares 外資股
China Construction Bank -Boshi Industry Securities Investment Fund 中國建設銀行-博時主題行業股票證券投資基金	Unknown 未知	3,526,934	0.265	Circulating 已流通	Unknown 未知	Individual Shares 社會公眾股
Shenyang Railway Bureau Economy Development Co., Ltd. 瀋陽鐵路局經濟發展總公司	Nil 無增減	3,500,000	0.263	Non-circulating 未流通	Unknown 未知	Legal person Shares 社會法人股
China Huadian Power Plant Equipment Engineering (Group) Co., Ltd. 中國華電電站裝備工程(集團)總公司	+19,000 增加	1,866,858	0.140	Circulating 已流通	Unknown 未知	Individual Shares 社會公眾股
Industrial and Commercial Bank of China-BOC International Investment Managers Focus Securities Investment Fund 中國工商銀行-中銀國際中國精選混合型開放式證券投資基金	Unknown 未知	1,659,053	0.125	Circulating 已流通	Unknown 未知	Individual Shares 社會公眾股
Bank of Communications-Anshun Securities Investment Fund 交通銀行-安順證券投資基金	Unknown 未知	1,599,901	0.120	Circulating 已流通	Unknown 未知	Individual Shares 社會公眾股
Galaxy Securities 中國銀河證券有限責任公司	Nil 無增減	1,500,000	0.113	Non-circulating 未流通	Unknown 未知	Legal person Shares 社會法人股
China Construction Bank-Baokang Consumer Goods Securities Investment Fund 中國建設銀行-寶康消費品證券投資基金	Unknown 未知	1,364,630	0.103	Circulating 已流通	Unknown 未知	Individual Shares 社會公眾股
Shen Yin Wan Guo Securities Co., Ltd. - CITI-UBS Limited 申銀萬國證券有限公司-花旗-UBS LIMITED	Unknown 未知	1,300,490	0.098	Circulating 已流通	Unknown 未知	Individual Shares 社會公眾股

Notes:

- (1) There is no relationship and no parties acting in concert between the 1st largest Shareholder and the 2nd to the 10th largest Shareholders. However, it is not certain whether there are any such relationships among the 2nd to the 10th largest Shareholders.
- (2) Pursuant to the register of members of the Company as provided by HKSCC Nominees Limited, 336,946,900 H Shares were held by HKSCC Nominees Limited on behalf of various clients. There is no client who was interested in 5% or more of the total issued share capital of the Company.
- (3) The top ten Shareholders are not strategic investors of the Company.

註：

- (1) 本公司第1名大股東與第2名至第10名大股東之間不存在任何關係或一致行動關係，第2名至第10名大股東之間未知是否存在任何關係或一致行動關係。
- (2) 根據香港中央結算(代理人)有限公司(HKSCC NOMINEES LIMITED)提供的股東名冊，其持有之336,946,900股H股乃代表多個客戶所持有，並無任何個別客戶持有本公司已發行總股本5%或以上之權益。
- (3) 前10名最大股東均不是本公司的策略投資者。

(3) The top ten Shareholders holding circulating Shares as at 30th June 2005 were as follows:

(3) 截至2005年6月30日，本公司前10名流通股股東持股情況如下：

Name of Shareholders 股東名稱		Number of circulating Shares held as at 30th June 2005 截至2005年6月30日 持有 流通股的數量	Type of Shares (A, B, H Shares or others) 種類 (A、B、 H股或其它)
HKSCC Nominees Limited (Note 1)	香港中央結算(代理人)有限公司(註1)	336,946,900	H Shares
China Construction Bank-Boshi Industry Securities Investment Fund	中國建設銀行－博時主題行業股票證券投資基金	3,526,934	A Shares
China Huadian Power Plant Equipment Engineering (Group) Co., Ltd.	中國華電電站裝備工程(集團)總公司	1,866,858	A Shares
Industrial and Commercial Bank of China-BOC International Investment Managers Focus Securities Investment Fund	中國工商銀行－中銀國際中國精選 混合型開放式證券投資基金	1,659,053	A Shares
Bank of Communications-Anshun Securities Investment Fund	交通銀行－安順證券投資基金	1,599,901	A Shares
China Construction Bank-Baokang Consumer Goods Securities Investment Fund	中國建設銀行－寶康消費品證券投資基金	1,364,630	A Shares
Shen Yin Wan Guo Securities Co., Ltd. - CITI-UBS Limited	申銀萬國證券有限公司－ 花旗－UBS LIMITED	1,300,490	A Shares
Industrial and Commercial Bank of China - Industrial Convertible Bond Composed Security Investment Fund	中國工商銀行－興業可轉債混合型 證券投資基金	1,082,300	A Shares
Shanxi Taiyuan Rixing Industry Company Limited	山西晉太日興實業有限公司	711,790	A Shares
HSBC Nominees (HK) Limited	HSBC Nominees (HK) Limited	656,000	H Shares

Notes:

註：

- (1) Pursuant to the register of members of the Company as provided by HKSCC Nominees Limited, 336,946,900 H Shares were held by HKSCC Nominees Limited on behalf of various clients. There is no client who was interested in 5% or more of the total issued share capital of the Company.
- (2) It is not certain whether there are any relationships among the top ten Shareholders holding circulating Shares.
- (3) It is not certain whether there are any relationships among the 2nd to the 10th largest Shareholders and the top ten Shareholders holding circulating Shares.

- (1) 根據香港中央結算(代理人)有限公司(HKSCC NOMINEES LIMITED)提供的股東名冊，其持有之336,946,900股H股乃代表多個客戶所持有，並無任何個別客戶持有本公司已發行總股本5%或以上之權益。
- (2) 前10名流通股股東之間未知是否存在任何關係。
- (3) 第2名至第10名最大股東與前10名流通股股東互相之間未知是否存在任何關係。

3. A Share Convertible Bonds

(三) A股轉債

(1) Issue of the A Share Convertible Bonds

As approved by CSRC under document Zheng Jian Fa Xing Zi [2004] No. 100, the Company issued the A Share Convertible Bonds in the sum of Rmb1,200,000,000 on 1st July 2004, which were listed on the SSE on 19th July 2004. The A Share Convertible Bonds have a convertible term of five years from 1st July 2005 to 30th June 2009. The "Prospectus relating to the Issue of the A Share Convertible Bonds" (the "Prospectus"), the "Notice of Issue" and the "Notice of Listing" have been published on the China Securities Journal, Shanghai Securities Journal and the website of the SSE on 26th June 2004 and 10th July 2004 respectively.

(2) Holders of the A Share Convertible Bonds during the reporting period

Number of holders of the A Share Convertible Bonds as at the end of the reporting period is 2,067.

The top ten holders of the A Share Convertible Bonds were as follows:

Holders of the A Share Convertible Bonds

A股轉債持有人名稱

Ping An Insurance (Group) Company of China, Ltd.
Industrial and Commercial Bank of China - Industrial
Convertible Bond Composed Security Investment Fund
China Petroleum Finance Co., Ltd.
Shen Yin Wan Guo Securities
Co., Ltd. - CITI-UBS Limited
Bank of China - Fortis Haitong Yield Growth Security
Investment Fund
Huatai Property Insurance Company of China, Limited
China Social Insurance Fund One-O-Two Combination
Shen Yin Wan Guo Securities Co., Ltd -
HSBC-SOCIETE GENERALE
International Finance - Standard Chartered -
CITIGROUP GLOBAL MARKETS LIMITED
Bank of Communications - Hua An Bao Li
Securities Investment Fund

中國平安保險（集團）股份有限公司
中國工商銀行－興業可轉債
混合型證券投資基金
中油財務有限責任公司
申銀萬國證券有限公司－
花旗－UBS LIMITED
中國銀行－海富通收益
增長證券投資基金
華泰財產保險股份有限公司
全國社保基金－零二組合
申銀萬國證券有限公司－滙豐
－ SOCIETE GENERALE
國際金融－渣打－ CITIGROUP GLOBAL
MARKETS LIMITED
交通銀行－華安寶利
配置證券投資基金

Amounts

held at the end of the reporting period

本報告期末持有數量

Rmb

(人民幣)

Approximate percentage

持有百分比

%

%

124,121,000 10.343
114,449,000 9.537
98,674,000 8.223
91,467,000 7.622
82,344,000 6.862
70,215,000 5.851
58,482,000 4.874
46,356,000 3.863
37,609,000 3.134
30,498,000 2.542

(1) A股轉債發行情況

經中國證監會（證監發行字[2004]100號）文件核准，本公司於2004年7月1日發行共計人民幣12億元A股轉債，並於2004年7月19日在上交所掛牌交易，轉股期限為5年，轉股期自2005年7月1日至2009年6月30日。《可轉債募集說明書》（「說明書」）、《發行公告》和《上市公告書》已分別於2004年6月26日和2004年7月10日刊登在《中國證券報》、《上海證券報》及上交所的網站。

(2) A股轉債持有人情況

截至2005年6月30日，A股轉債持有人總數為2,067。

前10名A股轉債持有人情況如下：

(3) Changes in the A Share Convertible Bonds during the reporting period

(3) 本報告期內A股轉債變動情況

		Prior to the current changes (Rmb) 本次變動前 (人民幣)	converted Shares (Rmb) 轉股 (人民幣)	Increase/reduction in the current changes redeemed (Rmb) 本次變動 增減贖回 (人民幣)	Sale back (Rmb) 回售 (人民幣)	After the current changes (Rmb) 本次變動後 (人民幣)
A Share Convertible Bonds	A股轉債	1,200,000,000	0	0	0	1,200,000,000

As at the end of the reporting period, there has been no conversion of the A Share Convertible Bonds. The reporting period for the sale back (the "Sale Back") of the A Share Convertible Bonds by the holders to the Company began on 5th August 2005. Subsequent to the expiry of the reporting period, on 11th August 2005, the accumulated Sale Back amount of the A Share convertible Bonds amounted to Rmb823,902,000. After the Sale Back, the remaining gross balance of the A Share Convertible Bonds was Rmb376,098,000.

截至本報告期末，A股轉債未發生轉股情況。自2005年8月5日，A股轉債持有人可回售A股轉債予本公司（「回售」），在2005年8月11日回售申報期結束後，A股轉債募集資金累計回售額為人民幣823,902,000元。回售後，A股轉債毛餘額為人民幣376,098,000元。

(4) Aggregated share conversion of the A Share Convertible Bonds during the reporting period

(4) 本報告期內A股轉債累計轉股情況

The terms of the A Share Convertible Bonds did not allow any conversion into the A Shares during the reporting period.

本報告期內A股轉債尚未進入轉股期。

(5) Adjustments in the conversion price

(5) 轉股價格調整情況

As at the end of the reporting period, the conversion price (the "Conversion Price") of the A Share Convertible Bonds was Rmb7.70. The Company published the announcements on the implementation plan of the A Share dividend distribution and the adjustment to the Conversion Price on 22nd July 2005. The Conversion Price was adjusted to Rmb7.60. The Conversion Price was approved to be adjusted downward by 20% in the Board meeting held on 28th July 2005. As at the date of this Interim Report, the Conversion Price is Rmb6.08.

截至本報告期末，A股轉債的轉股價格（「轉股價格」）為人民幣7.70元。本公司於2005年7月22日，發佈了A股分紅實施方案，同時發佈了A股轉債調整轉股價格公告，將當期的轉股價格調整為人民幣7.60元。在2005年7月28日，本公司召開董事會同意下調轉股價格20%，截至本半年度報告發佈日，轉股價格為人民幣6.08元。

(6) The guarantor of the A Share Convertible Bonds and counter-guarantee

(6) A股轉債的擔保人及反擔保

The A Share Convertible Bonds was guaranteed by Tianjin Branch of China Construction Bank (the "Guarantor") and counter-guaranteed by the Company's controlling Shareholder to the Guarantor.

A股轉債是由中國建設銀行天津分行（「該擔保人」）提供擔保，並由本公司控股股東向該擔保人提供反擔保。

(7) Other information of the A Share Convertible Bonds

Holders of the A Share Convertible Bonds were allowed to convert the A Share Convertible Bonds into A Shares since 1st July 2005. For a consecutive 20 trading days from 1st July 2005 to 28th July 2005, the closing prices of the A Shares were lower than 70% of the Conversion Price for that period. As such, the Company published the announcements relating to the Sale Back of A Share Convertible Bonds (Code: 110874) on the Shanghai Securities Journal, Hong Kong Wen Wei Po and The Standard on 29th July 2005, 2nd August 2005 and 4th August 2005 respectively. The reporting period of the Sale Back expired after the closing of the trading hours of the SSE on 11th August 2005. According to the data provided by the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, during the reporting period of the Sale Back, the accumulated Sale Back amount of the A Share Convertible Bonds amounted to Rmb823,902,000. The Company has deposited all the fund for the Sale Back to the designated account of the Shanghai Branch of China Securities Depository and Clearing Corporation Limited based on the reported Sale Back amount. In accordance with the relevant operating rules of the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, the Sale Back payment date is 16th August 2005. The Sale Back led to an increase of the Company's 2005 financial expenses by Rmb16,478,040. The Company has arranged bank loans to accommodate the cash outflow required as a result of the Sale Back.

After the completion of the Sale Back, the Company will have the remaining 3,760,980 A Share Convertible Bonds. Based on the Conversion Price of Rmb6.08/Share, the remaining 3,760,980 A Share Convertible Bonds can be converted into approximately 61,860,000 A Shares, which is substantially less than approximately 197,370,000 A Shares, a reduction of approximately 69% if calculate based on the total number of 12,000,000 A Share Convertible Bonds before the Sale Back. Pursuant to the "Implementation Method of the Issue of Convertible Bonds by Listed Companies" and the "Rules Governing the Listing of Securities on the SSE", the remaining A Share Convertible Bonds, which has not been sold back to the Company, will continue to trade on the SSE.

(7) A股轉債其他情況說明

A股轉債持有人於2005年7月1日可將A股轉債轉換為A股。自2005年7月1日至2005年7月28日連續20個交易日，本公司A股股票收盤價格低於轉股價格的70%。根據說明書的約定，本公司分別於2005年7月29日、2005年8月2日、及2005年8月4日在《上海證券報》、香港《文匯報》和《The Standard》上刊登A股轉債(代碼：110874)回售公告。回售申報期已於2005年8月11日上交所收市後結束。本次回售申報期內，A股轉債募集資金累計回售額為人民幣823,902,000元。本公司已根據回售申報數量將回售資金足額轉至中國證券登記結算有限責任公司上海分公司指定賬戶，並委託中國證券登記結算有限責任公司上海分公司代為支付，回售資金支付日期為2005年8月16日。本次回售導致了本公司2005年內財務費用增加人民幣16,478,040元。對因本次回售所導致的資金缺口，本公司將安排相應的銀行貸款進行彌補。

本次回售結束後，本公司A股轉債尚餘3,760,980張，按照當期轉股價格人民幣6.08元／股計算，尚餘的A股轉債3,760,980張將可轉換成A股約6,186萬股，較回售前以12,000,000張A股轉債計算的可轉換成A股約19,737萬股有較大幅度減少，減少比例約為69%。根據《上市公司發行可轉換公司債券實施辦法》及《上交所股票上市規則》，尚餘未回售的A股轉債將繼續在上交所交易。

4. Controlling Shareholder

As at 30th June 2005, Tianjin Municipal Investment Company Limited (the "TMICL") held 839,020,000 State Shares, representing approximately 63.084% of the total issued share capital of the Company and it is the Company's largest Shareholder (the "Controlling Shareholder"). During the reporting period, there was no change in the Controlling Shareholder.

5. Substantial Shareholders' and other persons' interests and/or short positions in the shares and underlying shares of the Company

As at 30th June 2005, the following entity, other than a Director, supervisor (the "Supervisors") or chief executive of the Company, had interests and/or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"):

(四) 控股股東

截至2005年6月30日，天津市政投資有限公司（「天津市政」）持有本公司國有股83,902萬股，佔本公司已發行總股本的63.084%，為本公司的第一大股東（「控股股東」）。本報告期內控股股東沒有發生變化。

(五) 主要股東及其他人士於本公司股份及／或有關股份中的權益及短倉

截至2005年6月30日，根據本公司按照《證券及期貨條例》（香港法例第571章）（「證券及期貨條例」）第336條存置的登記冊記錄，下列實體（董事、本公司監事（「監事」）或高級行政人員除外）於本公司股份及有關股份中擁有權益及／或淡倉：

Name of Shareholder 股東姓名／名稱	Capacity 身份	Number and class of securities 證券數目及類別 (Note 1) (註1)	Approximate percentage in the relevant class of securities 佔有關證券類別的大約百分比	Approximate percentage in the total issued share capital of the Company 佔本公司已發行總股本的大約百分比
TMICL 天津市政	Beneficial owner 實益擁有人	839,020,000 State Shares(L) 839,020,000股 國有股(好倉)	84.75%	63.08%

Note:

1. The letter "L" represents the entity's long positions in the Shares.

Save as disclosed above, there is no person (other than a Director, Supervisor or chief executive of the Company) who, as at 30th June 2005, had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

註：

1. 「好倉」表示有關實體於本公司股份中的權益。

除上述披露外，概無任何人士（董事、監事或本公司的高級行政人員除外）截至2005年6月30日，根據本公司按照證券及期貨條例第336條存置的登記冊記錄，於本公司股份及有關股份中擁有權益或淡倉。

IV. Directors, Supervisors and the Senior Management of the Company

1. Directors' and Supervisors' interests and/or short positions in the shares, underlying shares and debentures of the Company or its associated corporations

As at 30th June 2005, 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 Hong Kong 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 Hong Kong Stock Exchange were as follows:

Name 姓名	The Company/ name of associated corporations 本公司/ 相聯法團名稱	Capacity 身份	Number and class of securities 證券數目及類別 (Note) (註)	Approximate percentage in the issued share capital of the Company/ associated corporations 佔本公司/ 相聯法團 已發行股本的 大約百分比
Director 董事				
Wang Zhanying 王占英	The Company 本公司	Beneficial owner 實益擁有人	5,000 domestic Shares (L) 5,000股內資股(好倉)	0.0038%
Supervisor 監事				
Nie Youzhuang 聶有壯	The Company 本公司	Beneficial owner 實益擁有人	700 domestic Shares (L) 700股內資股(好倉)	0.00053%

Note: The letter "L" represents the person's long positions in the shares and underlying shares of the Company or its associated corporations.

Save as disclosed above, none of the Directors, Supervisors or chief executives of the Company, who, as at 30th June 2005, had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and Hong Kong 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 Hong Kong Stock Exchange.

四、董事、監事、高級管理人員情況

(一) 董事及監事於本公司或相聯法團的股份、相關股份及債券的權益及／或淡倉

截至2005年6月30日，各董事、監事及本公司的高級行政人員於本公司或其任何相聯法團(定義見證券及期貨條例第XV部份)的股份、有關股份及債券中，根據證券及期貨條例第XV部份第7及8分部須知會本公司及香港聯交所的權益及／或淡倉，或根據證券及期貨條例第352條須記入所述登記冊內的權益及／或淡倉，或根據上市發行人的董事證券交易的標準守則須知會本公司及香港聯交所的權益及／或淡倉如下：

註：「好倉」表示該股東於本公司或其相聯法團的股份及有關股份中的權益。

除上述披露外，概無任何董事、監事或本公司高級行政人員截至2005年6月30日，擁有任何本公司或其任何相聯法團(定義見證券及期貨條例第XV部份)的股份、有關股份及債券中，根據證券及期貨條例第XV部份第7及8分部須知會本公司及香港聯交所的權益及／或淡倉、或根據證券及期貨條例第352條須記入所述登記冊內的權益及／或淡倉，或根據上市發行人的董事證券交易的標準守則須知會本公司及香港聯交所的權益及／或淡倉。

2. Appointment or removal of the Directors, Supervisors or the senior management of the Company during the reporting period

- (1) In the 2004 Annual General Meeting held on 31st May 2005, the resolutions in respect of appointments of Mr. Wang Xiangfei and Mr. Gao Zongze as the independent non-executive Directors were approved.
- (2) In the staff representative meeting held on 22nd February 2005, Mr. Zhang Mingqi was appointed as the Supervisor for a term of three years.
- (3) In the 12th meeting of the Third Board of the Company, the Board accepted the resignation of Mr. An Pingdong as the Chief Accountant of the Company for the reason of job change and appointed Ms. Chen Yinxing as the Chief Accountant of the Company for a term commencing from 22nd February 2005 to 21st February 2008, and Mr. Guo Hui as the Chief Economist of the Company for a term commencing from 22nd February 2005 to 21st February 2008.

During the reporting period, save as disclosed above, there is no change in the Directors, Supervisors and the senior management of the Company.

(二) 本報告期內董事、監事、高級管理人員委聘或解僱情況

- (1) 根據本公司在2005年5月31日召開的2004年度週年股東大會決議，本公司繼續聘請王翔飛先生和高宗澤先生為獨立非執行董事。
- (2) 根據本公司在2005年2月22日召開的職工代表大會決議，本公司聘任張明起先生為監事，任期三年。
- (3) 根據本公司第三屆董事會第十二次會議決議，同意安品東先生因工作調動原因辭去本公司總會計師職務，並聘任陳銀杏女士為本公司總會計師，任期自2005年2月22日起至2008年2月21日，聘任郭輝先生為本公司總經濟師，任期自2005年2月22日起至2008年2月21日。

在本報告期內，除上述披露外，本公司並沒有董事、監事及高級管理人員變更的情況。

1. Analysis on the major operating results and financial conditions of the Group

During the reporting period, the Group generated income from principal operations of Rmb276,457,000, profit from principal operations of Rmb183,677,000, net profit of Rmb93,789,000 and earnings per Share of Rmb0.07. The net profit for the reporting period dropped by approximately 34.93% compared with the same period last year. The main reasons for the decrease in sewage water treatment income were the increase in the overall financial expenses of the Company for the first half year and the suspension of operation of the old system of Jizhuangzi Sewage Water Treatment Plant for modification since the beginning of February 2005. The new expansion project of Jizhuangzi Sewage Water Treatment Plant and construction project of Xianyanglu Sewage Water Treatment Plant have not started to collect sewage water treatment services fee.

2. Operation conditions of the Group during the reporting period

(1) Scope of the principal businesses of the Group and its operating conditions

The principal businesses of the Group are (i) the design, management, operation, technological consultation of sewage water treatment plant and 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 Southeastern 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.

(a) Operations of the sewage water treatment plants and construction of sewage water treatment plants

The Company's sewage water treatment income is derived from the "Sewage Water Processing Agreement" (the "Sewage Water Processing Agreement") entered into between Tianjin Sewage Company ("Sewage Company") and the Company on 10th October 2000. During the reporting period, two sewage water treatment plants processed 70,730,000 cubic meters of sewage water in total, representing a decrease of 38.5% as compared with 115,083,000 cubic meters of the same period last year. The main reason for the decrease was the suspension of operation of the old system of Jizhuangzi Sewage Water Treatment Plant for modification since the beginning of February 2005. During the reporting period, the Company derived sewage water treatment income amounted to approximately Rmb136,517,000 pursuant to the "Sewage Water Processing Agreement".

(一) 本集團主要經營成果及財務狀況分析

在本報告期內，本集團共實現主營業務收入人民幣276,457,000元，主營業務利潤人民幣183,677,000元，淨利潤人民幣93,789,000元，每股收益人民幣0.07元。本報告期淨利潤比去年同期下降約34.93%，下降的主要原因為本公司紀庄子污水處理廠舊系統從2005年2月份開始停水改造，新建的紀庄子污水處理廠擴建工程和咸陽路污水處理廠工程尚未開始收取污水處理服務費，以及上半年本公司整體財務費用的增加。

(二) 本報告期內本集團經營情況

(1) 主營業務範圍及經營狀況

本集團主營業務是：污水處理廠及相關的配套設施的建設、設計、管理、經營、技術諮詢及配套服務；天津市中環線東南半環城市道路、天津市貸款道路建設車輛通行費收費站及相關的配套設施建設、設計、收費、養護、管理、經營、技術諮詢及配套服務；環保科技及環保產品的開發經營。

(a) 污水處理及污水處理廠建設業務的經營情況

本報告期內，本公司天津地區污水處理業務收入乃根據2000年10月10日天津市排水公司（「排水公司」）與本公司簽訂的《污水處理委託協議》（「《污水處理委託協議》」）獲得。本報告期內，兩座污水處理廠共處理污水7,073萬立方米，比去年同期處理量11,508.3萬立方米下降了約38.5%，主要原因為紀庄子污水處理廠舊系統從2005年2月份開始停水改造。本報告期內，本公司從《污水處理委託協議》中共獲得污水處理業務收入共計大約人民幣13,651.7萬元。

During the reporting period, Xiaohe Sewage Water Treatment Plant of Guizhou Capital Water Co., Ltd. ("Guizhou Capital"), the Company's subsidiary, processed 13,445,000 cubic meters of sewage water in total, and received approximately Rmb11,294,000 as income from the operation of sewage water treatment.

Income from construction of sewage water treatment plants was derived from the "Sewage Water Plant Expansion Project Construction Fee Agreement" (the "Construction Agreement") entered into between Tianjin Sewage Company and the Company on 24th September 2001. During the reporting period, the completed construction fees of the three in-progress construction projects (the "Three In-progress Construction Projects") amounted to approximately Rmb180,380,000. In accordance with the progress of the Three In-progress Construction Projects, the Company recognised an income of approximately Rmb92,280,000. As at the date of this Interim Report, the installation and adjustment work of the expansion project of Jizhuangzi Sewage Water Treatment Plant and the construction project of Xianyanglu Sewage Water Treatment Plant have been basically completed. The discharged water met the State second class discharged water standard and was inspected by the Tianjin Environmental Bureau and passed the relevant qualification requirements. The above sewage sludge areas of the two sewage water plants are undergoing equipment and facilities installation tests. It is expected that the equipment and facilities installation work will be completed at the end of this year. The above construction projects for the two sewage treatment plants will commence operation for charging sewage water treatment fees. The construction project of Beicang Sewage Water Treatment Plant proceeded as schedule. It is expected to commence operation for charging sewage water treatment fees by the end of 2005. The modification project of the old system of Jizhuangzi Sewage Water Treatment Plant was expected to start waterflow test and adjustment at the end of the year.

An amount of Rmb97,337,500 in the accounts receivables from Tianjin Sewage Company has been recovered in July 2005. The Company is negotiating with Tianjin Sewage Company to settle the remaining portion. Currently, the aging periods of the Company's accounts receivables are principally within one year.

本報告期內，本公司子公司貴州創業水務有限公司（「貴州創業」）所屬小河污水處理廠共處理污水1,344.5萬立方米，共收取污水處理服務費人民幣1,129.4萬元。

本公司污水處理廠建設業務的收入乃根據2001年9月24日排水公司與本公司簽訂的《污水處理（擴建）在建工程的收費協議》（「《擴建協議》」）獲得。在本報告期內，三個在建工程（「三個在建工程」）實際完成工作量人民幣18,038萬元，按照三個在建工程的工程進度，本公司共獲得收入人民幣9,228萬元。截至本半年度報告發佈日，紀庄子污水處理廠擴建工程和咸陽路污水處理廠工程水區調試工作基本完成，出水水質已經達到國家要求的二級出水標準，且經天津市環保局驗收合格。上述兩個污水處理廠的污泥處理區正在進行設備設施安裝調試，預計安裝調試工作將於今年年底完成並正式投入運營，開始收取污水處理服務費。北倉污水處理廠工程按計劃實施，預計2005年年底正式投入運營，收取污水處理服務費。紀庄子污水處理廠舊系統改造工程預計於年底開始通水調試。

本公司對排水公司的應收賬款在7月份已經收回人民幣9,733.75萬元，剩餘部分本公司正在與排水公司積極溝通協商解決。目前本公司應收賬款的賬齡絕大部分都在1年以內。

Pursuant to the relevant provisions of the Administrative Measures on Licensed Operation of Tianjin Municipal Public Utilities (No. 91 of the Government Order of Tianjin People's Government) issued by the Tianjin Municipal Government which will be implemented on 1st September 2005, the Company will apply for the sewage water treatment licensed operation right from the Tianjin Construction Administrative Management Department on 1st September 2005. The result of such application will be disclosed by the Company as soon as practicable.

根據天津市政府頒佈的將於2005年9月1日執行的《天津市政公用事業特許經營管理辦法》[天津市人民政府91號政府令]，本公司將於2005年9月1日起，向天津市建設行政管理部門申請直接授予本公司污水處理特許經營權，申請結果本公司將及時進行信息披露。

(b) Operations of toll collection business

During the reporting period, the Company's toll collection business realised an income of approximately Rmb32,645,000. Since the change of toll collection arrangement to subcontracting toll collection in the second half of 2003, the toll collection business has no major changes.

(b) 道路收費業務經營情況

本報告期內，本公司道路收費業務實現收入約人民幣32,645,000元。自2003年下半年道路收費模式轉變為委託收費以來，道路收費業務未發生重大變化。

(2) Businesses or products accounting for more than 10% of the principal business

During the reporting period, income generated from the sewage water treatment and construction of sewage water treatment plants of the Company accounted for approximately 86.85% and 11.81% of the total income from its principal operations respectively. Income, costs and gross profit margin of such businesses as compared with the same period last year were set out below:

(2) 佔主營業務10%以上的行業或產品情況

本報告期內，本公司的污水處理及污水處理廠建設業務所獲取的收入，分別佔本公司主營業務收入總額大約86.85%和11.81%，該等業務的收入、成本、毛利率以及與上一年同期比較的情況如下：

Description of the principal businesses of the Company

本公司主營業務情況表

Business	Income from principal operations	Costs from principal operations	Gross profit margin	Percentage	Percentage	Percentage
				increment(+)/reduction(-) of income from principal operations as compared with the previous year	increment(+)/reduction(-) of costs from principal operations as compared with the previous year	increment(+)/reduction(-) of gross profit margin as compared with the previous year
業務	主營業務收入 Rmb'000 人民幣千元	主營業務成本 Rmb'000 人民幣千元	毛利率 %	主營業務收入 比上年增減 %	主營業務成本 比上年增減 %	毛利率 比上年增減 %
Sewage water treatment and construction of sewage water treatment plants	240,091	62,054	74.15	-20.41	+8.86	減少8.58個百分點
Road and toll collection stations	32,645	8,893	72.76	+1.55	+20.28	減少5.51個百分點
Including: connected transactions	228,796	53,667	76.54	—	—	—

Basis for determination of the pricing for connected transactions: Pricing was determined in accordance on normal commercial terms

關連交易定價原則：按照一般商業條款定價

3. Analysis of principal activities by geographical locations

(三) 主營業務分地區情況表

Regions	分地區	Income from principal operations 主營業務收入 Rmb'000 人民幣千元	Increase or decrease of income from principal operations compared with the same period last year
			主營業務收入比 上年同期增減 %
Tianjin	天津	265,163	-17.89
Guizhou	貴州	11,294	+3.76

4. During the reporting period, the connected transactions relating to the sale of productions and provision of labour service by the Company to the Controlling Shareholder and its subsidiaries amounted to Rmb nil.

(四) 本報告期內，本公司向其控股股東及其子公司銷售產品和提供勞工服務的關連交易總金額為人民幣0元。

5. Operations and results of the companies in which the Company has controlling interests

(五) 主要控股公司的經營情況及業績

Name of Company 公司名稱	Major products or services 主要產品或服務	Registered capital	Scale of assets	Net profit
		註冊資本 Rmb'000 人民幣千元	資產規模 Rmb'000 人民幣千元	淨利潤 Rmb'000 人民幣千元
Tianjin Water Recycling Company Limited ("Water Recycling") 天津中水 有限責任公司 (「天津中水」)	Production and sales of recycled water, development and construction of facilities for re-used water; manufacture, installation, commissioning and operation of equipment for recycled water and etc. 再造水生產、銷售；再造水設施的開發、建設；再造水設備製造、安裝、調試、運行等	20,000	152,798	-4,532

Name of Company 公司名稱	Major products or services 主要產品或服務	Registered capital	Scale of assets	Net profit
		註冊資本 Rmb'000 人民幣千元	資產規模 Rmb'000 人民幣千元	淨利潤 Rmb'000 人民幣千元
Guizhou Capital 貴州創業	Development, construction, operation and management of urban sewage water treatment plants and its auxiliary facilities, drinking water treatment plants and solid waste treatment facilities; research, development and marketing of environmental conservation technology; consultancy services of water treatment facilities and environmental conservation project 市政污水處理廠和自來水廠及其配套設施、固體廢棄物處理設施的開發、建設、經營、管理；環保技術的研發和推廣；水處理設施、環境工程等的項目諮詢服務	100,000	159,025	789
Tianjin Capital New Materials Company Limited ("Capital Materials") 天津創業建材有限公司 (「創業建材」)	Manufacture and sales of construction materials, new compound material products, polymer material products; technical consultation on new piping materials 建築材料、新型複合材料製品、高分子材料製品製造、銷售；新型給排水管材的技術諮詢等	37,500	42,707	-2,169

Notes:

Water Recycling: As Water Recycling was still in the adjustment and testing stage, it incurred loss for the first half of 2005. On 8th August 2005, the Board considered and approved the proposal in relation to the contribution of Rmb80 million to the registered capital of Water Recycling. The capital increase of Water Recycling will be applied on self-financed capital of investment fund on the construction project of Xianyanglu Sewage Water Treatment Plant. The balance of which will be applied on upgrading the technological level of Jizhuangzi Sewage Water Treatment Plant and increasing the current working capital of Water Recycling. Xianyanglu Sewage Water Treatment Plant serves the residential area within the planned scope and the industrial users such as Yangliuqing Power Plant. The designed production capacity was 5 cubic meters per day. The total estimated construction investment amounted to approximately Rmb134,294,600. The construction period was about two years. After the capital increase, the registered capital of Water Recycling will increase from Rmb20 million to Rmb100 million. The total capital contribution from the Company was Rmb98 million, accounting for 98% of the registered capital of Water Recycling after the capital increase. The total capital contribution from the Tianjin Municipal Bureau amounted to Rmb2 million, accounting for 2% of the registered capital of Water Recycling after the capital increase.

Guizhou Capital: The operations of Guizhou Capital was normal. The amount of water processed was up to the requirements stipulated in the Construction Agreement. It will further expand into the market of the sewage water treatment plant surrounding Guiyang.

註:

天津中水：由於天津中水仍然處於試銷階段，天津中水2005年上半年度仍然虧損，2005年8月8日，本公司董事會審議通過了向天津中水增資人民幣8000萬元的議案，此次天津中水的增資將主要用於咸陽路再生水廠建設工程資金中的自有資金，剩餘部分用於提升紀莊子再生水廠工藝水平和補充天津中水的流動資金。咸陽路再生水廠以規劃範圍內的居民生活區和楊柳青電廠等工業用戶為客戶，設計日生產能力為5萬立方米，工程投資估計總額為人民幣13,429.46萬元。建設工期約為2年。增資後，天津中水的註冊資本將從人民幣2,000萬元增加到人民幣10,000萬元。本公司累計出資人民幣9,800萬元，佔增資後註冊資本的98%。天津市政局累計出資人民幣200萬元，佔增資後註冊資本的2%。

貴州創業：貴州創業生產經營情況正常，處理水質水量均達到《擴建協議》要求，並繼續開拓貴陽周邊的污水處理廠運營市場。

6. Problems and difficulties occurred during the course of operation and solutions

The electricity charges were adjusted in June 2004. According to the statistics, the electricity charges were adjusted from Rmb0.556/KW to Rmb0.61/KW. The electricity charges per KW increased by Rmb0.054. The electricity charges were again adjusted in May 2005, from Rmb0.61 /KW to Rmb0.64/KW. The electricity charges per KW increased by Rmb0.03. This increased the costs of the operation of the sewage water treatment. The water operational branch of the Company reduced such adverse impact to a certain extent through various measures.

(六) 經營中的問題與困難及解決方案

天津市自2004年6月份起電費開始調價，經統計電費從人民幣0.556元／度調整到人民幣0.61元／度，每度電上漲人民幣0.054元；2005年自5月份起又一次調價，從人民幣0.61元／度調整到人民幣0.64元／度，每度電上漲人民幣0.03元，導致污水處理成本提高。本公司水務運營分公司通過採取多方面的措施，在一定程度上降低了其不利影響。

7. Investments

(1) As stated in paragraph 3(3) under the section headed “III. Changes in share capital and Shareholders”, the remaining gross balance of the A Share Convertible Bonds amounted to Rmb376,098,000. As at the date of this Interim Report, the proceeds in the sum of Rmb150,850,700 of the A Share Convertible Bonds proceeds has been utilised, of which Rmb77,404,500 of the A Share Convertible Bonds proceeds has been utilised in this reporting period. The unutilised amount will continue to be invested in Three In-progress Construction Projects as follows:

(七) 投資情況

(1) 如「三、股本變動及股東情況」下第三(三)(3)段所述，A股轉債毛餘額為人民幣376,098,000元。截至本半年度報告發佈日，已累計使用發行A股轉債的收入人民幣15,085.07萬元，其中本報告期使用發行A股轉債的收入為人民幣7,740.45萬元，尚未使用募集資金將繼續投入三個在建工程。

Committed project name	Expansion projects of Jizhuangzi Sewage Water Treatment Plant (including the construction project of Xianyanglu Sewage Water Treatment Plant) 擴建紀庄子污水處理廠工程項目 (包括咸陽路污水處理廠工程項目)	(Expansion) Project (Sewage water discharge project around south-eastern rural areas) (擴建)工程 (含東南郊一帶排水工程)	Construction project of Beicang Sewage Water Treatment Plant 北倉污水處理廠工程項目	Total
Investment before the Sale Back (Rmb'000) 回售前擬投入金額(人民幣千元)	620,000	321,000	149,000	1,090,000
Investment after the Sale Back (Rmb'000) 回售後擬投入金額(人民幣千元)	142,098	150,000	84,000	376,098
Changes in the projects 是否變更項目	No 否	No 否	No 否	
Actual investment (Rmb'000) 實際投入金額(人民幣千元)	25,206	95,125	30,518	150,850

The utilisation of the proceeds and the work progress

The adjustment work of the expansion project of Jizhuangzi Sewage Water Treatment Plant and the construction project of Xianyanglu Sewage Water Treatment Plant have been basically completed. The discharged water met the State second class discharged water standard and was inspected by the Tianjin Environmental Bureau and passed the qualification requirements. The above sewage sludge areas of the two sewage water plants are undergoing equipment and facilities installation tests. It is expected that the equipment and facilities installation work will be completed, and these two sewage water plants will commence operation for charging sewage water treatment fees at the end of this year. Construction project of Beicang Sewage Water Treatment Plant proceeded as schedule. It is expected to commence operation for charging sewage water treatment fees by the end of 2005.

募集資金承諾項目使用情況及進度說明

紀庄子污水處理廠擴建工程和咸陽路污水處理廠工程水區調試工作基本完成，出水水質已經達到國家要求的二級出水標準，且經天津市環保局驗收合格。上述兩個污水處理廠的污泥處理區正在進行設備設施安裝調試，預計安裝調試工作將於今年年底完成並正式投入運營，開始收取污水處理服務費。北倉污水處理廠工程按計劃實施，預計2005年年底正式投入運營，收取污水處理服務費。

(2) Major investment made out of funds other than proceeds from subscriptions

On 25th April 2005, the Company entered into a "licensed operation framework agreement" relating to the (BOT) project of Chibi Sewage Treatment Plant with Chibi Municipal Construction Bureau. Pursuant to the agreement, the Company will establish a holding subsidiary to construct and operate Chibi Sewage Treatment Plant. The designed capacity of phase one of Chibi Sewage Treatment Plant is 40,000 cubic meters per day. The construction period is about 24 months (including pipe network). The licensed operation term will be 25 years. The estimated total investment in the project is approximately Rmb95 million.

The Company entered into a legally binding cooperative framework agreement with Hongwu Municipal Construction Bureau on 9th May 2005 in relation to the cooperative operation of the facilities for the water plants and sewage water treatment plants in Hongwu, the PRC. The Company intended to acquire and operate the assets by way of cash through TOT (Transfer-Operate-Transfer) method. The assets to be acquired comprise: a sewage water treatment plant with a designed capacity of 70,000 cubic meters per day and two water supply plants with designed capacity of 80,000 cubic meters and 30,000 cubic meters per day respectively. The parties thereto agreed to establish a water supply and sewage company (the "NewCo") for which the Company will own at least 90% of the shareholding. Hongwu Municipal Construction Bureau will also grant the exclusive operation right of the water plants and sewage water treatment plants to the NewCo. The concession term of operation will be 30 years. Discussions and negotiations on terms regarding the agreement on franchised operations and water pricing are in progress.

(2) 非募集資金項目情況

在2005年4月25日，本公司與湖北省赤壁市建設局簽署了《關於赤壁市污水處理廠(BOT)項目特許經營協議》。依據協議本公司將成立一家控股子公司以建設並運營赤壁污水處理廠，第一期設計規模日生產能力為4萬立方米，建設期約24個月(包含管網)，特許經營期限25年，預計項目總投入約人民幣9,500萬元。

本公司與洪湖市建設局於2005年5月9日簽署了《關於合作經營洪湖市自來水廠及污水處理廠設施的框架協議》，擬以TOT(移交—運營—移交)方式以現金收購和運營在中國洪湖市一座含日生產能力為7萬立方米的污水處理廠以及日生產能力分別為8萬立方米和3萬立方米的兩座自來水廠。雙方同意成立由本公司持有不少於90%的供水及排水的有限公司(「新公司」)，並由洪湖市建設局授予新公司30年特許經營權。本公司目前正在進行特許經營協議及水價相關條款內容的洽商與談判。

On 13th June 2005, the Company entered into a “cooperative joint venture for licensed operation agreement relating to Baoying Sewage Water Treatment project with Baoying County Construction Bureau”. Pursuant to the agreement, the Company will establish a joint venture, Baoying Capital Water Co., Ltd., with Baoying Xianhe Sewage Water Treatment Plant, the company under Baoying County Government of Jiangsu Province. It will build and operate a sewage water treatment plant and its auxiliary facilities with a treatment capacity of 25,000 cubic meter per day (in future: 50,000 cubic meter per day) in Baoying County by way of BOT (Build-Operate-Transfer) model (excluding pipe network). The total investment amount of the first phase at the joint venture was approximately Rmb93.4 million. The registered capital of Baoying Capital Water Co. Ltd. will be Rmb38 million. The Company will account for 70% of its registered capital while Xianhe Sewage Water Treatment Plant will account for 30% of its registered capital. The term of the licensed operation will be 25 years.

As at 23rd June 2005, the Company entered into the “Recycled Water Supply and Sewage Water Treatment Infrastructural Project Cooperative Agreement in Qujing Central City Area” with Qujing Construction Bureau of Yunnan Province, Qujing Recycled Water Supply and Sewage Water Treatment Corporation. Pursuant to the agreement, the Company will jointly establish a limited liability company (the “Project Company”) with Qujing Recycled Water Supply and Sewage Water Treatment Corporation. It will operate three water supply plants through TOT (Transfer-Operate-Transfer) with a total daily production capacity of 200,000 tonnes, and a sewage water treatment plant, with a daily production capacity of 80,000 tonnes. Its daily production capacity will expand to 160,000 tonnes after completion of phase two of the expansion project. The term of the licensed operation will be 30 years. At present, the projects were under the preparation by the Company. The Project Company will sign the asset transfer agreement and the water supply and sewage water treatment services agreement with Qujing Recycled Water Supply and Sewage Water Treatment Corporation once it is established.

During the reporting period, the Company participated in the tender invitation of Hangzhou Qige Sewage Water Treatment Plant. On 18th July 2005, the Company received the Notice of Tender Invitation Assessment Result for Investors of Hangzhou Qige Sewage Water Treatment Plant issued by Guidance Committee of Tender Invitation for Hangzhou Qige Sewage Water Treatment Plant Project (the “Hangzhou Project”). The Tender Invitation Office listed the Company as the first successful candidate for the bid. At present, the Hangzhou Project was under further negotiation. The Company will announce the result of such negotiation in due course.

The Company will issue announcements in relation to the above agreements as and when required under the Rules Governing the Listing of Securities on Hong Kong Stock Exchange (the “Listing Rules”).

在2005年6月13日，本公司與江蘇省寶應縣建設局簽署了《關於寶應縣污水處理項目合資合作特許經營協議》，協議約定本公司將與江蘇省寶應縣政府所屬公司寶應縣仙荷污水處理廠合資成立寶應創業水務有限責任公司，以BOT(建設—運營—移交)方式建設、運營處理規模為2.5萬立方米/日(預期達5萬立方米/日)的寶應縣污水處理廠及其配套設施，(不包含管網)。首期工程投資總額約為人民幣9,340萬元。寶應創業水務有限責任公司的註冊資本為人民幣3,800萬元，其中本公司佔註冊資本的70%，仙荷污水處理廠佔註冊資本的30%，特許經營期限為25年。

2005年6月23日，本公司與雲南省曲靖市建設局、曲靖市供排水總公司聯合簽署了《曲靖市中心城區供排水基礎設施項目合作協議》，協議約定本公司將與曲靖市供排水總公司共同組建有限責任公司(「項目公司」)，以TOT(移交—運營—移交)方式運作曲靖市供排水總公司轄屬的三座自來水廠，日生產能力總為20萬噸，以及一座污水處理廠，日處理能力為8萬噸(二期擴建後將達16萬噸)。特許經營期限均為30年。目前項目公司正在籌備之中，項目公司成立後將與曲靖市供排水總公司簽署《資產轉讓協議》和《供排水服務協議》。

本報告期內本公司參與了杭州市七格污水處理廠的投標，並在2005年7月18日收到杭州市七格污水處理廠項目(「杭州項目」)招商工作領導小組辦公室評標結果通知，本公司列為杭州項目投資人招標的第一中標候選人。目前杭州項目的後續談判正在進行之中，本公司將及時公佈談判結果。

本公司將會按照香港聯交所《證券上市規則》(「上市規則」)之規定和需要公告以上有關協議。

- (3) The debt level, changes in credit facility and the cash repayment arrangement for the future years

The credit position of the Company was good. It had a strong repayment ability. The term of the A Share Convertible Bonds of the Company was five years. If the Sale Back and redemption conditions stated in the Prospectus are satisfied and the payment for principal and interest were due, the principal and interests to be paid to the holders of the A Share Convertible Bonds can be paid by internal resources or borrowings from the bank.

- (3) 本公司的負債情況、資信變化情況及在未來年度還債的現金安排

本公司資信情況良好，具有較強的償債能力。本公司發行的A股轉債的期限為五年，如出現滿足說明書中披露的回售與贖回條款及到期還本付息時，可通過公司的自有資金或銀行信貸資金來支付A股轉債持有人的本金和利息。

8. Business plans for the second half of the year 2005

- (1) To ensure the completion of sewage water treatment projects

For the second half of 2005, the Company will strive to complete the expansion work of Jizhuangzi Sewage Water Treatment Plant and the commissioning of sludge area of Xianyanglu Sewage Water Treatment Plant, and to ensure upgrading the existing system of Jizhuangzi Sewage Water Treatment Plant and completion of Beicang Sewage Water Treatment Plant.

- (2) To coordinate and improve sewage water collection system

Following the completion of sewage water treatment projects successively in 2005, the Company will further coordinate the business management department, and improve the existing sewage water collection system in the urban area of Tianjin. It will expand the scope of sewage collection area.

- (3) To devote more efforts to the development sewage water treatment projects

On the basis of market development for the first half of the year, the Company will devote more efforts to finish the existing negotiation. On the basis of existing sewage water treatment projects, more efforts will be devoted to the development on water projects in the peripheral areas. The Company will strive to raise the profit contribution ratio of out-of town projects.

- (4) To enhance development of the internal control system

For the second half of the year, the Company will continue to enhance and to further develop of the internal control system. Based on experience gained from the first half of the year, it will further improve the corporate governance structure and internal risk control pursuant to the requirements of the relevant stock exchanges and regulatory institutions.

As at 30th June 2005, the Company has no future plans for significant investment save as disclosed above.

(八) 2005年下半年經營計劃

- (1) 確保污水處理工程項目的全面完成

2005年下半年，本公司將抓緊完成紀庄子污水處理廠擴建和咸陽路污水處理廠泥區的調試工作，確保紀庄子污水處理廠系統改造和北倉污水處理廠順利完成。

- (2) 協調完善污水收集系統

隨着2005年污水處理工程項目的陸續完工，本公司將進一步協調行業主管部門完善天津市中心城區的污水收集系統，擴大收水範圍。

- (3) 加強污水處理項目開發力度

在上半年市場開發的基礎上，努力完成現有項目的談判工作，以現有項目為基點，全力以赴開拓其周邊水務項目，努力提高外埠項目對本公司利潤的貢獻比例。

- (4) 加強內部控制制度建設

下半年，本公司將繼續改善及加強內部控制制度建設，總結上半年工作的經驗教訓，根據相關交易所和監管部門的規定進一步完善本公司治理結構和內部風險控制工作。

截至2005年6月30日，除上述已披露外，本公司未來並無重大投資計劃。

9. Liquidity and financial resources

There were no seasonal changes in the Group's borrowings requirement. As at 30th June 2005, there were no outstanding borrowings and interests not repayable upon maturity. Details of the bank borrowings of the Group are stated in note 12 of the notes to the condensed consolidated financial statements for the six months ended 30th June 2005 of the Accounts prepared in accordance with HK GAAP of the Company.

In accordance with the A Share Accounting Report disclosed based on the PRC accounting system, as at 30th June 2005, the gearing ratio (total liabilities/total assets) was 53.58%.

10. Currency exchange risk

Main receivables and payables items of the Group are denominated in RMB. Therefore, there is no material effect on the Group resulting from the fluctuations in foreign exchange rates.

11. Employees and emolument policy

As at 30th June 2005, the Company had a total of 509 employees. The aggregate remuneration paid to them was approximately Rmb12,350,000 during the reporting period. The pay levels of the employees of the Group are commensurate with their responsibilities, performance and contribution. The emolument policy of the employees of the Group is decided by the Board on the basis of their merit, qualification and competence.

12. Charges on assets

The Group did not create any charges on its principal assets as at 30th June 2005.

13. Contingent liabilities

The Group did not have any significant contingent liabilities as at 30th June 2005.

(九) 資金流動性及財政資源

本集團的借款需求無季節性轉變，截至2005年6月30日並未發生到期未能償還借款及利息的情況出現。有關本集團銀行借款的詳情，載於本公司按照香港公認會計原則編製，截至2005年6月30日止六個月的簡明綜合財務報表附註的附註12。

按照中國的會計制度披露的A股會計報表，於2005年6月30日，本集團資產負債率(負債合計÷資產總計)為53.58%。

(十) 匯率風險

本集團主要的應收應付項目大部份是以人民幣計價，因此，外幣匯率波動對本集團財務沒有重大的影響。

(十一) 僱員及酬金政策

截至2005年6月30日，本公司共有509名僱員。在本報告期內，僱員酬金的總額約為人民幣12,350,000元。本集團僱員的酬金水平乃按照他們的職責、表現及貢獻釐定。本集團僱員的酬金政策是由董事會以他們的優點、資歷及實力為基準訂定。

(十二) 財產抵押

於2005年6月30日，本集團並未對其重要財產進行抵押。

(十三) 或然負債

於2005年6月30日，本集團並無重大或然負債。

VI. Major Events

六、重要事項

1. Conditions of corporate governance

During the reporting period, the Company strictly complied with the requirements under the Company Law, Securities Law of the PRC and the relevant rules and regulations of the CSRC and the provisions under the Listing Rules and "Code on Corporate Governance Practices" as set out in Appendix 14 to the Listing Rules. The Company devoted a lot of effort to improve its corporate governance structure and established a contemporary corporate system so as to standardise the operation of the Company. During the reporting period, the Company amended its articles of association (the "Articles of Association"), the Rules Governing the Procedures of Operating the Board Meetings and the Rules Governing the Procedures of Operating the Shareholders' General Meetings of the Company in accordance with the newly amended Rules Governing the Listing of Shares on the SSE and the newly amended Listing Rules. Pursuant to the circular of certain provisions on Strengthening the Protection of the Rights and Interests of General Public Shareholders, the Company established an investor's relation management system, which has been approved by the Board.

The Company authorises the secretary to the Board and securities affairs representatives of the Company for disclosing information, handling visit and enquiry from Shareholders and investors, and reporting the relevant matters to the CSRC and the relevant stock exchanges in a timely and accurate manner. The regular and special reports as disclosed by the Company for the year truly, accurately, timely and completely disclosed the information of the Company. During the reporting period, the Company held the Board meetings and the Shareholders' general meetings in accordance with the requirements under the Articles of Association and the Rules Governing the Procedures of Operating the Board Meetings and the Rules Governing the Procedures of Operating the Shareholder's General Meetings. Apart from the absence of Mr. Tan Zhaofu at the 33rd meeting of the Second Board, all nine Directors attended all the Board meetings.

During the reporting period, the resolutions of the re-appointment of Mr. Gao Zongze and Mr. Wang Xiangfei as the independent non-executive Directors were considered and approved in the 2004 Annual General Meeting. The independent non-executive Directors have not lodged an objection against the proposals and other issues in Board meetings during the reporting period.

2. Adoption and implementation of the profit distribution plan during the reporting period

In 2004 Annual General Meeting, the 2004 profit appropriation plan was considered and approved: based on 1,330,000,000 Shares in issue as at 31st December 2004, the Company made a payment of Rmb0.10 (including tax) in cash per Share for holders of domestic Shares and Rmb0.10 (including tax) (equivalent to HKD0.094 (including tax)) in cash per Share for holders of H Shares. The Company published a dividend distribution announcement in the PRC on 22nd July 2005. The entitlement registration date was 29th April 2005. The distribution of dividends of domestic Shares and H Shares completed on 3rd August 2005 and 4th July 2005, respectively.

(一) 企業管理情況

本報告期內，本公司嚴格按照中國《公司法》、《證券法》和中國證監會有關法律法規的要求，以及上市規則以及上市規則附錄14的《企業管治常規守則》所轉載的條文在實踐中不斷檢討和完善各項工作，積極完善本公司法人治理結構，建立現代企業制度，規範本公司運作。報告期內，本公司按照上交所最新修訂的《股票上市規則》以及上市規則，修訂了本公司的《公司章程》（「公司章程」）、《董事會議事規則》和《股東大會議事規則》。同時依據中國證監會《關於加強社會公眾股股東權益保護的若干規定》文件的要求，本公司制定《投資者關係管理制度》已經董事會批准。

本公司指定董事會秘書、證券事務代表負責信息披露工作，接待股東、投資者的來訪和諮詢，及時準確地向證監會派出機構、交易所報告有關情況。本報告期內本公司按照本公司章程和議事規則召開6次董事會和1次股東大會，除譚兆甫先生因出差，未能參加第三屆董事會第十三次會議外，9位董事均出席了所有的董事會。

本報告期內，本公司2004年度股東大會審議通過了續聘高宗澤先生和王翔飛先生兩位獨立非執行董事的議案，本公司獨立非執行董事未對本報告期內董事會議案及其他事項提出異議。

(二) 本報告期內實施的利潤分配方案及執行情況

本公司2004年度股東大會審議通過了2004年度利潤分配方案：以2004年12月31日，本公司已發行股本1,330,000,000股為基礎，向內資股股東每1股派發現金人民幣0.10元（含稅）；向H股股東每1股派發人民幣0.10元（含稅），即港幣0.094元（含稅）。本公司於2005年7月22日在境內刊登了內資股分紅派息公告，股權登記日為2005年7月27日；於2005年4月15日在香港刊登了關於召開2004年度週年股東大會的公告，股權登記日為2005年4月29日，內資股和H股的紅利已經分別於2005年8月3日和2005年7月4日分派完畢。

3. The Company did not declare any profit distribution and the transfer of welfare funds to share capital for the reporting period. (三) 本公司在本報告期內不進行利潤分配和公積金轉增股本。
4. There was no litigation and arbitration which was material to the Company that occurred during the reporting period or occurred in the previous period and subsisting during the reporting period. (四) 本公司在本報告期內未發生，也沒有前期發生但仍在本報告期持續發生的重大訴訟、仲裁事項。
5. During the reporting period, there was no acquisition and disposal of subsidiaries and associated corporations of the Company or any major assets, or reorganisation of assets by the Company and its subsidiaries that commenced in the previous period and subsisting during the reporting period. (五) 本公司及其附屬公司在本報告期內未發生，也沒有前期發生但仍在本報告期持續發生收購或出售本公司的附屬公司及相聯法團或任何重大資產或資產重組事項。
6. Significant connected transactions during the reporting period (六) 本報告期內發生的重大關連交易事項
1. Significant connected transactions relating to transfer of assets and interests (1) 資產、股權轉讓的重大關連交易
- (a) The Company's sewage water treatment business was operated in accordance with the Sewage Water Processing Agreement. Pursuant to the Sewage Water Processing Agreement, Dongjiao Sewage Water Treatment Plant and Jizhuangzi Sewage Water Treatment Plant provided sewage water treatment services to Tianjin Sewage Company, and charged fees based on the formula stipulated in the Sewage Water Processing Agreement. Tianjin Sewage Company is a state-owned enterprise established in the PRC and is within the control of Urban Construction Bureau. The price calculation formula ensures that the sewage water treatment business can recover all the actual operational costs, including depreciation and amortisation of the fixed assets (excluding interests expenses and exchange difference). It can generate a 15% return by calculating based on the annual mean of the monthly average book value of the relevant fixed assets (as defined in the Sewage Water Processing Agreement) of the sewage water treatment business. In addition, it can earn a price adjustment reward when it can cut cost or when the process volume exceeds the minimum processing volume as stipulated in the Sewage Water Processing Agreement. During the reporting period, the Company processed 70,730,000 cubic meters of sewage water. The Company derived a sewage water processing service fees of approximately Rmb136,520,000 in accordance with the Sewage Water Processing Agreement. (a) 本公司污水處理業務是按照《污水處理委託協議》執行的。根據該協議，東郊及紀庄子污水處理廠將按《污水處理委託協議》中訂明的計價公式釐定的價格向排水公司提供污水處理服務。排水公司是在中國成立的國有企業，並受天津市市政工程局（「天津市政局」）監控。計價公式可令污水處理業務全面彌補實際的經營成本，包括固定資產的折舊及攤銷（但不包括利息開支及外匯損益）和賺取按污水處理業務相關固定資產（定義見《污水處理委託協議》）的每月平均賬面淨值的年度平均數計算的15%回報，以及獲得節省成本或當實際處理量超過協議規定的最低處理量時的獎勵計價調整。本公司在本報告期內處理污水7,073萬立方米，根據《污水處理委託協議》獲得人民幣13,652萬元的污水處理服務費。
- (b) In accordance with the Construction Agreement, the Company will assume the funds required for the Three In-progress Construction Projects. Pursuant to the Construction Agreement, during the construction period of the Three In-progress Construction Projects, Tianjin Sewage Company agreed to pay and the Company agreed to receive the construction fees as the reward for (b) 根據《擴建協議》，本公司承擔建設三個在建工程並投入所需之資金。根據《擴建協議》，在三個在建工程建設期間，排水公司同意支付而本公司同意收取建設費用，作為鼓勵本公司承擔建設三個在建工程之報酬。建設收費總額為每座污水處理

the Company's undertaking on the Three In-progress Construction Projects. The total construction fees are the sum of 23.7% of the arithmetic mean of the estimated construction costs required in each year or period during the construction period (from 24th September 2001 to the date of completion and operation of the sewage water treatment plants). Pursuant to the Construction Agreement, Tianjin Sewage Company shall pay the construction fees in advance based on the estimated completion percentage for that month of each project. At the end of each quarter, fee adjustments determined by the independent surveyors or engineers based on the completed project will be made. At the same time, pursuant to the Construction Agreement, after the three sewage water treatment plants commence operation, the respective rights and obligations of the Company and Tianjin Sewage Company will be governed by the Sewage Water Processing Agreement. Pursuant to the Construction Agreement, during the reporting period, the construction work completed for the Three In-progress Construction Projects during the agreed period amounted to approximately Rmb180,380,000. An income of approximately Rmb92,280,000 was derived based on the Construction Agreement.

廠在其建設期間(從2001年9月24日起至污水處理廠完成投入使用止)各年度/期間的估計所需建設成本的簡單平均數的23.7%之總和。按照《擴建協議》，排水公司應每月根據本公司編撰的有關各項目當月之估計完成百分比向本公司預支建設費用，然後在每季度結束時，根據獨立測量師或工程師對已完成工程量之核定作出相應調整。同時，根據《擴建協議》，該三個在建工程投入經營後，本公司和排水公司的權利義務關係將按照《污水處理委託協議》執行。根據《擴建協議》，在報告期內，三個在建工程在《擴建協議》期內實際完成工程工作量共計人民幣18,038萬元，本公司根據《擴建協議》獲得收入約為人民幣9,228萬元。

7. Significant contracts and status of implementation

(1) Custody

The Company did not provide any custodian during the reporting period.

(2) Subcontracting

The Company did not provide any subcontracting during the reporting period.

(3) Leasing

The Company did not have any leasing matters during the reporting period.

(4) Guarantee

The Company did not enter into any guarantee or had guarantees that occurred in the previous period and subsisting during the reporting period.

(5) Trust arrangement

The Company did not make any trust arrangements during the reporting period.

(6) Other major contracts

The Company did not make other major contracts during the reporting period.

(七) 重大合同及其履行情况

(1) 託管情况

本報告期內本公司無託管事項。

(2) 承包情况

本報告期內本公司無承包事項。

(3) 租賃情况

本報告期內本公司無租賃事項。

(4) 擔保情况

本報告期內本公司沒有發生或以前發生但持續到本報告期內的擔保合同事項。

(5) 委託理財情况

本報告期內本公司無委託理財事項。

(6) 其他重大合同

本報告期內本公司無其他重大合同。

8. During the reporting period, the Shareholders who are interested in 5% or more of the total issued share capital of the Company had neither published any matters of commitments in the designated newspapers and websites that may be material nor had such commitments that occurred in the previous period and subsisting during the reporting period.

9. Appointment of the auditors of the Company

During the reporting period, the Company did not change its auditors. The existing domestic auditor of the Company is PricewaterhouseCoopers Zhong Tian Certified Public Accountants Co., Ltd., which has been re-appointed in 2004 Annual General Meeting.

The existing international auditor of the Company is PricewaterhouseCoopers, Certified Public Accountants, which has been re-appointed in 2004 Annual General Meeting.

10. Other major events

- (1) Statement related to the accounting mistake in the 2005 first quarterly report of the Company for the three months ended 31st March 2005 (the "2005 First Quarterly Report"): For details of the adjustment due to the accounting mistake in the 2005 First Quarterly Report, please refer to the announcements published on the Shanghai Securities, Hong Kong Wen Wei Po and The Standard dated 25th August 2005 and 31st August 2005.
- (2) During the reporting period, there are no other major events of the Company.

(八) 在本報告期內持有本公司5%或以上已發行總股本的股東沒有在指定報章或網站上刊登，或在本報告期以前期間但持續到本報告期在指定報章或網站上刊登對本公司經營成果、財務狀況可能產生重要影響的承諾事項。

(九) 委聘會計師事務所情況

本公司未改聘會計師事務所，本公司原聘任普華永道中天會計師事務所有限公司為本公司的境內審計機構，在2004年度週年股東大會上，本公司繼續委任普華永道中天會計師事務所有限公司為本公司的境內審計機構。

本公司原聘任香港羅兵咸永道會計師事務所為本公司的境外審計機構，在2004年度週年股東大會上，本公司繼續委任香港羅兵咸永道會計師事務所為本公司的境外審計機構。

(十) 其他重要事項

- (1) 關於本公司截至2005年3月31日止三個月的2005首季報告（「2005首季報告」）中會計差錯事項的描述如下：關於2005年首季報告中會計差錯調整的詳細情況，請參照本公司日期為2005年8月25日及2005年8月31日在《上海證券報》、《文匯報》和《The Standard》上刊登的公告。
- (2) 本報告期內本公司無其他重大事項。

11. Index on material information disclosed

(十一) 已披露重大信息索引

Events	Names and pages of the publishing newspaper	Dates of publish	The Internet websites where the announcements were published and the website addresses
事項	刊載的報刊名稱及版面	刊載日期	刊載的互聯網網站及檢索路徑
(1) Announcement relating to the unusual price movements	page C of Shanghai Securities, page B3 of Wen Wei Po in Hong Kong and page B27 of The Standard	25th January 2005	The website of the SSE at www.sse.com.cn and the website of the Hong Kong Stock Exchange at www.hkex.com.hk
(1) 關於股票價格異常波動的公告	《上海證券報》C疊版、《香港文匯報》B3版、《The Standard》B27版	2005年1月25日	上交所網站 www.sse.com.cn 、香港聯交所網站 www.hkex.com
(2) Announcement relating to the resolutions passed at the 12th Meeting of the Third Board	page C12 of Shanghai Securities, page B4 of Wen Wei Po in Hong Kong and page B37 of The Standard	22nd February 2005	The website of the SSE at www.sse.com.cn and the website of the Hong Kong Stock Exchange at www.hkex.com.hk
(2) 第三屆董事會第十二次會議決議公告	《上海證券報》C12版、《香港文匯報》B4版、《The Standard》B37版	2005年2月22日	上交所網站 www.sse.com.cn 、香港聯交所網站 www.hkex.com
(3) Announcement of the resolution of the supervisory committee of the Company	page C12 of Shanghai Securities, page B4 of Wen Wei Po in Hong Kong and page B37 of The Standard	22nd February 2005	The website of the SSE at www.sse.com.cn and the website of the Hong Kong Stock Exchange at www.hkex.com.hk
(3) 本公司監事會公告	《上海證券報》C12版、《香港文匯報》B4版、《The Standard》B37版	2005年2月22日	上交所網站 www.sse.com.cn 、香港聯交所網站 www.hkex.com
(4) Announcement relating to the resolutions passed in the 13th Meeting of the Third Board	page 41 of Shanghai Securities, page A16 of Wen Wei Po in Hong Kong and page B40 of The Standard	15th April 2005	The website of the SSE at www.sse.com.cn and the website of the Hong Kong Stock Exchange at www.hkex.com.hk
(4) 第三屆董事會第十三次會議決議公告	《上海證券報》41版、《香港文匯報》A16版、《The Standard》B40版	2005年4月15日	上交所網站 www.sse.com.cn 、香港聯交所網站 www.hkex.com
(5) Announcement relating to the resolutions passed in the 4th Meeting of the Third Supervisory Committee	page C40 of Shanghai Securities, page A16 of Wen Wei Po in Hong Kong and page B40 of The Standard	15th April 2005	The website of the SSE at www.sse.com.cn and the website of the Hong Kong Stock Exchange at www.hkex.com.hk
(5) 第三屆監事會第四次會議決議公告	《上海證券報》C40版、《香港文匯報》A16版、《The Standard》B40版	2005年4月15日	上交所網站 www.sse.com.cn 、香港聯交所網站 www.hkex.com
(6) Notice of the 2004 Annual General Meeting	page C40 of Shanghai Securities, page A16 of Wen Wei Po in Hong Kong and page B40 of The Standard	15th April 2005	The website of the SSE at www.sse.com.cn and the website of the Hong Kong Stock Exchange at www.hkex.com.hk
(6) 關於召開2004年度週年股東大會的通告	《上海證券報》C40版、《香港文匯報》A16版、《The Standard》B40版	2005年4月15日	上交所網站 www.sse.com.cn 、香港聯交所網站 www.hkex.com

Events	Names and pages of the publishing newspaper	Dates of publish	The Internet websites where the announcements were published and the website addresses
事項	刊載的報刊名稱及版面	刊載日期	刊載的互聯網網站及檢索路徑
(7) Announcement in relation to a Cooperative Framework Agreement with Hongwu Municipal Construction Bureau	page C8 of Shanghai Securities, page A19 of Wen Wei Po in Hong Kong and page B32 of The Standard	10th May 2005	The website of the SSE at www.sse.com.cn and the website of the Hong Kong Stock Exchange at www.hkex.com.hk
(7) 關於與洪湖市建設局簽署合作框架協議的公告	《上海證券報》C8版、《香港文匯報》A19版、《The Standard》B32版	2005年5月10日	上交所網站 www.sse.com.cn 、香港聯交所網站 www.hkex.com
(8) Announcement on the resolutions passed at the 2004 Annual General Meeting and distribution of final dividend of H Shares	page C10 of Shanghai Securities, page A16 of Wen Wei Po in Hong Kong and page A33 of The Standard	31st May 2005	The website of the SSE at www.sse.com.cn and the website of the Hong Kong Stock Exchange at www.hkex.com.hk
(8) 2004年度週年股東大會決議公告	《上海證券報》C10版、《香港文匯報》A16版、《The Standard》A33版	2005年5月31日	上交所網站 www.sse.com.cn 、香港聯交所網站 www.hkex.com
(9) Announcement in relation to the Change of Representative of China Securities Co. Ltd., the Sponsor for the Listing of the A Share Convertible Bonds	page C of Shanghai Securities, page B3 of Wen Wei Po in Hong Kong and page B24 of The Standard	7th June 2005	The website of the SSE at www.sse.com.cn and the website of the Hong Kong Stock Exchange at www.hkex.com.hk
(9) 關於華夏證券股份有限公司更換本公司A股轉債保薦代表人的公告	《上海證券報》C疊版、《香港文匯報》B3版、《The Standard》B24版	2005年6月7日	上交所網站 www.sse.com.cn 、香港聯交所網站 www.hkex.com
(10) Announcement relating to 2005 Interest Payment and Share Conversion of A Share Convertible Bonds	page 16 of Shanghai Securities, page B8 of Wen Wei Po in Hong Kong and page B28 of The Standard	24th June 2005	The website of the SSE at www.sse.com.cn and the website of the Hong Kong Stock Exchange at www.hkex.com.hk
(10) 關於A股轉債2005年付息和轉股事宜的公告	《上海證券報》16版、《香港文匯報》B8版、《The Standard》B28版	2005年6月24日	上交所網站 www.sse.com.cn 、香港聯交所網站 www.hkex.com

VII. Accounts Prepared in Accordance with PRC GAAP 七、根據中國會計原則編製的賬目

Balance Sheets

As at 30th June 2005

資產負債表

於2005年6月30日

		Notes	Group 合併		Company 公司	
			Unaudited 30th June 2005 未經審計 於2005年 6月30日 Rmb'000 人民幣千元	Audited 31st December 2004 已經審計 於2004年 12月31日 Rmb'000 人民幣千元	Unaudited 30th June 2005 未經審計 於2005年 6月30日 Rmb'000 人民幣千元	Audited 31st December 2004 已經審計 於2004年 12月31日 Rmb'000 人民幣千元
ASSETS	資產					
CURRENT ASSETS	流動資產					
Cash and bank balances	貨幣資金	3	1,263,970	1,341,999	1,163,558	1,259,619
Trade receivables	應收賬款	4	479,047	393,802	468,086	391,182
Other receivables	其他應收款	5	4,286	2,774	3,639	1,090
Prepayments to suppliers	預付賬款	6	1,715	118,453	1,217	115,815
Prepaid expenses	待攤費用		419	2,728	350	2,450
Inventories	存貨	7	7,120	5,800	1,823	1,767
Total current assets	流動資產合計		1,756,557	1,865,556	1,638,673	1,771,923
LONG-TERM INVESTMENTS	長期投資					
Long-term equity investments	長期股權投資	8	6,000	6,000	165,630	137,243
FIXED ASSETS AND CONSTRUCTION IN PROGRESS	固定資產及 在建工程					
Fixed assets - cost	固定資產原值		2,188,905	1,876,042	1,901,632	1,733,235
Less: Accumulated depreciation	減：累計折舊		(614,841)	(582,326)	(596,746)	(572,326)
Fixed assets - net book value	固定資產淨值	9	1,574,064	1,293,716	1,304,886	1,160,909
Construction in progress	在建工程	10	1,401,247	1,461,338	1,401,114	1,319,903
Long-term prepaid expense	長期待攤費用		27,688	31,148	27,688	31,148
TOTAL ASSETS	資產總計		4,765,556	4,657,758	4,537,991	4,421,126

	Notes	Group 合併		Company 公司		
		Unaudited 30th June 2005 未經審計 於2005年 6月30日 Rmb'000 人民幣千元	Audited 31st December 2004 已經審計 於2004年 12月31日 Rmb'000 人民幣千元	Unaudited 30th June 2005 未經審計 於2005年 6月30日 Rmb'000 人民幣千元	Audited 31st December 2004 已經審計 於2004年 12月31日 Rmb'000 人民幣千元	
LIABILITIES AND SHAREHOLDERS' EQUITY						
CURRENT LIABILITIES	流動負債					
Short-term loans	短期借款	11	210,000	115,000	200,000	100,000
Accounts payable	應付賬款	12	2,485	8,408	1,952	2,153
Advances from customers	預收賬款	13	43,499	52,700	43,475	52,700
Welfare payable	應付福利費		9,136	7,999	8,677	7,676
Dividend payable	應付股利	14	100,739	1,830	100,739	1,830
Bond interest payable	應付債券利息		28,080	14,040	28,080	14,040
Taxes payable	應交稅金	15	28,055	94,252	27,952	92,588
Other payables	其他應付款	16	153,436	156,584	95,389	101,494
Accrued expenses	預提費用		6,391	7,882	5,175	7,882
Portion of convertible bond due within one year	一年內到期的應付債券	18	823,902	—	823,902	—
Portion of long-term loans due within one year	一年內到期的長期借款	17	55,000	50,000	55,000	50,000
Total current liabilities	流動負債合計		1,460,723	508,695	1,390,341	430,363
LONG-TERM LIABILITIES	長期負債					
Long-term loans	長期借款	17	625,000	605,000	575,000	555,000
Convertible bonds	應付債券	18	376,098	1,200,000	376,098	1,200,000
Specific payables	專項應付款	19	81,040	81,307	—	—
Other long-term payables	其他長期負債		10,612	10,412	—	—
Total long-term liabilities	長期負債合計		1,092,750	1,896,719	951,098	1,755,000
TOTAL LIABILITIES	負債合計		2,553,473	2,405,414	2,341,439	2,185,363
MINORITY INTERESTS	少數股東權益		15,531	16,581	—	—
SHAREHOLDERS' EQUITY	股東權益					
Share capital	股本	20	1,330,000	1,330,000	1,330,000	1,330,000
Capital reserve fund	資本公積	21	69,289	69,289	69,289	69,289
General reserves	盈餘公積	21	174,349	174,349	174,349	174,349
Including:	其中：					
Statutory common reserve	法定盈餘公積金		116,232	116,232	116,232	116,232
Statutory provident fund	法定公益金		58,117	58,117	58,117	58,117
Undistributed profits	未分配利潤	22	622,914	662,125	622,914	662,125
Total shareholders' equity	股東權益合計		2,196,552	2,235,763	2,196,552	2,235,763
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	負債和股東權益總計		4,765,556	4,657,758	4,537,991	4,421,126

The accompanying notes form an integral part of these accounts. 後附會計報表附註為本會計報表的組成部分。

Ma Bai Yu
Company Representative
馬白玉
公司負責人

Gu Qi Feng
Person in charge of accounting function
顧啟峰
主管會計工作的負責人

Chen Yin Xing
Person in charge of accounting department
陳銀杏
會計部門負責人

Income Statements

For the six months ended 30th June 2005

利潤表

截至2005年6月30日止6個月

		Notes	Group 合併		Company 公司	
			Unaudited Six months Ended 30th June 2005 未經審計 截至2005年 6月30日 止6個月 Rmb'000	Unaudited Six months Ended 30th June 2004 未經審計 截至2004年 6月30日 止6個月 Rmb'000	Unaudited Six months Ended 30th June 2005 未經審計 截至2005年 6月30日 止6個月 Rmb'000	Unaudited Six months Ended 30th June 2004 未經審計 截至2004年 6月30日 止6個月 Rmb'000
Income from principal operations	主營業務收入		276,457	333,837	261,442	322,953
Less: Cost for principal operations	減：主營業務成本	23	(78,091)	(64,394)	(62,560)	(58,508)
Business tax and surcharges	主營業務稅金及附加	23	(14,689)	(17,785)	(14,379)	(17,785)
Profit from principal operations	主營業務利潤		183,677	251,658	184,503	246,660
Add: Profit from other operations	加：其他業務利潤		8,140	1,402	5,912	118
Less: Administrative expenses	減：管理費用		(28,855)	(27,310)	(23,730)	(24,173)
Financial expenses - net	財務費用	24	(21,289)	(7,844)	(19,488)	(7,899)
Operating profit	營業利潤		141,673	217,906	147,197	214,706
Less: Investment (loss)/income	減：投資（損失）／收益	25	—	—	(4,862)	2,170
Add: Non-operating income	加：營業外收入		90	80	90	80
Less: Non-operating expenses	減：營業外支出		(47)	(3,300)	(47)	(3,300)
Total profit	利潤總額		141,716	214,686	142,378	213,656
Less: Income tax	減：所得稅	2(s)	(48,977)	(69,518)	(48,589)	(69,518)
Minority interests	少數股東損益		1,050	(1,030)	—	—
Net profit	淨利潤		93,789	144,138	93,789	144,138

The accompanying notes form an integral part of these accounts. 後附會計報表附註為本會計報表的組成部分。

Ma Bai Yu

Company Representative

馬白玉

公司負責人

Gu Qi Feng

Person in charge of accounting function

顧啟峰

主管會計工作的負責人

Chen Yin Xing

Person in charge of accounting department

陳銀杏

會計部門負責人

Profit Appropriation Statements
For the six months ended 30th June 2005

利潤分配表
截至2005年6月30日止6個月

	Notes	Group 合併		Company 公司	
		Unaudited Six months Ended 30th June 2005 未經審計 截至2005年 6月30日 止6個月 Rmb'000 附註 人民幣千元	Unaudited Six months Ended 30th June 2004 未經審計 截至2004年 6月30日 止6個月 Rmb'000 人民幣千元	Unaudited Six months Ended 30th June 2005 未經審計 截至2005年 6月30日 止6個月 Rmb'000 人民幣千元	Unaudited Six months Ended 30th June 2004 未經審計 截至2004年 6月30日 止6個月 Rmb'000 人民幣千元
Net profit		93,789	144,138	93,789	144,138
Add: Undistributed profits at beginning of the year		662,125	493,808	662,125	493,808
Profits available for appropriation		755,914	637,946	755,914	637,946
Less: Transfer to statutory common reserve	21(b)	—	—	—	—
Transfer to statutory provident fund	21(b)	—	—	—	—
Profit attributable to shareholders		755,914	637,946	755,914	637,946
Less: Dividend payable		(133,000)	(106,400)	(133,000)	(106,400)
Undistributed profits at the end of the year	22	622,914	531,546	622,914	531,546

The accompanying notes form an integral part of these accounts. 後附會計報表附註為本會計報表的組成部分。

Ma Bai Yu
Company Representative
馬白玉
公司負責人

Gu Qi Feng
Person in charge of accounting function
顧啟峰
主管會計工作的負責人

Chen Yin Xing
Person in charge of accounting department
陳銀杏
會計部門負責人

Cash Flow Statements

For the six months ended 30th June 2005

現金流量表

截至2005年6月30日止6個月

		Group Unaudited Six months Ended 30th June 2005	Company Unaudited Six months Ended 30th June 2005
		合併 未經審計 截至2005年 6月30日 止6個月 Rmb'000 人民幣千元	公司 未經審計 截至2005年 6月30日 止6個月 Rmb'000 人民幣千元
Cash flows from operating activities	經營活動產生的現金流量		
Cash inflows:	現金流入：		
Cash received from sales of goods and rendering of services	提供服務收到的現金	184,239	175,314
Other cash received relating to operating activities	收到的其他與經營活動有關的現金	6,722	6,722
Sub-total of cash inflows	現金流入小計	190,961	182,036
Cash outflows:	現金流出：		
Cash paid for goods and services	購買商品、接受勞務支付的現金	(43,116)	(30,958)
Cash paid to and on behalf of employees	支付給職工以及為職工支付的現金	(20,696)	(19,539)
Taxes paid	支付的各項稅費	(129,893)	(127,604)
Other cash paid relating to operating activities	支付的其他與經營活動有關的現金	(20,367)	(16,633)
Sub-total of cash outflows	現金流出小計	(214,072)	(194,734)
Net cash flows from operating activities	經營活動產生的現金流量淨額	(23,111)	(12,698)
Cash flows from investing activities	投資活動產生的現金流量		
Cash inflows:	現金流入：		
Cash received from restricted bank deposits	收回的受限銀行存款	403,332	403,332
Other cash received from investing activities	收到的其他與投資活動有關的現金	5,561	5,252
Sub-total of cash inflows	現金流入小計	408,893	408,584
Cash outflows:	現金流出		
Cash paid to acquire fixed assets, intangible assets and other long-term assets	購建固定資產、無形資產和其他長期資產所支付的現金	(124,873)	(126,866)
Cash paid to invest in subsidiary companies	權益性投資所支付的現金	—	(33,250)
Restricted bank deposits	受到限制的銀行存款	(22,000)	(22,000)
Sub-total of cash outflows	現金流出小計	(146,873)	(182,116)
Net cash flows from investing activities	投資活動產生的現金流量淨額	262,020	226,468
Cash flows from financing activities	籌資活動產生的現金流量		
Cash inflows:	現金流入：		
Cash received from borrowings	借款所收到的現金	250,000	250,000
Sub-total of cash inflows	現金流入小計	250,000	250,000
Cash outflows:	現金流出：		
Cash repayments of amounts borrowed	償還債務所支付的現金	(130,000)	(125,000)
Cash payments for distribution of dividends or profits	分配股利或利潤所支付的現金	(34,092)	(34,092)
Cash payments for interest expenses	償付利息所支付的現金	(21,514)	(19,407)
Sub-total of cash outflows	現金流出小計	(185,606)	(178,499)
Net cash flows from financing activities	籌資活動產生的現金流量淨額	64,394	71,501
Net increase in cash	現金淨增加額	303,303	285,271

Supplementary Information

補充資料		Group Unaudited Six months Ended 30th 2005	Company Unaudited Six months Ended 30th 2005
		合併 未經審計 截至2005年 6月30日 止6個月 Rmb'000 人民幣千元	公司 未經審計 截至2005年 6月30日 止6個月 Rmb'000 人民幣千元
(i) Reconciliation of net profit to net cash flows from operating activities	(i) 將淨利潤調節為經營活動的現金流量		
Net profit	淨利潤	93,789	93,789
Add/(Less):	加/ (減) :		
Minority interests	少數股東損益	(1,050)	—
Depreciation and amortisation of fixed assets	固定資產折舊及攤銷	32,515	24,420
Finance expenses – net	財務費用淨額	21,289	19,488
Loss on investments	投資損失	—	4,862
Increase in inventories	存貨的增加	(1,320)	(56)
Increase in operating receivables	經營性應收項目的增加	(95,953)	(88,676)
Decrease in operating payables	經營性應付項目的減少	(72,381)	(66,525)
Net cash flows from operating activities	經營活動產生的現金流量淨額	(23,111)	(12,698)
(ii) Net increase in cash	(ii) 現金淨減少情況		
Cash at end of the year	現金的期末餘額	1,221,970	1,121,558
Less: Cash at beginning of the year	減：現金的期初餘額	(918,667)	(836,287)
Net increase in cash	現金淨增加額	303,303	285,271

The accompanying notes form an integral part of these accounts. 後附會計報表附註為本會計報表的組成部分。

Ma Bai Yu

Company Representative

馬白玉

公司負責人

Gu Qi Feng

Person in charge of accounting function

顧啟峰

主管會計工作的負責人

Chen Yin Xing

Person in charge of accounting department

陳銀杏

會計部門負責人

NOTES TO THE ACCOUNTS

For the six months ended 30th June 2005

會計報表附註

截至2005年6月30日止6個月

1 COMPANY PROFILE AND PRINCIPAL ACTIVITIES

Tianjin Capital Environmental Protection Company Limited (the "Company") was established on 8th June 1993 in the People's Republic of China (the "PRC") as a joint stock limited company. The activities of the Company and its subsidiaries (the "Group") include sewage water processing, construction of sewage water processing plants, production of recycled water, construction materials and operation of road toll stations.

The operation mode of the Group's principal activities is described below:

(a) Sewage water processing

Pursuant to relevant agreements ("Water Processing Agreements"), the Group currently provides sewage water processing services via three plants as follows:

Plant Location 位置	Contract Date 合同簽訂日期	Customer 客戶
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Ji Zhuang Zi, Tianjin 天津 紀庄子	10th October 2000 2000年10月10日	TSC 排水公司
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Dong Jiao, Tianjin 天津 東郊	10th October 2000 2000年10月10日	TSC 排水公司
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Guizhou 貴州	16th September 2004 2004年9月16日	GCAB 貴陽城管局
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Legend:

TSC - Tianjin Sewage Company is a state owned enterprise under supervisory control of TMEB.

TMEB - Tianjin Municipal Engineering Bureau.

GCAB - Guiyang City Administration Bureau

The principal terms of the pricing formula as set out in the relevant contracts are briefly summarised below:

TSC:

The Group will have full recovery of actual operating costs, including depreciation and amortisation of fixed assets, excluding interest expenses and foreign exchange gains or losses and at minimum:

(i) earn a return of 15% per annum of the average balance of the monthly net book value of fixed assets (as defined in the agreement) of the plants; and

(ii) incentive pricing adjustments will be made for cost saving and/or when actual processing volume exceeds the minimum processing volume stipulated in the agreement.

1 公司簡介及主要業務

天津創業環保股份有限公司(「本公司」)是於1993年6月8日在中華人民共和國(「中國」)註冊成立的股份有限公司。本公司及其子公司(「本集團」)現時的經營業務包括污水處理及污水處理廠建設業務，中水和建材生產及道路收費站業務。

以下是本集團主要業務的經營模式：

(a) 污水處理業務

依照相關協議(「《污水處理委託協議》」)，本集團通過以下三家污水處理廠提供污水處理服務：

Contract Date 合同簽訂日期	Customer 客戶
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10th October 2000 2000年10月10日	TSC 排水公司
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10th October 2000 2000年10月10日	TSC 排水公司
----------------------------------	-------------

16th September 2004 2004年9月16日	GCAB 貴陽城管局
-----------------------------------	---------------

專有名詞解釋：

排水公司 — 天津市排水公司是在中國成立的國有企業，並受天津市政局監控。

天津市政局 — 天津市市政工程局

貴陽城管局 — 貴陽市城市管理局

相關協議訂明的主要計價公式如下所述：

排水公司：

公司應全面彌補實際的經營成本，包括固定資產的折舊及攤銷，但不包括利息開支及滙兌損益，最少將：

(i) 賺取按污水處理業務相關固定資產(定義見協議)的每月平均賬面淨值的年度平均數計算的15%回報，以及；

(ii) 獲得節省成本或當實際處理量超過協議規定的最低處理量時的獎勵計價調整。

GCAB:

Initial price is Rmb0.84 per cubic meter for the first two years, thereafter

- (i) the price after two years will be determined by a pricing formula which will effectively allow to full recovery of the actual business costs, including operating cost, depreciation, income tax and a return of 8% on net assets of the plant; and
- (ii) the price might be revised after considering the factors of renovation of equipment, additional investment, power and energy and labour force etc.

(b) Construction of sewage water processing plants

Pursuant to an agreement (“Construction Agreement”) between the Company and TSC on 24th September 2001, the Company is to provide construction services to TSC in respect of three plants detailed below:

		Xian Yang Lu 咸陽路 污水處理廠 建設項目	Ji Zhuang Zi 紀莊子 污水處理廠 擴建項目	Bei Cang 北倉 污水處理廠 建設項目	Total 總計
Designed capacity (M ³ /day)	建成後的每天處理量 (立方米)	450,000	280,000	100,000	830,000
Estimated date of completion	預計完工日期	End 2005 2005 年末	End 2005 2005 年末	End 2005 2005 年末	
		Rmb' million 人民幣百萬元	Rmb' million 人民幣百萬元	Rmb' million 人民幣百萬元	Rmb' million 人民幣百萬元
Total construction costs to completion	需投入的建設成本	1,199	1,055	366	2,620
Total construction fees	建設收費	589	317	264	1,170
Construction fees recognised by the Company	已確認建設收費				
- up to 31st December 2004	— 於 2004 年 12 月 31 日	302	209	133	644
- up to 30th June 2005	— 於 2005 年 6 月 30 日	364	220	152	736
- for period to 30th June 2005	— 2005 年 1 月至 6 月	62	11	19	92
% of completion of construction	已完成工程量百分比 (扣除收購價)				
- as at 31st December 2004	— 於 2004 年 12 月 31 日	51%	66%	50%	
- as at 30th June 2005	— 於 2005 年 6 月 30 日	59%	70%	59%	

note: Costs and fees are estimated numbers set out in the contracts and will be adjusted on completion of the plants. Furthermore, the certified construction costs include the fixed assets funded by the foreign loans, as discussed later in this Note.

貴陽城管局：

協議規定以人民幣0.84元／立方米的價格作為前兩年的污水處理服務費單價，據此

- (i) 二年期滿後雙方按照協議中訂明的計價公式釐定初始價格。計價公式可令污水處理業務全面彌補實際的經營成本，包括運行成本、折舊、所得稅及8%的淨資產回報；以及
- (ii) 以後年度將考慮設施設備改造、新增投資及能源動力、勞動力等因素來調整價格。

(b) 污水處理廠建設業務

根據本公司於2001年9月24日與排水公司簽訂的《污水處理(擴建)在建工程收費協議》(「建設收費協議」)，本公司向排水公司提供建設以下三個污水處理廠的服務：

註釋：建設成本及收費是在合同裏估計的，將在工程完工時調整。同時，已完成工程中包含排水公司使用如本附註稍後所述的外資銀行貸款採購的固定資產。

The principal terms of the said contract are summarised below:

- (i) a fee will be paid by TSC during the period of constructing the plants as a reward to remunerate the Company for accepting the responsibility to construct the sewage plants. The aggregate construction fees payable to the Company for the construction of these three plants amount to approximately Rmb1,170 million.
- (ii) fee is payable by TSC in advance on a monthly basis according to the percentage of completion of the respective construction projects estimated by the Company. The percentage of completion of each project will be adjusted on a quarterly basis according to the certifications issued by qualified independent surveyors or engineers; and
- (iii) the Company is also responsible for the funding of the construction cost of these plants.

Further pursuant to the agreement upon the commencement of operation of the three sewage water processing plants, the rights and obligations between the Company and TSC will follow the terms as specified in the Water Processing Agreement as applicable to the Tianjin plants (Note1(a));

Also, on 24th September 2001, pursuant to respective agreements (“Transfer Agreements”), the Company would acquire the above three plants from TSC and would be responsible for the construction and management of the remaining uncompleted portion of the plants. The transfers were deemed completed on 30th October 2002.

On 25th August 2003, the Company entered into an agreement with TSC (“Co-operative Agreement”) whereby:

- (i) the Company would be responsible for the overall execution of the construction of the three plants;
- (ii) TSC would be responsible for making use of the original loans from two foreign banks (the “Foreign Loans”) to fund certain fixed assets used in the plants;
- (iii) TSC would transfer to the Company these Foreign Loans funded fixed assets after their installation and the issuance of verification reports, at their carrying value;
- (iv) the Company would be responsible for the repairs and maintenance of these fixed assets during the construction period; and
- (v) the construction fee charged by the Company pursuant to the above mentioned Construction Agreement, would include the cost of these fixed assets as the base.

上述合同的主要條款如下：

- (i) 根據協議，本公司在承擔污水處理廠在建工程建設期間，排水公司同意向本公司支付建設費用總額約為人民幣11.7億元，作為鼓勵本公司承擔建設污水處理廠在建工程之報酬。
- (ii) 按照建設收費協議，排水公司應每月根據本公司編撰的有關各項目當月之估計完成百分比向本公司預支建設費用，然後在每季度結束時，根據獨立測量師或工程師對已完成工程量之核定作出相應調整。同時，
- (iii) 本公司亦負責污水處理廠在建工程所需資金的籌集。

而且，依據本公司與排水公司簽訂的協議，雙方的權利與義務將按照該協議對天津三家污水處理廠的具體規定執行(如附註1(a)所述)：

根據本公司於2001年9月24日與排水公司簽訂的相關的轉讓協議(「轉讓協議」)，本公司將收購原排水公司投資建設的三個污水處理廠在建工程，並承擔後續工程的建設及管理。前述在建工程轉讓工作已於2002年10月30日完成。

本公司於2003年8月25日與排水公司簽訂了一份合作協議。根據該合作協議：

- (i) 本公司負責污水處理廠在建工程項目整體實施；
- (ii) 排水公司負責利用項目原有外資銀行貸款開展採購項下污水處理廠所需的部分固定資產；
- (iii) 排水公司利用外資銀行貸款採購的固定資產在完成安裝並經本公司驗收合格後一次性由排水公司以賬面價值轉讓予本公司；
- (iv) 於前述該等固定資產轉讓予本公司之前，在污水處理廠在建工程建設期間，本公司負責該等固定資產的維護和保養及固定資產的管理，相應地；
- (v) 按照建設收費協議的規定，在確認建設費收入時應包括該等固定資產成本作為基礎。

(c) Road toll stations

Prior to 2003, the Company owned the right to set up toll stations at the junctions between the city roads of Tianjin and expressways leading to the city, and to collect tolls generally from non-Tianjin registered motor vehicles passing these toll stations for a term expiring on 28th February 2029.

During 2003, following the reform of the public transportation network, the Tianjin Municipal Government decided to relocate certain toll stations, including those of the Company, to the boundary of the interstate highways surrounding Tianjin. The collection of tolls from non-Tianjin registered vehicles will be centralised at a Tianjin Toll Collection Office (“Toll Collection Office”) set up by TMEB. As a result, the Company’s toll stations were demolished since 31st May 2003 and TMEB agreed to compensate the Company as follows:

- (i) a one-off cash compensation by TMEB equivalent to the net book value of the assets of the demolished toll stations as at 30th June 2003 of about Rmb33 million.
- (ii) compensation for loss in revenue, during the period from 31st May 2003 to the date of completion of construction of the new toll stations(mentioned in following paragraph), equivalent to the revenue received in the same period of last year of about Rmb5.5 million net of expenses.
- (iii) Company was granted the collection right of six new toll stations from 1st July 2003 to 28th February 2029. However, the Company is not allowed to transfer, lease or pledge the right to other parties without TMEB’s consent.

In tandem, the Company entered into an agreement (“Toll Collection Agreement”) with Toll Collection Office on 24th July 2003 with following principal terms:

- i) the Company has engaged the Toll Collection Office to collect the tolls at the six new toll stations on its behalf for which it will pay a management fee;
- ii) the Company is to receive the actual tolls collected from the six new stations for the corresponding period/year, subject to minimum toll fee for each period/year based on the forecast traffic flow and tolls for the corresponding period/year as stipulated in a traffic flow and tolls forecast report for the six new toll stations issued by a professional consulting company in July 2003; and
- iii) Any shortfall to the Company between actual and the agreed minimum will be compensated to the Company by the Toll Collection Office.

(c) 道路收費站業務

2003年度以前，本公司擁有於天津城市道路及入城的公路交界設立收費站的權利，並可於該等收費站向進入天津城市的外埠車輛(法規豁免者除外)收取路費，期限至2029年2月28日止。

於2003年度內，隨著天津周邊公路網的改造，天津市政府決定遷移包括本公司所屬各收費站在內的所有道路收費站，並由天津市政局設立天津市車輛通行費徵收辦公室(「徵收辦」)，統一對進入天津市的外地車輛徵收車輛通行費。根據天津市政府的統一安排，本公司的收費站已於2003年5月31日起停止經營，並實施拆除工程。據此，本公司已與天津市政局達成補償安排包括(但不限於)以下事項：

- (i) 對本公司被拆除的收費站按其於2003年6月30日之賬面淨值人民幣3,300萬元給予了一次性現金補償。
- (ii) 自2003年5月31日起至新收費站(如下段所述)興建完成之日止，按照相當於本公司去年同期所得收益，就本公司的收益損失給予補償。本公司於2003年6月確認約人民幣550萬元的淨補償收益。
- (iii) 本公司現擁有6個新收費站的收益權，期限自2003年7月1日起至2029年2月28日止。未經天津市政局允許，本公司不得將該收費權轉讓、租賃或抵押。

本公司於2003年7月24日與徵收辦簽訂了通行費委託徵收協議。根據此協議：

- i) 本公司委託徵收辦對6個新收費站實行統一收費並支付其管理費；
- ii) 本公司以一家專業顧問公司對該6個新收費站於2003年7月簽署的交通流量和通行費的預測報告中列明的各期間／年度收費金額作為核定應收各期間／年度最低收取通行費收入的標準。
- iii) 實際收入低於上述最低收入標準的差額將由徵收辦補給本公司。

2 ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED ACCOUNTS

(a) Basis of preparation

The Company has prepared the accounts based on the Accounting Standards and the Accounting System for Business Enterprises promulgated by the Central Government of the People's Republic of China.

(b) Financial year

The financial year is from 1st January to 31st December of each calendar year. These accounts represent the interim accounts of the year 2005 and therefore are prepared only up to the period ended 30th June.

(c) Reporting currency

The reporting currency is Renminbi ("Rmb") and amounts in the accounts are stated to the nearest thousand of Rmb.

(d) Basis of accounting

The accrual concept is adopted as basis of accounting. Unless for special circumstance, assets are initially recorded at their acquired costs, less provision for impairment as necessary.

(e) Cash

For the purpose of cash flow statement, cash comprises cash in hand and deposits repayable on demand.

(f) Receivables and provision for bad debts

Receivables comprise trade and other receivables.

The Group adopts the provision method to account for potential doubtful debts.

Provision for doubtful debts is made after the evaluation of the recoverability of receivables. When there is evidence that receivables are not recoverable, such as in the event that the entity is deregistered, bankrupt, has negative assets and insufficient working capital etc., the corresponding receivables are recognised as bad debts and net off the corresponding amounts of provision for doubtful debts.

2 會計政策、會計估計和合併會計報表的編製方法

(a) 會計報表的編製基準

本會計報表按照中華人民共和國國家頒佈的企業會計準則和《企業會計制度》的規定編製。

(b) 會計年度

會計年度自公曆1月1日至12月31日止。本會計報表為2005年度半年報，因此只編製至6月30日止。

(c) 記賬本位幣

以人民幣為記賬本位幣。本會計報表的編製金額單位為人民幣千元。

(d) 記賬基礎和計價原則

以權責發生制為記賬基礎。除特別說明外，資產於取得時按實際成本入賬；如以後發生資產減值，則計提相應的資產減值準備。

(e) 現金

列示於現金流量表中的現金是指庫存現金及可隨時用於支付的銀行存款。

(f) 應收款項及壞賬準備

應收款項指應收賬款及其他應收款。

本集團對可能發生的壞賬損失採用備抵法核算。

壞賬準備在對應收款項的回收可能性作出具體評估後計提。對於有確鑿證據表明應收款項確實無法收回時，如債務單位已撤消、破產、資不抵債、現金流量嚴重不足等，確認為壞賬損失，並沖銷已提取的相應壞賬準備。

(g) Inventories

Inventories comprise of raw materials , work in process, finished goods, spare parts and consumables.

Raw materials and finished goods are stated at the lower of cost and net realisable value and spare parts and consumables are stated at cost less provision for obsolescence.

Cost is determined on weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an allocation of all production overheads incurred based on normal operating capacity. Net realisable value is determined on the basis of anticipated sales proceeds less estimated distribution and selling expenses.

(h) Long-term equity investments

Long-term equity investments are equity investments held for more than one year.

Cost of long-term equity investments are accounted for based on the actual amounts paid. The Company adopts the equity method to account for the invested entities in which the Company holds 20% or more of the voting share capital, or holds less than 20% of the voting share capital but has significant influence on the entities' operating decisions. The Company adopts the cost method to account for the invested entities in which the Company holds 20% or less of the voting share capital, or holds more than 20% of the voting share capital but has no significant influence on the entities' operating decisions.

The Company adopts the equity method to account for its subsidiary in the accounts of the Company. A subsidiary is an enterprise in which the Company holds directly or indirectly more than 50% of the voting share capital, has the power of decision making on the financing and operating strategies of the enterprise and accordingly is able to obtain benefits from its operating activities.

Provision for permanent diminution in value of long-term equity investment is made in the cases where there is a continuing diminution in the value of long-term equity investments or there is deterioration in the operating results of the invested company and such diminution in value is not expected to be reversible in the foreseeable future.

(g) 存貨

存貨包括原材料、在產品、產成品、零部件及低值易耗品。

原材料和產成品按成本與可變現淨值孰低計價。零部件及低值易耗品按成本減陳舊庫存準備列賬。

原材料及產成品之成本值按加權平均法核算，在產品和產成品成本包括原材料、直接人工及按正常生產能力下適當比例分攤的所有間接生產費用。可變現淨值乃按估計銷售所得款項減估計分銷及銷售開支計算。

(h) 長期股權投資

長期股權投資為準備持有超過一年的股權投資。

長期股權投資的成本按投資時實際支付的價款入賬。本集團對被投資企業的投資佔該企業有表決權資本總額的20%或以上、或雖投資不足20%但對其財務和經營決策有重大影響的，採用權益法核算；對被投資企業的投資佔該企業有表決權資本總額的20%以下、或對被投資企業的投資雖佔該企業有表決權資本總額20%或以上但對其財務和經營決策不具有重大影響的，採用成本法核算。

在母公司的會計報表中，對子公司的投資採用權益法核算。子公司指本公司直接或間接擁有其50%以上的表決權資本，具有決定其財務和經營政策權力，並能據此從其經營活動中獲取利益的企業。

長期股權投資由於市價持續下跌或被投資企業經營狀況惡化等原因導致其可收回金額低於賬面價值，並且這種降低的價值在可預計的未來期間內不可能恢復，按可收回金額低於長期股權投資賬面價值的差額，計提長期股權投資減值準備。

(i) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated amortisation/ depreciation and accumulated impairment losses, if any.

Amortisation of land use rights, other than those in relation to the toll stations business, is calculated to write off their cost, on a straight line basis over the period of land use rights of 50 years.

Depreciation of the road and amortisation of land use rights in relation to the toll stations business are calculated to write off their cost on a units-of-usage basis whereby the depreciation and amortisation are provided based on the share of actual traffic volume for a particular period over the projected total traffic volume throughout the period of 30 years for which the right to operate the road is granted. The projected total traffic volume throughout the operating periods of the road will be reviewed regularly. If considered appropriate, independent professional traffic studies will be obtained. Appropriate adjustments will be made should there be a material change in the projected total traffic volume.

Depreciation of leasehold buildings and structures is calculated to write off their cost, on a straight line basis over the unexpired periods of their expected useful lives, whichever is the shorter. The periods adopted for depreciation range from 10 to 50 years.

Other tangible fixed assets are depreciated at rates sufficient to write off the cost of the assets, less estimated residual value, over their estimated useful lives on a straight line basis. The estimated useful lives are as follows:

Plant and machinery and equipment	10-40 years
Motor vehicles and others	5-15 years

Major costs incurred in restoring fixed assets to their normal working condition are charged to the profit and loss account. The expenses relating to improvements of fixed assets are capitalised and amortised over their expected useful lives.

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that the fixed assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account.

The gain or loss on disposal of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account.

(i) 固定資產計價和折舊

固定資產是按成本減累計折舊／攤銷及累計減值虧損列賬。

土地使用權的攤銷(不包括與道路收費站業務有關的土地使用權的攤銷)是按照土地使用權50年期以直線法攤銷其成本計算。

道路的折舊及有關道路的土地使用權攤銷是按照交通流量法計提。根據此種方法，折舊和攤銷乃按有關期間的實際交通流量佔該道路獲授經營權利30年期間的預計交通總流量的比例計提。道路收費站業務的經營單位會在有關道路的營運期間對預計交通總流量作定期審查。假如認為合適，將會進行獨立專業交通流量研究。倘若預計交通總流量出現重大變動，則將會作出適當的調整。

房屋及建築物的折舊是根據其預計的可使用期限按直線法攤銷成本減累計減值虧損計算。折舊所採納的期限介乎10至50年不等。

其他有形固定資產以直線法按其成本減去預計殘值後在估計的可使用年限內平均計提。估計可使用年限如下：

廠房及機器設備	10至40年
運輸車輛及其他	5至15年

恢復固定資產至其正常運作能力所發生的主要費用計入利潤表中。改善固定資產的有關開支則被資本化，並按其估計可使用期限攤銷。

在每年結算日，均須研究內外資訊以評估固定資產是否出現減值。如有跡象顯示資產出現減值，則估計資產之可收回價值，及(如適用)將減值虧損入賬以將資產減至其可收回價值。此等減值虧損在利潤表入賬。

出售固定資產的收入或虧損是指銷售所得款項淨額與有關資產的賬面值之間的差額，並於利潤表入賬。

(j) Construction in progress

Construction in progress (“CIP”) represents fixed assets under construction or being installed and is stated at cost. Cost comprises original cost of plant and equipment, installation, construction and other direct costs which include interest cost on specific borrowings used to finance the capital assets, prior to the date of reaching the expected usable condition. Construction in progress is transferred to fixed assets when the asset has been substantially completed and reaches the expected usable condition.

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that the construction in progress is impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account.

(k) Borrowing costs

Except the issuance expense (note(n)) of convertible bonds, interest cost, ancillary costs, and exchange differences incurred in connection with specific borrowings obtained for the acquisition or construction of fixed assets are capitalised as costs of the assets beginning when the capital expenditures and borrowing costs have been incurred and the activities to enable the assets to reach their expected usable condition have commenced. The capitalisation of borrowing costs ceases when the construction in progress has reached the asset's expected usable condition. Borrowing costs incurred thereafter are recognised as expenses in the period in which they are incurred.

In each capitalisation period, the amount of interest cost included in the borrowing costs to be capitalised should be determined according to the weighted average amount of accumulated expenditures incurred for the acquisition or construction of a fixed asset up to the end of the current period and the weighted average interest rate of related borrowings, not exceeding the interest cost of the specific borrowings actually incurred during the current period. Borrowing costs such as exchange differences and significant ancillary costs in connection with specific borrowings in foreign currency are capitalised based on actual amount in the period in which they are incurred.

Borrowing costs in connection with other borrowings are recognised as expenses in the period in which they are incurred.

(j) 在建工程

在建工程指正在興建中或安裝中的資本性資產，以實際發生的支出作為工程成本入賬。成本的計價包括建築費用及其他直接費用、機器設備原價、安裝費用，還包括在達到預定可使用狀態之前為在建工程項目專門借款並實際用於該項目所發生的借款費用。在建工程在達到預定可使用狀態時轉入固定資產。

在每年結算日，均須研究內外資訊以評估在建工程是否出現減值。如有跡象顯示資產出現減值，則估計資產之可收回價值，及(如適用)將減值虧損入賬以將資產減至其可收回價值。此等減值虧損在利潤表入賬。

(k) 借款費用

除下述註釋(n)有關可轉換公司債券的發行費用外，為購建固定資產而發生專門借款所產生的利息、輔助費用及外幣匯兌差額等借款費用，在資產支出及借款費用已經發生、並且為使資產達到預定可使用狀態所必要的購建活動已經開始時，開始資本化，計入該資產的成本。當購建的固定資產達到預定可使用狀態時停止資本化，以後發生的借款費用計入當期損益。

借款費用中的每期利息費用，按當期購建固定資產累計支出加權平均數與相關借款的加權平均利率，在不超過當期專門借款實際發生的利息費用的範圍內，確定資本化金額。外幣專門借款的匯兌差額和重大的專門借款輔助費用等借款費用按實際發生額確認為資本化金額。

其他借款發生的借款費用，於發生時確認為當期財務費用。

(l) Repair and maintenance expenses

Repair and maintenance expenses are charged to the profit and loss account as incurred.

(m) Research and development expenses

Research and development expenses are charged to the profit and loss account as incurred.

(n) Convertible bonds

Convertible bonds (“the bonds”) are classified as liabilities and are stated at principal amount.

The difference between issuing cost of the bonds and the interest income derived during the issuing period is amortised over the bonds’ issue period on a straight line basis. Interest expense for the bonds is accrued periodically. Interest and issuance cost are capitalized or expensed according to the purpose/use of the issuance proceeds. Upon conversion into the Company’s share, the converted quantity of share times par value is recognized as share capital whilst difference between share capital converted and par value of the bonds is recorded in capital surplus.

(o) Retirement benefits

The Group participates in the employee pension scheme of the Tianjin Municipal Government whereby the Group is to make an annual contribution equivalent to 20% of its annual payroll costs and the Tianjin Municipal Government undertakes to assume the retirement benefits obligations of existing and future retired employees of the Group. The Group’s contributions under the scheme are charged to the profit and loss account as incurred.

(p) Deferred taxation

Deferred taxation is accounted for at the current rate of taxation, using the liability method, in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset is expected to be payable or receivable in the foreseeable future.

(l) 維修及保養費用

維修及保養費用按其實際發生額計入利潤表。

(m) 研究及開發費用

研究及開發費用按其實際發生額計入利潤表。

(n) 可轉換公司債券

發行的可轉換公司債券按(「債券」)實際發行價格總額確認為負債。

債券的發行費用扣除發行期間凍結資金所產生的利息收入後的差額，在債券存續期間內平均攤銷。應付的債券利息按期計提。利息費用及發行費用的攤銷按債券資金的使用對象予以資本化或計入當期的財務費用。債券轉換為股票時，按可轉換的股數與股票面值計算的總額轉換為股本，債券的賬面價值與轉換為股本額之間的差額計入資本公積。

(o) 退休福利

本集團參與天津市政府退休統籌基金計劃，該計劃規定本集團每年按現有僱員薪金的20%提撥作為供款。根據該計劃，本集團現有在職與退休僱員的退休福利由該統籌基金承擔。本集團的供款於發生時計入利潤表。

(p) 遞延稅項

遞延稅項依據負債法，對為稅務申報計算的利潤與會計報表列示的利潤因確認時間不同引起的差異，倘預期於可預見的未來需支付該負債或可收取該資產，則按當期稅率計算。

(q) Foreign currency translation

Transactions denominated in foreign currencies are translated into Rmb at the exchange rates stipulated by the People's Bank of China prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Rmb at the exchange rates stipulated by the People's Bank of China at the balance sheet date.

Except for the exchange differences attributable to specific foreign currency borrowings and arising during the period of acquisition and construction of fixed assets are capitalised, all other exchange differences arising are taken to the profit and loss account.

(r) Revenue recognition

- (i) Revenue from sewage water processing services is recognised when services are rendered. Revenue from sewage water processing plants construction services is calculated based on the percentage of completion during the construction period of the respective sewage water processing plants. The percentage of completion is determined with reference to the certification of qualified independent surveyors or engineers in the People's Republic of China.
- (ii) Toll fee income is recognised on a receipt basis.
- (iii) Revenue from the sale of goods is recognized when significant risks and rewards of ownership of the goods are transferred to the buyer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and it is probable that the economic benefit associated with the transaction will flow to the Group and the relevant revenue and costs can be measured reliably.
- (iv) Revenue from water recycling processing services is recognised when services are rendered.
- (v) Interest income is calculated based on the period of the principal amounts deposited and the effective interest rates.

(q) 外幣交易

外幣交易按交易日中國人民銀行公佈的匯率換算為人民幣。於會計報表結算日以外幣為單位的貨幣性資產及負債按當日中國人民銀行公佈的匯率換算為人民幣。

除了和固定資產購建期間因專門外幣資金借貸相關的滙兌損益將資本化外，所有滙兌損益均在利潤表中處理。

(r) 收入確認原則

- (1) 污水處理服務收入於提供服務時確認。污水處理廠建設費收入按照污水處理廠建設期間的完工百分比確認。完工百分比乃根據具備中國專業資質的獨立測量師或工程師所發出之證書而釐定。
- (2) 公路收費收入於收取時確認。
- (3) 銷售產品收入在已將產品所有權上的主要風險和報酬轉移給購貨方，並且不再對該產品實施繼續管理和控制，與交易相關的經濟利益能夠流入本集團，相關的收入和成本能夠可靠計量時確認銷售收入的實現。
- (4) 中水處理收入於提供處理服務時確認。
- (5) 利息收入按存款已存入的期間和實際利率計算。

(s) Taxation

(i) *Income tax*

Corporate income tax is accounted for using the tax liability method under the effective tax method. The tax rate is 33% of taxable income.

(ii) *Business tax*

The business tax rate is 5% of gross service income.

(ii) *Value added tax*

The value added tax (VAT) payable is calculated as 17% of taxable sales, net of deductible input VAT.

(iv) *Government surcharges*

Government surcharges comprise of city construction tax and education surcharge, calculated respectively at the tax rate of 7% and 3% of the amount of business tax or value added tax.

(t) Related parties

Related parties refer to state-owned companies or other companies under the supervisory control of TMEB (note 27).

(u) Basis of preparation of consolidated accounts

The consolidated accounts, including the accounts of the Company and its subsidiary, are prepared in accordance with Cai Kuai Zi (1995) No. 11 "Temporary Regulations for Preparation of Consolidated Accounts" issued by the Ministry of Finance.

From the date of obtaining the effective control on a subsidiary, the Company begins to consolidate the subsidiary's revenue, cost, profit, and will cease the consolidation from the date of losing effective control. All significant intercompany transactions and balances are eliminated in the consolidated accounts. Minority interests represent the portion of the equity interests of the subsidiaries which does not belong to the Group.

When there is inconsistency in accounting policies between the subsidiaries and the Company, and when the discrepancies arising from the inconsistency have a material impact on the consolidated accounts, they will be adjusted according to the Company's accounting policies.

(s) 稅項

(1) 所得稅

所得稅的會計處理方法為納稅影響會計法中的負債法，稅率為33%。

(2) 營業稅

按業務收入的5%計提營業稅。

(3) 增值稅

按銷售產品應納稅銷售額的17%扣除當期允許抵扣的進項稅後的餘額計繳。

(4) 政府附加稅

政府附加稅包括城建稅及教育費附加，分別按營業稅額或增值稅額的7%及3%計提。

(t) 關聯方

關聯方指受天津市政局監控的國有企業或其他公司(詳見附註27)。

(u) 合併會計報表的編製方法

合併會計報表包括本公司及納入合併範圍的子公司的會計報表，系根據中華人民共和國財政部財會字(1995)11號文《關於印發合併會計報表的暫行規定》及相關規定編製。

從取得子公司的實際控制權之日起，本公司開始將其相應期間的收入、成本、利潤納入合併；從喪失實際控制權之日起停止合併。本公司和納入合併範圍的子公司之間所有重大往來餘額及交易在合併會計報表編製時已予以抵銷。在合併會計報表中，少數股東權益指納入合併範圍的子公司的所有者權益中不屬於本集團所擁有的部分。

當納入合併範圍的子公司與本公司採用的會計政策不一致，且由此產生的差異對合併報表影響較大時，按本公司執行的會計政策予以調整。

3 CASH AND BANK BALANCES

3 貨幣資金

		Group 合併		Company 公司	
		30th June 2005	31st December 2004	30th June 2005	31st December 2004
		於 2005 年 6 月 30 日 Rmb'000 人民幣千元	於 2004 年 12 月 31 日 Rmb'000 人民幣千元	於 2005 年 6 月 30 日 Rmb'000 人民幣千元	於 2004 年 12 月 31 日 Rmb'000 人民幣千元
Cash on hand	現金	52	151	28	8
Cash in bank	銀行存款	1,221,918	1,318,516	1,121,530	1,236,279
Including	其中：				
-Special funds for construction in progress (note (a))	在建工程專用資金 (註釋(a))	116,970	129,145	116,912	128,887
Other cash balances (note (b))	其他貨幣資金 (註釋(b))	42,000	23,332	42,000	23,332
		<u>1,263,970</u>	<u>1,341,999</u>	<u>1,163,558</u>	<u>1,259,619</u>

(a) The special funds for construction in progress represent the unutilised balances of the special loan accounts for sewage water processing projects and Tianjin Ji Zhuang Zi Sewage Water Recycle Project.

(b) As at 30th June 2005, included in other cash balances was a deposit of Rmb20,000,000 (2004: Rmb20,000,000) in Construction Bank of China, Tianjin Branch held as guarantee for the issuance of the Company's convertible bonds. The remaining balance of Rmb22,000,000 (2004: Rmb3,331,999) represented deposit for project bid. These amounts have been excluded from cash balance at the year end for the purpose of cash flow statement.

(a) 在建工程專用資金為污水處理廠建設及天津市紀庄子污水回用工程項目專有借款賬戶尚未使用的銀行存款餘額。

(b) 於2005年6月30日，其他貨幣資金包括本公司存放於中國建設銀行天津市分行作為該分行為本公司提供可轉換債券擔保的保證金計人民幣20,000,000元（2004年：20,000,000元）；其餘款項為項目投標保證金存款共計人民幣22,000,000元（2004年：3,331,999元）。其他貨幣資金在本年度現金流量表中不作為現金列示。

For the purpose of the cash flow statement, cash comprises the following:

列示於現金流量表的現金包括：

		Group 合併		Company 公司	
		30th June 2005	31st December 2004	30th June 2005	31st December 2004
		於 2005 年 6 月 30 日 Rmb'000 人民幣千元	於 2004 年 12 月 31 日 Rmb'000 人民幣千元	於 2005 年 6 月 30 日 Rmb'000 人民幣千元	於 2004 年 12 月 31 日 Rmb'000 人民幣千元
Cash and bank balances	貨幣資金	1,263,970	1,341,999	1,163,558	1,259,619
Less: Deposit with non bank institution	減：非銀行金融機構存款	—	(400,000)	—	(400,000)
Restricted bank deposits	受到限制的銀行存款	(42,000)	(23,332)	(42,000)	(23,332)
Cash shown on the cash flow statement	列示於現金流量表的現金	<u>1,221,970</u>	<u>918,667</u>	<u>1,121,558</u>	<u>836,287</u>

4 TRADE RECEIVABLES

4 應收賬款

		Group		Company	
		合併		公司	
		30th June 2005	31st December 2004	30th June 2005	31st December 2004
		於 2005 年 6 月 30 日 Rmb'000 人民幣千元	於 2004 年 12 月 31 日 Rmb'000 人民幣千元	於 2005 年 6 月 30 日 Rmb'000 人民幣千元	於 2004 年 12 月 31 日 Rmb'000 人民幣千元
Ageing analysis of trade receivable is as follows:	應收賬款賬齡及相應的壞賬準備分析如下：				
Within 1 year	1 年以內	406,236	380,484	395,275	377,864
Between 1 and 2 years	1 – 2 年	72,811	13,318	72,811	13,318
Net accounts receivable	應收賬款淨值	<u>479,047</u>	<u>393,802</u>	<u>468,086</u>	<u>391,182</u>
Details of the trade receivable are set out as follows:	應收賬款明細如下：				
Due from GCAB	應收貴陽城管局				
-Revenue from sewage water processing services	— 污水處理收入	7,621	1,981	—	—
Due from TSC	應收排水公司				
-Revenue from sewage water processing services	— 污水處理收入	127,142	133,541	127,142	133,451
-Revenue from sewage water processing plants construction services	— 污水處理廠建設費收入	321,538	238,484	321,538	238,484
Due from Toll Collection Office	應收徵收辦				
-Tolls	— 車輛通行費收入	19,406	19,157	19,406	19,157
Others	其他	3,340	639	—	—
		<u>479,047</u>	<u>393,802</u>	<u>468,086</u>	<u>391,182</u>

Although TSC has not been settling its debts in accordance with the terms of the Construction Agreement (Note 1(b)). The Directors believe all amounts due from TSC will be fully recoverable in due course.

As at 30th June 2005, there was no accounts receivable from any of the Company's shareholders who hold 5% or more of voting shares.

5 OTHER RECEIVABLES

The aging of the other receivables as at 30th June 2005 for both the Group and the Company is within one year.

As at 30th June 2005, there were no other receivables from any of the Company's shareholders who hold 5% or more of voting shares.

儘管排水公司未按照建設收費協議(1b)規定按時支付建設費，董事們仍確信應收排水公司的款項最終將全額收回。

期末應收賬款中無持有本公司5% (含5%) 以上表決權股份的股東的欠款。

5 其他應收款

合併及公司於2005年6月30日的其他應收款賬齡均在1年以內。

期末其他應收款中無持有本公司5% (含5%) 以上表決權股份的股東的欠款。

6 PREPAYMENTS TO SUPPLIERS

6 預付賬款

		Group 合併		Company 公司	
		30th June 2005	31st December 2004	30th June 2005	31st December 2004
		於2005年 6月30日	於2004年 12月31日	於2005年 6月30日	於2004年 12月31日
		Rmb'000	Rmb'000	Rmb'000	Rmb'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Prepayment for purchase of a building	預付購樓款	—	115,411	—	115,411
Others	其他	1,715	3,042	1,217	404
		<u>1,715</u>	<u>118,453</u>	<u>1,217</u>	<u>115,815</u>

The 2004 prepayment for purchase of a building is in respect of an acquisition of the Company's current office premises. In 2005, the Company accrued the balance of Rmb41 million and the total cost of about Rmb156 million was transferred to fixed assets (Note 9).

2004年預付購樓款為本公司擬購買一幢辦公樓繳付的預付款。2005年，在此基礎上本公司計提了未付購樓款餘額約人民幣4,100萬元，購樓總成本共計約人民幣1.56億元，於本年度一併轉入固定資產（詳見附註9）。

As at 30th June 2005, there were no prepayment to any of the Company's shareholders which hold 5% or more of voting shares.

期末預付賬款中無持有本公司5%（含5%）以上表決權股份的股東的欠款。

7 INVENTORIES

7 存貨

		Group 合併		Company 公司	
		30th June 2005	31st December 2004	30th June 2005	31st December 2004
		於2005年 6月30日	於2004年 12月31日	於2005年 6月30日	於2004年 12月31日
		Rmb'000	Rmb'000	Rmb'000	Rmb'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Raw materials	原材料	1,791	1,954	1,791	1,646
Finished goods	產成品	3,179	3,725	—	—
Spare parts and consumables	零部件和低值易耗品	2,150	121	32	121
		<u>7,120</u>	<u>5,800</u>	<u>1,823</u>	<u>1,767</u>

8 LONG-TERM EQUITY INVESTMENTS

8 長期股權投資

		Group		Company	
		合併		公司	
		30th June 2005	31st December 2004	30th June 2005	31st December 2004
		於2005年 6月30日	於2004年 12月31日	於2005年 6月30日	於2004年 12月31日
		Rmb'000	Rmb'000	Rmb'000	Rmb'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Investment in subsidiary companies (note (a))	子公司投資 (註釋(a))	—	—	161,630	133,243
Other long-term equity investments (note (b))	其他長期股權投資 (註釋(b))	6,000	6,000	4,000	4,000
Net book value	淨值	6,000	6,000	165,630	137,243

(a) Investment in subsidiary companies

(a) 子公司投資

公司名稱	Registered capital 註冊資本 Rmb'000 人民幣千元	Interest held 所佔權益		Principal activities 主要業務	Place of registration and operation 註冊及經營地	Type of company 公司類型
		Directly 直接 %	Indirectly 間接 %			
		百分比	百分比			
Guizhou Capital Water Co., Ltd. ("Guizhou Capital") 貴州創業水務有限公司 (「貴州創業」)	100,000	95%	—	Construction of municipal sewage water plants and provision of related consulting services for water processing facilities 市政污水處理廠和自來水廠等設施開發建設及相關水處理設施的諮詢	Guiyang, the PRC 中國貴陽市	Limited liability 有限責任公司
Tianjin Water Recycling Co., Ltd. ("Water Recycling") 天津中水有限責任公司 (「天津中水」)	20,000	90%	—	Production and sales of recycled water and technical consulting for water recycling business. 中水生產銷售、中水設施開發建設、中水技術諮詢	Tianjin, the PRC 中國天津市	Limited liability 有限責任公司
Tianjin Capital New Materials Co., Ltd. ("Capital Materials") 天津創業建材有限公司 (「創業建材」)	37,500	70.7%	—	Production and sales of new types of construction materials, etc 新型建築材料的製造及銷售等	Tianjin, the PRC 中國天津市	Limited liability 有限責任公司
Chibi Capital Water Co., Ltd. ("Chibi Capital") 赤壁創業水務有限公司 (「赤壁創業」)	35,000	95%	5%	Development and construction of municipal sewage water plants, etc 市政污水處理廠及其配套設施等的開發和建設	Chibi, the PRC 中國赤壁市	Limited liability 有限責任公司

(b) Other long-term equity investments**(b) 其他長期股權投資**

		Group		Company	
		合併		公司	
		Percentage of interest in registered capital	Cost	Percentage of interest in registered capital	Cost
		佔被投資公司註冊資本比例	股權成本	佔被投資公司註冊資本比例	股權成本
		%	Rmb'000	%	Rmb'000
		百分比	人民幣千元	百分比	人民幣千元
Tianjin Baotong Qinjiliao Co., Ltd.*	天津市寶通輕集料有限公司*	20%	2,000	20%	2,000
Tianjin Northern Human Resources Co., Ltd.	天津北方人才港股份有限公司	6.1%	2,000	6.1%	2,000
Tianjin Pipeline Engineering Management Co., Ltd.*	天津城網工程管理有限公司*	20%	2,000	—	—
			<u>6,000</u>		<u>4,000</u>

* The Company has no significant influence on these entities.

* 本公司對其無重大影響。

**9 FIXED ASSETS AND ACCUMULATED DEPRECIATION/
AMORTISATION**

9 固定資產及累計折舊／攤銷

		Group 合併					
		Land use rights 土地使用權 Rmb'000 人民幣千元	Road 道路 Rmb'000 人民幣千元	Buildings and structures 房屋及 建築物 Rmb'000 人民幣千元	Plant machinery and equipment 廠房及 機器設備 Rmb'000 人民幣千元	Motor vehicles and others 運輸車輛 及其他 Rmb'000 人民幣千元	Total 合計 Rmb'000 人民幣千元
Cost	原值						
At 31st December 2004	2004年12月31日餘額	649,891	185,418	687,041	277,840	75,852	1,876,042
Additions	本期增加	—	—	211,288	92,808	8,920	313,016
Include: transferred from CIP	其中：在建工程轉入	—	—	55,288	90,633	8,784	154,705
Disposals	本期減少	—	—	—	(153)	—	(153)
At 30th June 2005	2005年6月30日餘額	649,891	185,418	898,329	370,495	84,772	2,188,905
Accumulated depreciation/amortisation	累計折舊／攤銷						
At 31st December 2004	2004年12月31日餘額	(71,337)	(39,448)	(291,389)	(144,165)	(35,987)	(582,326)
Additions	本期計提	(7,348)	(1,726)	(9,723)	(10,294)	(3,424)	(32,515)
At 30th June 2005	2005年6月30日餘額	(78,685)	(41,174)	(301,112)	(154,459)	(39,411)	(614,841)
Net book value	淨值						
At 30th June 2005	2005年6月30日餘額	571,206	144,244	597,217	216,036	45,361	1,574,064
At 31st December 2004	2004年12月31日餘額	578,554	145,970	395,652	133,675	39,865	1,293,716

		Company 公司						
		Land use rights	Road	Buildings and structures	Plant machinery and equipment	Motor vehicles and others	Total	
		土地使用權	道路	房屋及建築物	廠房及機器設備	運輸車輛及其他	合計	
		Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
Cost	原值							
At 31st December 2004	2004年12月31日餘額	645,804	185,418	628,101	205,823	68,089	1,733,235	
Additions	本期增加	—	—	166,058	24	2,468	168,550	
Include: transferred from CIP	其中：在建工程轉入	—	—	10,058	—	1,903	11,961	
Disposals	本期減少	—	—	—	(153)	—	(153)	
At 30th June 2005	2005年6月30日餘額	645,804	185,418	794,159	205,694	70,557	1,901,632	
Accumulated depreciation/amortisation	累計折舊/攤銷							
At 31st December 2004	2004年12月31日餘額	(71,112)	(39,448)	(289,527)	(137,376)	(34,863)	(572,326)	
Additions	本期增加	(7,305)	(1,726)	(8,122)	(4,426)	(2,841)	(24,420)	
At 30th June 2005	2005年6月30日餘額	(78,417)	(41,174)	(297,649)	(141,802)	(37,704)	(596,746)	
Net book value	淨值							
At 30th June 2005	2005年6月30日餘額	567,387	144,244	496,510	63,892	32,853	1,304,886	
At 31st December 2004	2004年12月31日餘額	574,692	145,970	338,574	68,447	33,226	1,160,909	

All of the Group's land use rights, road, buildings and structures and plants are located in the PRC.

As described in Note 6, the additions to buildings mainly represent cost of the Company's office premises of about Rmb156 million. The title to the building is currently being processed. Based on the advice from the Group's legal counsel, the Directors believe that the title will be received in due course without additional significant cost to the Group, if any.

本集團的所有土地、道路、房屋及建築物均位於中國境內。

如附註6所述，本年增加的房屋建築物中包含成本約為人民幣1.56億元的辦公樓，其相關的產權轉讓手續正在辦理中。根據本公司法律顧問的意見，董事們確信最終能取得相關的產權而不會產生任何額外的重大成本。

10 CONSTRUCTION IN PROGRESS

10 在建工程

	Budget costs	As at 1st January 2005	Additions	Transferred out	As at 30th June 2005	Source of funds	Incurred costs to budget costs ratio
	預算數 (包括收購價)	於2005年 1月1日	本期增加	本期轉出	於2005年 6月30日	資金來源	工程投入佔 預算的比例 (%)
	Rmb'000 人民幣千元	Rmb'000 人民幣千元	Rmb'000 人民幣千元	Rmb'000 人民幣千元	Rmb'000 人民幣千元		
Xian Yang Lu 咸陽路污水處理廠	1,199,720	544,536	39,405	—	583,941	Bank loans and self-raised fund 自籌及銀行貸款	49
Ji Zhuang Zi (Expansion) 紀莊子污水處理廠(擴建)	1,054,722	634,477	16,555	—	651,032	Bank loans and self-raised fund 自籌及銀行貸款	62
Bei Cang 北倉污水處理廠	366,327	104,845	10,890	—	115,735	Bank loans and self-raised fund 自籌及銀行貸款	32
Research and Development Center 研發中心	16,546	6,525	880	(565)	6,840	Self-raised fund 自籌	41
Ji Zhuang Zi (Reconstruction) 紀莊子污水處理廠(改建)	43,990	5,175	12,362	—	17,537	Self-raised fund 自籌	40
Chibi Sewage Plant 赤壁污水處理廠	23,000	6,591	10,474	—	17,065	Self-raised fund 自籌	74
Staff Dormitory 員工宿舍樓項目	8,907	5,401	359	—	5,760	Self-raised fund 自籌	65
Others 其他	—	12,353	2,247	(11,396)	3,204	Self-raised fund 自籌	
Total (Company) 合計(公司)	2,713,212	1,319,903	93,172	(11,961)	1,401,114		
Tianjin Water Recycling Project 紀莊子污水回用工程	138,348	138,348	—	(138,348)	—	Specific bank loans and self-raised fund 自籌、銀行貸款及專項貸款	100
Others 其他	—	3,087	1,442	(4,396)	133	Self-raised fund 自籌	
Total (Group) 合計(合併)	2,851,560	1,461,338	94,614	(154,705)	1,401,247		

Including: Capitalised borrowing costs

其中：借款費用資本化金額

-Company —公司	38,231	14,329	—	52,560
-Group —合併	43,543	14,329	(5,312)	52,560

As at 30th June 2005, construction in progress had no diminution in value, so no provision for impairment loss was made.

截至2005年6月30日止，在建工程未發生減值，故未計提減值準備。

11 SHORT-TERM LOANS

	As at 30th June 2005	As at 31st December 2004
	於2005年 6月30日 Rmb'000 人民幣千元	於2004年 12月31日 Rmb'000 人民幣千元
ShenZhen Development Bank 深圳發展銀行	50,000	—
CITIC Industrial Bank 中信實業銀行	50,000	—
China Minsheng Bank 中國民生銀行	100,000	—
Shanghai Pudong Development Bank 上海浦東發展銀行	—	100,000
Total-Company 公司合計	<u>200,000</u>	<u>100,000</u>
Other banks 其他銀行	<u>10,000</u>	<u>15,000</u>
Total-Group 合併合計	<u><u>210,000</u></u>	<u><u>115,000</u></u>

12 ACCOUNTS PAYABLE

As at 30th June 2005, there were no accounts payable to any of the Company's shareholders which hold 5% or more of the voting shares.

13 ADVANCES FROM CUSTOMERS

As at 30th June 2005, there were no advances from any of the Company's shareholders which hold 5% or more of voting shares.

14 DIVIDEND PAYABLE

Pursuant to the shareholders meeting held on 31st May 2005, the Directors proposed to distribute a final dividend of Rmb1.00 (tax included) for every ten shares held by shareholders based on the total number of shares of 1,330,000,000 as at 31st December 2004. (2004: Rmb0.80 (tax included) for every ten shares held by shareholders, totalling Rmb106,400,000).

The balance as at 30th June 2005 principally represents the 2004 dividend for A share shareholders which has been paid out subsequent to period end.

11 短期借款

Interest Rate Per year 年利率	Guarantor 擔保人
5.58%	—
5.02%	—
5.02%	—
5.31%	—
5.31%-6.42%	Company's controlling shareholder-Tianjin Municipal Investment Company Limited ("TMICL") 控股股東—天津市政投資有限公司 (「天津市政」)

12 應付賬款

期末應付賬款中無應付持有本公司5%(含5%)以上表決權股份的股東的款項。

13 預收賬款

期末預收賬款中無預收持有本公司5%(含5%)以上表決權股份的股東的款項。

14 應付股利

本公司於2005年5月31日召開的股東大會通過決議，以截至2004年12月31日止之總股本1,330,000,000股為基數，每10股派發現金紅利人民幣1元(含稅)予股東，共計人民幣133,000,000元(2004年：每10股派發現金紅利人民幣0.8元(含稅)予股東，共計人民幣106,400,000元)。

2005年6月30日之餘額為尚未支付給A股股東的04年股利，該等股利已於期後支付。

15 TAXES PAYABLE

15 應交税金

		Group		Company	
		合併		公司	
		30th June 2005	31st December 2004	30th June 2005	31st December 2004
		於2005年 6月30日	於2004年 12月31日	於2005年 6月30日	於2004年 12月31日
		<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Income tax	應交所得稅	27,423	88,186	27,036	87,301
Business tax and others	應交營業稅及其他	632	6,066	916	5,287
		<u>28,055</u>	<u>94,252</u>	<u>27,952</u>	<u>92,588</u>

16 OTHER PAYABLES

16 其他應付款

		Group		Company	
		合併		公司	
		30th June 2005	31st December 2004	30th June 2005	31st December 2004
		於2005年 6月30日	於2004年 12月31日	於2005年 6月30日	於2004年 12月31日
		<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Construction costs payable	應付建設成本	50,886	97,720	50,886	97,720
Payable for purchase of fixed assets	應付購買固定資產款	53,892	55,000	—	—
Others	其他	48,658	3,864	44,503	3,774
		<u>153,436</u>	<u>156,584</u>	<u>95,389</u>	<u>101,494</u>

As at 30th June 2005, there were no other payables to the Company's shareholders which hold 5% or more of voting shares

期末其他應付款中無應付持有本公司5% (含5%) 以上表決權股份的股東的款項。

17 LONG-TERM LOANS

The long-term loans are repayable as follows:

		Group 合併		Company 公司	
		30th June 2005	31st December 2004	30th June 2005	31st December 2004
		於2005年 6月30日 Rmb'000 人民幣千元	於2004年 12月31日 Rmb'000 人民幣千元	於2005年 6月30日 Rmb'000 人民幣千元	於2004年 12月31日 Rmb'000 人民幣千元
State Development Bank (note(a))	國家開發銀行 (註釋(a))	580,000	555,000	580,000	555,000
China Everbright Bank (note(b))	中國光大銀行 (註釋(b))	100,000	100,000	50,000	50,000
		<u>680,000</u>	<u>655,000</u>	<u>630,000</u>	<u>605,000</u>
Less: Portion of long-term liabilities due within one year	減：已列入流動負債的一年內到期金額	<u>(55,000)</u>	<u>(50,000)</u>	<u>(55,000)</u>	<u>(50,000)</u>
		<u>625,000</u>	<u>605,000</u>	<u>575,000</u>	<u>555,000</u>

The loans mature as follows:

		Group 合併		Company 公司	
		30th June 2005	31st December 2004	30th June 2005	31st December 2004
		於2005年 6月30日 Rmb'000 人民幣千元	於2004年 12月31日 Rmb'000 人民幣千元	於2005年 6月30日 Rmb'000 人民幣千元	於2004年 12月31日 Rmb'000 人民幣千元
Payable within one year	一年以內支付	55,000	50,000	55,000	50,000
Payable in the second year	第二年內支付	97,000	60,000	97,000	60,000
Payable in the third year to fifth year	第三年至第五年內支付	402,000	502,000	402,000	452,000
Payable after the fifth year	五年以後支付	126,000	43,000	76,000	43,000
		<u>680,000</u>	<u>655,000</u>	<u>630,000</u>	<u>605,000</u>
Less: Portion of long-term liabilities due within one year	減：已列入流動負債的一年內到期金額	<u>(55,000)</u>	<u>(50,000)</u>	<u>(55,000)</u>	<u>(50,000)</u>
		<u>625,000</u>	<u>605,000</u>	<u>575,000</u>	<u>555,000</u>

(a) The loan is guaranteed by TMEB and secured by certain of the fee collection rights of TMEB's business. The interest rate of this loan varies according to the interest rate of long-term loans as promulgated by the People Bank of China. The prevailing interest rate is 5.761% (2004: 5.76%) per annum.

(b) The loan is secured by the right to receive sewage water processing fees of TSC and TMICL. The average interest ranges from 5.02% to 5.76%(2004: 5.02% to 5.76%).

17 長期借款

長期借款包括：

		Group 合併		Company 公司	
		30th June 2005	31st December 2004	30th June 2005	31st December 2004
		於2005年 6月30日 Rmb'000 人民幣千元	於2004年 12月31日 Rmb'000 人民幣千元	於2005年 6月30日 Rmb'000 人民幣千元	於2004年 12月31日 Rmb'000 人民幣千元
State Development Bank (note(a))	國家開發銀行 (註釋(a))	580,000	555,000	580,000	555,000
China Everbright Bank (note(b))	中國光大銀行 (註釋(b))	100,000	100,000	50,000	50,000
		<u>680,000</u>	<u>655,000</u>	<u>630,000</u>	<u>605,000</u>
Less: Portion of long-term liabilities due within one year	減：已列入流動負債的一年內到期金額	<u>(55,000)</u>	<u>(50,000)</u>	<u>(55,000)</u>	<u>(50,000)</u>
		<u>625,000</u>	<u>605,000</u>	<u>575,000</u>	<u>555,000</u>

長期借款具體還款期如下：

		Group 合併		Company 公司	
		30th June 2005	31st December 2004	30th June 2005	31st December 2004
		於2005年 6月30日 Rmb'000 人民幣千元	於2004年 12月31日 Rmb'000 人民幣千元	於2005年 6月30日 Rmb'000 人民幣千元	於2004年 12月31日 Rmb'000 人民幣千元
Payable within one year	一年以內支付	55,000	50,000	55,000	50,000
Payable in the second year	第二年內支付	97,000	60,000	97,000	60,000
Payable in the third year to fifth year	第三年至第五年內支付	402,000	502,000	402,000	452,000
Payable after the fifth year	五年以後支付	126,000	43,000	76,000	43,000
		<u>680,000</u>	<u>655,000</u>	<u>630,000</u>	<u>605,000</u>
Less: Portion of long-term liabilities due within one year	減：已列入流動負債的一年內到期金額	<u>(55,000)</u>	<u>(50,000)</u>	<u>(55,000)</u>	<u>(50,000)</u>
		<u>625,000</u>	<u>605,000</u>	<u>575,000</u>	<u>555,000</u>

(a) 該借款由天津市政局提供保證擔保及以其擁有業務中的部分收費權作為質押。該銀行貸款利率依據中國人民銀行頒佈的長期借款利率而變動，現時年利率為5.76% (2004年：5.76%)。

(b) 該借款由排水公司提供污水處理費收費權作為質押以及天津市政提供保證擔保，年利率為5.02%到5.76% (2004年：5.02%到5.76%)。

18 CONVERTIBLE BONDS

On 1st July 2004, the Company issued 12 million "A share" convertible bonds certificates at face value of Rmb100 each which was listed on Shanghai Stock Exchange on 19th July 2004. The aggregate amount of bonds issued was Rmb1,200 million. The net cash received from issuance of convertible bond is about Rmb1,165 million after deducing the issuance expense of about Rmb 35 million.

As at 30th June 2005, TMICL held 208,809 bonds which represented 1.74% of the total convertible bonds (31st December 2004: 208,809 bonds).

The bonds, guaranteed by the Construction Bank of China, Tianjin Branch (the "Guarantor") and counter-guaranteed by TMICL to the Guarantor, are convertible into shares of the Company at any time on and after 1st July 2005 and prior to 30th June 2009. The initial conversion price of convertible bond is set as Rmb7.7 per share and the Company is entitled to revise the conversion price in the conversion period based on the market price of the Company's shares. Unless previously redeemed, converted or purchased and cancelled, the bonds will be redeemed within 5 days after maturity date on 30th June 2009 at 100% of the principal amount and accrued interest in the fifth year plus an interest compensation for the difference between the five times of bond interest of the fifth year and the actual total interest paid in 5 years.

These bonds bear interest ranging from 1.7% to 2.7%. The actual interest payable to the bond holders will be based on the carrying bond interest rate and adjusted according to the five-year fixed deposit rate published by the State. For the period ended 30th June 2005, the Company accrued related bonds interest of about Rmb14 million (30th June 2004:nil).

The bonds may be redeemed in whole or in part at 102% of par value plus current year's interest, at the option of the Company, provided that during conversion period, the closing prices of the A shares for any 20 days in 30 consecutive trading days are not more than 130% of the conversion price.

The bonds may be resold to the Company in whole or in part according to their maturity period, at the option of the bondholders, provided that during conversion period, the closing prices of the A shares for any 20 days in 30 consecutive trading days are less than 70% of the conversion price.

As described in Note 30, in accordance with the term of the bonds, 8,239,020 units were redeemed during August 2005. Accordingly, the liability component of the bonds redeemed of Rmb824 million has been reclassified from long-term borrowings to current borrowings and the remaining component in amount of Rmb376 million was left in long-term liabilities as at 30th June 2005.

18 應付債券

本公司於2004年7月1日公開發行1,200萬張可轉換公司債券，每張面值人民幣100元，共計發行金額人民幣12億元。扣除發行費用約人民幣0.35億元後，發行債券淨金額約為人民幣11.65億元。該債券已於2004年7月19日在上海證券交易所上市交易。

截至2005年6月30日，天津市政持有可轉換公司債券208,809張（2004年12月31日：208,809張），佔該種債券總額1.74%。

此債券由中國建設銀行天津市分行（「擔保人」）提供全額擔保，並由天津市政向該擔保人提供反擔保。轉股期自發行之日一年後即2005年7月1日起，至2009年6月30日前的一個交易日止，持有人可在轉股期內申請轉股。本公司債券的初始轉股價格為每股人民幣7.7元。在轉股期內，本公司董事會有權根據公司股票的市場價格修正轉股價格。如果轉股期間沒有贖回、轉股、回售或者中止交易行為的發生，在債券到期即2009年6月30日之後的5個交易日內，本公司除全額償還到期未轉股的債券的本金及第五年的利息外，還將補償支付到期債券持有人第5年票面利息的5倍和其5年持有期間內實際所獲利息之間的差額。

本公司發行的債券的票面年利率為1.7%至2.7%，實際支付與債券持有人的利息將在票面利率的基礎上根據國家法定五年期存款利率的當時水平予以調整。截至2004年12月31日止的年度，本公司計提了債券利息約為人民幣1,400萬元（截至2004年6月30日止6個月：無）。

如果本公司A股股票在任何連續30個交易日中任意20個交易日的收盤價格不低於當期轉股價格的130%，本公司有權按面值的102%並另加所在計息年度年利息的價格贖回全部或部分未轉股的債券。

如果本公司A股股票在任何連續30個交易日中任意20個交易日的收盤價格低於當期轉股價格的70%時，債券持有人有權將其持有的債券全部或部分回售給本公司。

如附註30所述，根據上述回售條款，期後截至2005年8月止債券持有人已向本公司回售了約人民幣8.24億元的可轉債。因此在編製截至2005年6月30日的財務報表時已將上述回售部分的可債轉列至流動負債，剩餘的可轉債仍在長期負債列示，餘額約為人民幣3.76億元。

19 SPECIFIC PAYABLES

Specific payables mainly include amounts totalling Rmb81 million (2004: Rmb81 million), granted by TMEB to one of the Company's subsidiaries for the construction of Tianjin Ji Zhuang Zi Sewage Water Recycling Project. The remaining balance of Rmb39,914 (2004: Rmb307,000) is obtained from other authorities of Tianjin Municipal Government. These specific payables are interest free, and the method and date of repayment will only be determined after the completion of the construction project.

20 SHARE CAPITAL

Issued and paid up capital:	已發行及繳足股本			
(1) A shares with per value Rmb1:	每股面值為人民幣 1 元之 A 股			
Non-circulating shares	尚未流通股份			
State shares	國家股	839,020	839,020	839,020
Legal person shares	境內法人股	38,485	38,485	38,485
Circulating shares	已流通股份			
Social public shares	社會公眾股	112,495	112,495	112,495
		<u>990,000</u>	<u>990,000</u>	<u>990,000</u>
(2) H shares with per value Rmb1:	每股面值為人民幣 1 元之 H 股			
Circulating shares outside China	已流通境外外資股份			
Social public shares	社會公眾股	340,000	340,000	340,000
		<u>1,330,000</u>	<u>1,330,000</u>	<u>1,330,000</u>

All the A and H shares rank pari passu in all respects.

The Company established a Sponsored Level I American Depositary Receipts ("ADR") Program with the Bank of New York (as the Depositary Bank). The Securities and Exchange Commission of The United States declared that the registration statement of the ADR Program has become effective on 23rd December 2003. Each ADR under the ADR Program shall represent 20 H shares of the Company listed on The Stock Exchange of Hong Kong Limited. The Company did not and will not issue any new shares under such ADR Program. Trading of the Company's ADR will only be made in the over-the-counters markets in the United States.

19 專項應付款

專項應付款主要包括本公司之子公司從天津市政府獲得的專項資金，共計人民幣約8,100萬元(2004年：人民幣8,100萬元)，其餘應付款項計人民幣39,914元(2004年：人民幣307,000元)從天津市市政府其他部門獲得，用於紀庄子污水回用工程建設。以上專項應付款自其各自取得之日起至本期末不計息，並只需在具體項目完成後才與貸款方商議還款日期和方法。

20 股本

No. of Shares 股份數 (1,000) 千股	Company 公司	
	30th June 2005 於 2005 年 6 月 30 日 Rmb'000 人民幣千元	31st December 2004 於 2004 年 12 月 31 日 Rmb'000 人民幣千元
Issued and paid up capital:		
(1) A shares with per value Rmb1:		
Non-circulating shares		
State shares	839,020	839,020
Legal person shares	38,485	38,485
Circulating shares		
Social public shares	112,495	112,495
	<u>990,000</u>	<u>990,000</u>
(2) H shares with per value Rmb1:		
Circulating shares outside China		
Social public shares	340,000	340,000
	<u>1,330,000</u>	<u>1,330,000</u>

所有A股及H股在各方面均享有同等權益。

本公司於2003年12月23日已與紐約銀行(作為託管銀行)建立一級美國存托憑證計劃(ADR)。美國證券交易委員會已宣佈該美國存托憑證計劃之註冊說明書生效。該美國存托憑證計劃中之每份美國存托憑證相等於二十股本公司於香港聯合交易所有限公司上市的H股股份。本公司沒有亦不會因為該美國存托憑證計劃而發行新股份。該美國存托憑證計劃中之美國存托憑證將不會在美國的任何證券交易所上市，而只會在美國場外市場進行買賣。

21 CAPITAL RESERVE FUND AND GENERAL RESERVES

21 資本公積及盈餘公積

		Group and Company		
		Capital reserve fund	Statutory common reserve	Statutory provident fund
		合併及公司		
		法定盈餘		
		資本公積	公積金	法定公益金
		(note (a))	(note (b))	(note (b))
		Rmb'000	Rmb'000	Rmb'000
		(註釋(a))	(註釋(b))	(註釋(b))
		人民幣千元	人民幣千元	人民幣千元
At 31st December 2004 and at 30th June 2005	2004年12月31日及 2005年6月30日餘額	<u>69,289</u>	<u>116,232</u>	<u>58,117</u>
(a) Amounts in capital reserve fund can be utilised to offset prior years' losses or for issuance of bonus shares.			(a) 資本公積為股本溢價，可用於彌補以前年度虧損或增加股本。	
(b) General reserves			(b) 盈餘公積	
The general reserves comprise the statutory common reserve and the statutory provident fund.			盈餘公積包含法定盈餘公積金和法定公益金。	
According to the Company's and its subsidiaries' Articles of Association, it is required to transfer 10% and 5% to 10% of the net profit of the Company as shown in the accounts prepared under PRC accounting regulations to the statutory common reserve (until the reserve reaches 50% of the registered capital) and statutory provident fund, respectively. The transfers to these reserves must be made before the distribution of dividends to shareholders.			根據本公司章程，應按中國會計制度計算的淨利潤的10%計提法定盈餘公積金（直至此項公積金結餘達註冊資本的50%為止），及淨利潤的5-10%計提法定公益金。此等金額須在派發股息之前計提。	
The Directors decided not to make the appropriation from the net profit for the six months ended 30th June 2005. The profit appropriation scheme will be decided after the 2005 annual accounts are audited.			本公司董事會決定對截至2005年6月30日止六個月淨利潤暫不分配，待2005年度會計報表經審計確定後才提出相應的利潤分配方案。	
The statutory common reserve shall only be used to make up losses, expand the Company's production operation or increase the capital of the Company.			法定盈餘公積金用途限於：彌補虧損，擴充本公司生產設備或轉為股本。	
Upon approval at a shareholders' general meeting, the Company may convert its statutory common reserve into share capital. Provided that the amount of such reserves remaining unconverted shall not be less than 25% of the registered capital.			如經本公司股東在股東大會通過決議將法定盈餘公積金轉為股本，所留存的該項法定盈餘公積金數額須不低於註冊資本的25%。	
The statutory provident fund shall only be used for the collective welfare of employees. This fund forms part of the shareholders' equity and is non-distributable other than upon liquidation.			法定公益金只可用於公司職工的集體福利，且屬於股東權益的一部分，在清算前不作分配。	

22 UNDISTRIBUTED PROFITS

22 未分配利潤

		Group and Company
		合併及公司
		<i>Rmb'000</i>
		人民幣千元
Original amount of undistributed profit at 1st January 2005	2005年1月1日餘額	662,125
Add: Net profit after tax for the period	加：本期淨利潤	93,789
Less: Cash dividend distribution by general shareholder meeting (Note 14)	減：應付普通股股利—股東大會已批准的 上年度現金股利（附註14）	(133,000)
Undistributed profits at 30th June 2005	2005年6月30日餘額	<u>622,914</u>

23 INCOME FROM PRINCIPAL OPERATIONS AND SEGMENT INFORMATION

23 主營業務收入及分業務資料

(a) Income from principal operations

(a) 主營業務收入

		Group	
		合併	
		Six months ended 30th June	
		2005	2004
		截至2005年 6月30日 止6個月 <i>Rmb'000</i> 人民幣千元	截至2004年 6月30日 止6個月 <i>Rmb'000</i> 人民幣千元
Sewage water processing services	污水處理	147,811	232,995
Sewage water processing plants construction services	污水處理廠建設	<u>92,280</u>	<u>68,698</u>
		240,091	301,693
Toll fee	道路收費	32,645	32,144
Sales of construction materials	銷售建材	3,193	—
Others	其他	528	—
		<u>276,457</u>	<u>333,837</u>

(b) Segment information**(b) 分業務資料****Six months ended 30th June 2005**

截至2005年6月30日止6個月

		Sewage water processing and sewage water plant construction	Construction	Water recycling	Group	
		污水處理及 污水處理廠建設	Tolls 道路收費	materials 建材業務	中水處理	合併
		Rmb'000 人民幣千元	Rmb'000 人民幣千元	Rmb'000 人民幣千元	Rmb'000 人民幣千元	Rmb'000 人民幣千元
Income from principal operations	主營業務收入	240,091	32,645	3,193	528	276,457
Costs for principal operations	主營業務成本	(62,054)	(8,893)	(2,678)	(4,466)	(78,091)
Business tax and surcharges	主營業務稅金及附加	(12,891)	(1,795)	—	(3)	(14,689)
Profit from principal operations	主營業務利潤／(虧損)	165,146	21,957	515	(3,941)	183,677
Less: Administrative expenses	減：管理費用	(19,527)	(5,380)	(2,017)	(1,576)	(28,500)
Add: Financial expense - net	減：財務費用，淨額	(16,696)	(2,538)	(314)	(1,741)	(21,289)
Others (expense)/income - net	其他(支出)／收入，淨額	(403)	5,859	(354)	2,726	7,828
Total profit/(loss)	利潤／(虧損)總額	128,520	19,898	(2,170)	(4,532)	141,716
Less: Income tax	減：所得稅	(43,130)	(5,847)	—	—	(48,977)
Net profit/(loss)before minority interests	利潤／(虧損)－ 少數股東損益以前	85,390	14,051	(2,170)	(4,532)	92,739
Minority interests	少數股東損益	(39)	—	636	453	1,050
Net profit/(loss)	淨利潤／(淨虧損)	85,351	14,051	(1,534)	(4,079)	93,789

Six months ended 30th June 2004

截至 2004 年 6 月 30 日止 6 個月

**Sewage water
processing and
sewage water
processing plants
construction**

	污水處理及 污水處理廠建設 Rmb'000 人民幣千元	Tolls 道路收費 Rmb'000 人民幣千元	Group 合併 Rmb'000 人民幣千元	
Income from principal operations	主營業務收入	301,693	32,144	333,837
Costs for principal operations	主營業務成本	(57,001)	(7,393)	(64,394)
Business tax and surcharges	主營業務稅金及附加	(15,994)	(1,791)	(17,785)
Profit from principal operations	主營業務利潤	228,698	22,960	251,658
Less: Administrative expenses	減：管理費用	(24,049)	(3,261)	(27,310)
Add: Financial expense - net	減：財務費用，淨額	(6,980)	(864)	(7,844)
Others (expenses)/income - net	其他（支出）／收入，淨額	(1,936)	118	(1,818)
Total profit	利潤總額	195,733	18,953	214,686
Less: Income tax	減：所得稅	(63,264)	(6,254)	(69,518)
Net profit before minority interests	淨利潤—少數股東損益以前	132,469	12,699	145,168
Minority interests	少數股東損益	(1,030)	—	(1,030)
Net profit	淨利潤	131,439	12,699	144,138

24 FINANCIAL EXPENSES - NET

24 財務費用淨額

		Group Six months ended 30th June		Company Six months ended 30th June	
		2005	2004	2005	2004
		合併		公司	
		截至 2005 年 6 月 30 日 止 6 個月 Rmb'000 人民幣千元	截至 2004 年 6 月 30 日 止 6 個月 Rmb'000 人民幣千元	截至 2005 年 6 月 30 日 止 6 個月 Rmb'000 人民幣千元	截至 2004 年 6 月 30 日 止 6 個月 Rmb'000 人民幣千元
Interest expense of bank borrowings and convertible bonds	銀行貸款及可轉換公司債券利息支出	35,554	21,162	33,447	19,328
Less: Interest capitalised	減：資本化利息	(14,329)	(12,904)	(14,329)	(11,070)
Interest expense – net	利息支出淨額	21,225	8,258	19,118	8,258
Less: Interest income	減：利息收入	(5,560)	(466)	(5,252)	(410)
Others	其他	5,624	52	5,622	51
		21,289	7,844	19,488	7,899

25 INVESTMENT (LOSS)/INCOME

25 投資(損失)/收益

		Group		Company	
		Six months		Six months	
		ended 30th June		ended 30th June	
		2005	2004	2005	2004
合併		公司			
截至 2005 年	截至 2004 年	截至 2005 年	截至 2004 年		
6 月 30 日	6 月 30 日	6 月 30 日	6 月 30 日		
止 6 個月	止 6 個月	止 6 個月	止 6 個月		
Rmb'000	Rmb'000	Rmb'000	Rmb'000		
人民幣千元	人民幣千元	人民幣千元	人民幣千元		
Share of (loss) / profit of subsidiary based on equity accounting	按權益法 應佔子公司淨(虧損)/利潤	—	—	(4,862)	2,170

26 Capital commitments

26 資本承擔

		Amount invested		Contracted but not provided	Authorised but not contracted
		30th June 2005	30th June 2005	for 31st December 2004	for 31st December 2004
截至 2005 年	截至 2005 年	截至 2004 年	截至 2005 年	截至 2004 年	
6 月 30 日止	6 月 30 日止	12 月 31 日止	6 月 30 日止	12 月 31 日止	
Rmb' million	Rmb' million	Rmb' million	Rmb' million	Rmb' million	
人民幣百萬元	人民幣百萬元	人民幣百萬元	人民幣百萬元	人民幣百萬元	
Water processing plants in:	污水處理廠項目：				
- Xian Yang Lu	— 咸陽路	584	56	70	561
- Ji Zhuang Zi	— 紀莊子	651	16	19	387
- Bei Cang	— 北倉	116	160	98	90
- Chi Bi	— 赤壁	17	1	9	77
- Bao Ying	— 寶應	—	—	—	65
- Qu Jing	— 曲靖	—	—	—	108
Office building	辦公樓	—	—	39	—
Others	其他	19	—	—	31
Total-Company	合計—公司	1,387	233	235	1,319
Zhongshui	中水	—	—	—	80
Total-Group	合計—合併	1,387	233	235	1,399

Furthermore, the Directors approved the following investment projects in previous periods which remain uninvested at 30th June 2005:

此外，在以前年度本公司董事會已通過以下投資項目，於本期並無變動：

Project item 投資項目	Principal activities 經營範圍	Estimated investment amount 預計投資金額 Rmb'000 人民幣千元
Construction of a sewage water processing plant 投資建設一家污水處理廠	Sewage water processing 經營污水處理	52,523
Establishment of two joint ventures to operate water related business 投資設立兩家合資公司	Operate water related business 經營水務	252,000
		304,523

27 RELATED PARTIES

27 關聯方關係

(a) Related parties that have controlling relationship

(a) 存在控制關係的關聯方

Name of related party: 關聯方名稱：	TMICL 天津市政	TMEB 天津市 市政局	Water Recycling 天津中水	Guizhou Capital 貴州創業	Capital Materials 創業建材	Chibi Capital 赤壁創業
Place of registration: 註冊地點：	Tianjin, the PRC 中國天津	Tianjin, the PRC 中國天津	Tianjin, the PRC 中國天津	Guiyang, the PRC 中國貴陽	Tianjin, the PRC 中國天津	Chi Bi, the PRC 中國赤壁
Principal businesses: 主要業務：	Development, construction and management of municipal infrastructures 市政基礎設施的開發建設及經營管理	Supervisory management of the infrastructure and road construction in Tianjin 主管天津市市政、公路的建設和管理	Production and sales of recycled water etc. 中水的生產和銷售等	Development and construction of municipal sewage water processing plant etc. 市政污水處理廠開發建設等	Production and sales of new types of construction materials. 新型建築材料的製造及銷售	Development and construction of municipal sewage water etc. 市政污水處理廠及其配套設施等的開發和建設
Relationship with the Company: 與本公司關係：	Controlling shareholder of the Company 控股股東	Supervisory controller of the Group's businesses 業務受其監控	Subsidiary of the Company 控股子公司	Subsidiary of the Company 控股子公司	Subsidiary of the Company 控股子公司	Subsidiary of the Company 本公司之控股子公司
Type of enterprise: 經濟性質：	Limited company 有限公司	Government authority 國家機關	Limited company 有限公司	Limited company 有限公司	Limited company 有限公司	Limited company 有限公司
Legal representative: 法定代表人：	Ma Bai Yu 馬白玉	Sun Zeng Yin 孫增印	Zhang Wen Hui 張文輝	Gu Qi Feng 顧啟峰	Luo Lian Fang 羅連芳	Zhang Wen Hui 張文輝

(b) Paid up capital of related parties that has controlling relationship and their movements

(b) 存在控制關係的關聯方的註冊資本及其變化

		As at 1st January 2005		Additions	As at 30th June 2005	
		於 2005 年 1 月 1 日		本期增加數	於 2005 年 6 月 30 日	
		<i>Rmb'000</i>		<i>Rmb'000</i>	<i>Rmb'000</i>	
		人民幣千元		人民幣千元	人民幣千元	
TMICL	天津市政	1,820,000		—	1,820,000	
Water Recycling	天津中水	20,000		—	20,000	
Guizhou Capital	貴州創業	100,000		—	100,000	
Capital Materials	創業建材	37,500		—	37,500	
Chibi Capital	赤壁創業	—		35,000	35,000	
		<u> </u>		<u> </u>	<u> </u>	

(c) Share or equity of the Company held by a related party and its movements

(c) 存在控制關係的關聯方所持本公司股份或權益及其變化

		As at 1st January 2005				Additions		As at 30th June 2005	
		於 2005 年 1 月 1 日		本期增加數		於 2005 年 6 月 30 日			
		<i>Rmb'000</i>	%	<i>Rmb'000</i>	%	<i>Rmb'000</i>	%	<i>Rmb'000</i>	%
		人民幣千元	百分比	人民幣千元	百分比	人民幣千元	百分比	人民幣千元	百分比
TMICL	天津市政	839,020	63.08	—	—	839,020	63.08		
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(d) Major related parties that have no controlling relationship

(d) 不存在控制關係的主要關聯方

關聯方名稱	Relationship with the Group 與本集團關係
Tianjin Sewage Company 天津市排水公司	State-owned company under the supervisory control of TMEB 同受市政局監控的國營企業或公司
Tianjin Sewage Management Bureau No.8 Management Office 天津市排水管理處第八排水管理所	State-owned company under the supervisory control of TMEB 同受市政局監控的國營企業或公司
Tianjin Sewage Engineering Company 天津市排水工程公司	State-owned company under the supervisory control of TMEB 同受市政局監控的國營企業或公司
Tianjin Road & Bridge Management Bureau 天津市道路橋樑管理處	State-owned company under the supervisory control of TMEB 同受市政局監控的國營企業或公司
Tianjin Municipal Engineering Design Research Institute 天津市市政工程設計研究院	State-owned company under the supervisory control of TMEB 同受市政局監控的國營企業或公司
Scott Willson (Tianjin) Consultancy Company 偉信(天津)工程諮詢有限公司	Associated Company of Tianjin Municipal Investment Co., Ltd 本公司控股股東的聯營公司

28 RELATED PARTY TRANSACTIONS

The following is a summary of significant transactions with related companies during the six months ended 30th June 2005, which were carried out in the normal course of operations of the Group.

Name of related party 關聯方名稱	Nature of transaction 交易性質	Six months ended 30th June	
		2005 截至 2005 年 6 月 30 日 止 6 個月 Rmb'000 人民幣千元	2004 截至 2004 年 6 月 30 日 止 6 個月 Rmb'000 人民幣千元
Income: 收入：			
TSC 天津市排水公司	Revenue from sewage water processing services (note (a)) 污水處理服務費收入 (註釋(a))	136,516	222,111
TSC 天津市排水公司	Revenue from construction of sewage water processing plants (note (b)) 承建污水處理廠工程收入 (註釋(b))	92,280	68,698
Expenses: 支出：			
TMICL 天津市政	Operating lease rental in respect of office premises (ceased during 2004) 辦公室租賃費用 (於 2004 年內終止)	—	525
Others: 其他：			
Related contractors 關聯建築商	Amounts payable for sewage water processing plants construction costs 應支付污水處理廠建設成本		
天津市排水工程公司	Tianjin Sewage Engineering Company	949	—
天津市排水管理處	Tianjin Sewage Management Bureau	1,494	—
		2,443	—

(a) This represents revenue derived from the sewage water processing services rendered by the Company to TSC according to Sewage Water Processing Agreement, details of which are set out in Note 1(a).

(b) This represents revenue derived from the construction of sewage water processing plants services rendered by the Company to TSC according to Sewage Water Plants Construction Fee Agreement, details of which are set out in Note 1(b).

28 關聯交易

截至2005年6月30日止6個月，本集團與若干關聯方在日常營運中進行的重大交易如下：

(a) 此乃本公司按照一份《污水處理委託協議》提供污水處理服務予天津市排水公司所應取得的收入，詳見附註1(a)。

(b) 此乃本公司根據與天津市排水公司簽訂的《污水處理(擴建)在建工程收費協議》而承建三個污水處理廠工程所應取得的收入，詳見附註1(b)。

29 DIRECTORS' REMUNERATION

The Company and its subsidiaries have paid an aggregate remuneration (including salaries, housing allowance and other allowance) of Rmb949,820 (2004:Rmb795,182) and retirement benefits of Rmb10,560 (2004:Rmb9,360) to the Directors, totalling Rmb960,380 for the six months ended 30th June 2005 (2004: Rmb804,542). The total amount includes director fees of Rmb319,470 (2004: Rmb318,006) paid to independent non-executive directors during the period.

30 SIGNIFICANT EVENTS

Subsequent to period end, during August 2005, certain of the bond holders exercised their option to redeem their share of the convertible bonds issued by the Company, in accordance with the term of the issuance (Note 18).

31 AUTHORISATION FOR THE ISSUE OF THE ACCOUNTS

The accounts were authorized for issue by the Directors on 30th August 2005.

29 董事酬金

截至2005年6月30日止6個月，本公司及子公司向本公司董事支付了酬金(包括薪金、房屋津貼及其他津貼)人民幣949,820元(2004年：人民幣795,182元)和替董事支付了退休福利費人民幣10,560元(2004年：人民幣9,360元)，共計人民幣960,380元(2004年：人民幣804,542元)，其中包括向獨立非執行董事支付之酬金人民幣319,470元(2004年：人民幣318,006元)。

30 資產負債表日後事項

根據本公司可轉換公司債券募集說明書發行條款的有關規定，公司可轉換債券的部分持有人於2005年8月行使其回售權(詳見附註18)。

31 會計報表的核准發出

本會計報表於2005年8月30日經由本公司董事會核准發出。

VIII. Accounts Prepared in Accordance with HK GAAP 八、根據香港會計準則編製的賬目

CONDENSED CONSOLIDATED BALANCE SHEETS

As at 30th June 2005

(All amounts in Rmb thousand unless otherwise stated)

簡明綜合資產負債表

於2005年6月30日

(除非特別指明所有金額單位均為人民幣千元)

	Note	As at	
		30th June 2005	31st December 2004
	附註	Unaudited 截至2005年 6月30日 未經審計	Restated 截至2004年 12月31日 重新編列
ASSETS			
Non-current assets			
Property, plant and equipment	5	2,138,852	2,030,530
Land use rights		715,450	724,524
Investment property	6	121,009	—
Investment in securities		—	6,000
Available-for-sale financial assets		6,000	—
Other non-current assets	7	47,688	51,148
		<u>3,028,999</u>	<u>2,812,202</u>
Current assets			
Inventories		7,120	5,800
Trade receivables	8	479,047	393,802
Other receivables and prepayments	9	6,420	123,955
Deposit with a non-bank financial institution		—	400,000
Cash and bank balances		1,243,970	921,999
		<u>1,736,557</u>	<u>1,845,556</u>
Total assets		<u><u>4,765,556</u></u>	<u><u>4,657,758</u></u>

		Note	As at	
			30th June 2005	31st December 2004
		附註	Unaudited	Restated
			截至2005年 6月30日 未經審計	截至2004年 12月31日 重新編列
EQUITY	權益			
Capital and reserves attributable to the Company's equity holders	母公司股份持有人應佔股份權益			
Share capital	股本	10	1,330,000	1,330,000
Reserves	撥備	11	924,142	974,461
			<u>2,254,142</u>	<u>2,304,461</u>
Minority interests	少數股東權益		15,531	16,581
			<u>2,269,673</u>	<u>2,321,042</u>
Non-current liabilities	非流動負債			
Long-term bank borrowings	長期銀行借款	12(a)	625,000	605,000
Deferred tax liabilities	遞延稅項負債		28,364	33,835
Convertible bonds payable	應付可轉換債券	13	349,159	1,097,467
Specific payables	專項應付款	14	91,652	91,719
			<u>1,094,175</u>	<u>1,828,021</u>
Current liabilities	流動負債			
Trade and other payables	應付賬款及其他應付款項	15	344,398	255,509
Current income tax liabilities	應付稅項		27,423	88,186
Current portion of long-term bank borrowings	銀行借款之一年內應償還額	12(a)	55,000	50,000
Current portion of convertible bonds payable	可轉換債券之一年內應償還額	13	764,887	—
Short-term bank borrowings	短期銀行借款	12(b)	210,000	115,000
			<u>1,401,708</u>	<u>508,695</u>
			<u>2,495,883</u>	<u>2,336,716</u>
Total equity and liabilities	負債及權益合計		<u>4,765,556</u>	<u>4,657,758</u>
Net current assets	流動資產淨值		<u>334,849</u>	<u>1,336,861</u>
Total assets less current liabilities	減去流動負債後之總資產		<u>3,363,848</u>	<u>4,149,063</u>

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June 2005

(All amounts in Rmb thousand unless otherwise stated)

簡明綜合損益表

截至2005年6月30日止六個月

(除非特別指明所有金額單位均為人民幣千元)

		Unaudited	
		未經審計	
		Six months ended 30th June	
		2005	2004
		截至6月30日止六個月	
		2005年	2004年
	Note		
	附註		
Sales	4	261,768	316,052
Cost of sales		(78,091)	(64,394)
Gross profit		183,677	251,658
Other gains, net	4(a)	13,790	1,868
Selling and marketing costs		(355)	—
Administrative costs		(28,565)	(27,310)
Other operating expense, net		(47)	(3,272)
Operating profit	16	168,500	222,944
Finance costs	17	(43,363)	(8,258)
Profit before income tax		125,137	214,686
Income tax expense	18	(43,506)	(69,518)
Profit after tax for the period		81,631	145,168
Attributable to:			
Equity holders of the Company		82,681	144,138
Minority interests		(1,050)	1,030
		81,631	145,168
Dividend	19	—	—
		<i>Rmb</i>	<i>Rmb</i>
		人民幣元	人民幣元
Basic earnings per share for profit attributable to the equity holders of the Company during the period	20	0.06	0.11
		母公司股權持有人 應佔基本每股盈利	

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June 2005

(All amounts in Rmb thousand unless otherwise stated)

簡明綜合權益變動表

截至2005年6月30日止六個月

(除非特別指明所有金額單位均為人民幣千元)

		Unaudited	
		未經審計	
		Six months ended 30th June	
		2005	2004
		截至 6 月 30 日止六個月	截至 6 月 30 日止六個月
		2005 年	2004 年
	Note		
	附註		
Capital and reserves attributable to the Company's equity holders	母公司股份持有人應佔股份權益		
As at 1st January	於 1 月 1 日	2,304,461	2,018,966
Profit after tax for the period	除稅後溢利	82,681	144,138
Dividends	股息攤派	(133,000)	(106,400)
	19		
As at 30th June	於 6 月 30 日	<u>2,254,142</u>	<u>2,056,704</u>
Minority interests	少數股東權益		
As at 1st January	於 1 月 1 日	16,581	1,383
Profit attributable to minority interest for the period	當期少數股東權益	(1,050)	1,030
As at 30th June	於 6 月 30 日	<u>15,531</u>	<u>2,413</u>
Total equity	權益合計	<u><u>2,269,673</u></u>	<u><u>2,059,117</u></u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June 2005

(All amounts in Rmb thousand unless otherwise stated)

簡明綜合現金流量表

截至2005年6月30日止六個月

(除非特別指明所有金額單位均為人民幣千元)

		Unaudited	
		未經審計	
		Six months ended 30th June	
		2005	2004
		截至6月30日止六個月	
		2005年	2004年
Net cash (used in)/generated from:	現金(支用)/產生之淨額		
- operating activities	—經營活動	(23,111)	87,009
- investing activities	—投資活動	262,020	(114,814)
- financing activities	—籌資活動	64,394	(33,530)
		<hr/>	<hr/>
Net increase/(decrease) in cash and bank	現金及銀行結餘之增加/(減少)	303,303	(61,335)
Cash and bank balances at 1st January	於1月1日之銀行結餘及現金	918,667	450,074
		<hr/>	<hr/>
Cash and bank balances at 30th June*	於6月30日之銀行結餘及現金*	<u>1,221,970</u>	<u>388,739</u>

* Excluding restricted cash and bank balances of Rmb22 million for 2005 (2004: nil).

* 不包含限制性銀行結餘人民幣2,200萬元(2004年:無)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June 2005

(All amounts in Rmb thousand unless otherwise stated)

簡明綜合中期賬目附註

截至2005年6月30日止六個月

(除非特別指明所有金額單位均為人民幣千元)

1. Company profile and principal activities

Tianjin Capital Environmental Protection Company Limited (the "Company") was established on 8th June 1993 in the People's Republic of China (the "PRC") as a joint stock limited company. The activities of the Company and its subsidiaries (the "Group") include sewage water processing, construction of sewage water processing plants, production of recycled water, construction materials and operation of road toll stations.

The operation mode of the Group's principal activities is described below:

(a) Sewage water processing

Pursuant to relevant agreements ("Water Processing Agreements"), the Group currently provides sewage water processing services via three plants as follows:

Plant Location 位置	Contract Date 合同簽訂日期	Customer 客戶
Ji Zhuang Zi, Tianjin 天津 紀莊子	10th October 2000 2000年10月10日	TSC 排水公司
Dong Jiao, Tianjin 天津 東郊	10th October 2000 2000年10月10日	TSC 排水公司
Guizhou 貴州	16th September 2004 2004年9月16日	GCAB 貴陽城管局

Legend:

TSC - Tianjin Sewage Company is a state owned enterprise under supervisory control of TMEB.

TMEB - Tianjin Municipal Engineering Bureau.

GCAB - Guiyang City Administration Bureau.

The principal terms of the pricing formula as set out in the relevant contracts are briefly summarised below:

TSC:

The Group will have full recovery of actual operating costs, including depreciation and amortisation of fixed assets, excluding interest expenses and foreign exchange gains or losses and at minimum:

- (i) earn a return of 15% per annum of the average balance of the monthly net book value of fixed assets (as defined in the agreement) of the plants; and
- (ii) incentive pricing adjustments will be made for cost saving and/or when actual processing volume exceeds the minimum processing volume stipulated in the agreement.

1. 公司簡介及主要業務

天津創業環保股份有限公司(「本公司」)是於1993年6月8日在中華人民共和國(「中國」)註冊成立之股份有限公司。本公司及其附屬公司(「本集團」)現時之經營業務包括污水處理及污水處理廠建設業務、中水及建材生產及道路收費站業務。

以下是本集團主要業務之經營模式：

(a) 污水處理業務

依照相關協議(「《污水處理委託協議》」)，本集團通過以下三家污水處理廠提供污水處理服務：

專有名詞解釋：

排水公司 — 天津市排水公司是在中國成立之國有企業，並受天津市政局監控。

天津市政局 — 天津市市政工程局。

貴陽城管局 — 貴陽市城市管理局。

相關協議訂明之主要計價公式如下所述：

排水公司：

本集團應全面彌補實際之經營成本，包括固定資產之折舊及攤銷，但不包括利息開支及匯兌損益，最少將：

- (i) 賺取按污水處理業務相關固定資產(定義見協議)之每月平均賬面淨值之年度平均數計算之15%回報，以及；
- (ii) 獲得節省成本或當實際處理量超過協議規定之最低處理量時之獎勵計價調整。

GCAB:

Initial price is Rmb0.84 per cubic meter for the first two years, thereafter

- (i) the price after two years will be determined by a pricing formula which will effectively allow full recovery of the actual business costs, including operating cost, depreciation, income tax and a return of 8% on net assets of the plant; and
- (ii) the price might be revised after considering the factors of renovation of equipment, additional investment, power and energy and labour force etc.

(b) Construction of sewage water processing plants

Pursuant to an agreement ("Construction Agreement") between the Company and TSC on 24th September 2001, the Company is to provide construction services to TSC in respect of three plants detailed below:

Project 項目名稱		Xian Yang Lu 咸陽路	Ji Zhuang Zi 紀庄子	Bei Cang 北倉	Total 總計
Designed capacity (M ³ /day)	建成後之每天處理量 (立方米)	450,000 45 萬	280,000 28 萬	100,000 10 萬	830,000 83 萬
Estimated date of completion	預計完工日期	End 2005 2005 年末	End 2005 2005 年末	End 2005 2005 年末	
		Rmb' million 人民幣百萬元	Rmb' million 人民幣百萬元	Rmb' million 人民幣百萬元	Rmb' million 人民幣百萬元
Total construction costs to completion	需投入之建設成本	1,199	1,055	366	2,620
Total construction fees	建設收費	589	317	264	1,170
Construction fees recognised by the Company	已確認建設收費				
- up to 31st December 2004	— 於 2004 年 12 月 31 日	302	209	133	644
- up to 30th June 2005	— 於 2005 年 6 月 30 日	364	220	152	736
- for period to 30th June 2005	— 2005 年 1 月至 6 月	62	11	19	92
% of completion of construction	已完成工程量百分比 (扣除收購價)				
- as at 31st December 2004	— 於 2004 年 12 月 31 日	51%	66%	50%	
- as at 30th June 2005	— 於 2005 年 6 月 30 日	59%	70%	59%	

Note:

Costs and fees are estimated numbers set out in the contracts and will be adjusted on completion of the plants. Furthermore, the certified construction costs include the fixed assets funded by the foreign loans as discussed later in this Note.

貴陽城管局：

協議規定以 0.84 元／立方米之價格作為前兩年之污水處理服務費單價，此後

- (i) 二年期滿後雙方按照協議中訂明之計價公式釐定初始價格。計價公式可令污水處理業務全面彌補實際之經營成本，包括運行成本、折舊、所得稅及 8% 之淨資產回報；以及
- (ii) 以後年度將考慮設施設備改造、新增投資及能源動力、勞動力等因素來調整價格。

(b) 污水處理廠建設業務

根據本公司於 2001 年 9 月 24 日與排水公司簽訂之《污水處理(擴建)在建工程收費協議》(「建設收費協議」)，本公司向排水公司提供建設以下三個污水處理廠之服務：

註釋：

建設成本及收費是按照合同估計，將在工程完工時調整。同時已完成工程量中包含排水公司使用如本附註稍後所述之外資銀行貸款採購之固定資產。

The principal terms of the said contract are summarised below:

- (i) a fee will be paid by TSC during the period of constructing the plants as a reward to remunerate the Company for accepting the responsibility to construct the sewage plants. The aggregate construction fees payable to the Company for the construction of these three plants amount to approximately Rmb1,170 million.
- (ii) fee is payable by TSC in advance on a monthly basis according to the percentage of completion of the respective construction projects estimated by the Company. The percentage of completion of each project will be adjusted on a quarterly basis according to the certifications issued by qualified independent surveyors or engineers; and
- (iii) the Company is also responsible for the funding of the construction cost of these plants.

Further, pursuant to the agreement upon the commencement of operation of the three sewage water processing plants, the rights and obligations between the Company and TSC will follow the terms as specified in the Water Processing Agreement as applicable to the Tianjin plants (Note1(a));

Also, on 24th September 2001, pursuant to respective agreements (“Transfer Agreements”), the Company would acquire the above three plants from TSC and would be responsible for the construction and management of the remaining uncompleted portion of the plants. The transfers were deemed completed on 30th October 2002.

On 25th August 2003, the Company entered into an agreement with TSC (“Co-operative Agreement”) whereby:

- (i) the Company would be responsible for the overall execution of the construction of the three plants;
- (ii) TSC would be responsible for making use of the original loans from two foreign banks (the “Foreign Loans”) to fund certain fixed assets used in these plants;
- (iii) TSC would sell to the Company these Foreign Loans funded fixed assets after their installation and the issuance of verification reports, at their carrying value;
- (iv) the Company would be responsible for the repairs and maintenance of these fixed assets during the construction period; and
- (v) the construction fee charged by the Company pursuant to the above mentioned Construction Agreement, would include the cost of these fixed assets as the base.

上述合同之主要條款如下：

- (i) 根據協議，本公司在承擔污水處理廠在建工程建設期間，排水公司同意向本公司支付建設費用總額約為人民幣11.7億元，作為鼓勵本公司承擔建設污水處理廠在建工程之報酬。
- (ii) 按照建設收費協議，排水公司應每月根據本公司編撰之有關各專案當月之估計完成百分比向本公司預支建設費用，然後在每季度結束時，根據獨立測量師或工程師對已完成工程量之核定作出相應調整。同時，
- (iii) 本公司亦負責污水處理廠在建工程所需資金之籌集。

而且，依據本公司與排水公司簽訂之協議，在天津三個污水處理廠開始運營後，雙方之權利與義務將按照污水處理委託協議之具體規定執行(如附註1(a)所述)；

根據本公司於2001年9月24日與排水公司簽訂之相關轉讓協議(「轉讓協議」)，本公司將收購原排水公司投資建設之三個污水處理廠在建工程，並承擔後續工程之建設及管理。前述在建工程轉讓工作已於2002年10月30日完成。

本公司於2003年8月25日與排水公司簽訂了一份合作協議。根據該合作協議：

- (i) 本公司負責污水處理廠在建工程項目整體實施；
- (ii) 排水公司負責利用項目原有外資銀行貸款開展採購項下污水處理廠所需之部分固定資產；
- (iii) 排水公司利用外資銀行貸款採購之固定資產在完成安裝並經本公司驗收合格後一次性由排水公司以賬面價值轉讓予本公司；
- (iv) 於前述該等固定資產轉讓予本公司之前，在污水處理廠在建工程建設期間，本公司負責該等固定資產之維護和保養及固定資產之管理，相應地；
- (v) 按照建設收費協議之規定，在確認建設費收入時應包括該等固定資產成本作為基礎。

(c) Road toll stations

Prior to 2003, the Company owned the right to set up toll stations at the junctions between the city roads of Tianjin and expressways leading to the city, and to collect tolls generally from non-Tianjin registered motor vehicles passing these toll stations for a term expiring on 28th February 2029.

During 2003, following the reform of the public transportation network, the Tianjin Municipal Government decided to relocate certain toll stations, including those of the Company, to the boundary of the interstate highways surrounding Tianjin. The collection of tolls from non-Tianjin registered vehicles will be centralised at a Tianjin Toll Collection Office (“Toll Collection Office”) set up by TMEB. As a result, the Company’s toll stations were demolished since 31st May 2003 and TMEB agreed to compensate the Company as follows:

- (i) a one-off cash compensation by TMEB equivalent to the net book value of the assets of the demolished toll stations as at 30th June 2003 of about Rmb33 million.
- (ii) compensation for loss in revenue, during the period from 31st May 2003 to the date of completion of construction of the new toll stations(mentioned in following paragraph), equivalent to the revenue received in the same period of last year of about Rmb5.5 million net of expenses.
- (iii) Company was granted the collection right of six new toll stations from 1st July 2003 to 28th February 2029. However, the Company is not allowed to transfer, lease or pledge the right to other parties without TMEB’s consent.

In tandem, the Company entered into an agreement (“Toll Collection Agreement”) with Toll Collection Office on 24th July 2003 with following principal terms:

- (i) the Company has engaged the Toll Collection Office to collect the tolls at the six new toll stations on its behalf for which it will pay a management fee;
- (ii) the Company is to receive the actual tolls collected from the six new stations for the corresponding period/year, subject to minimum toll fee for each period/year based on the forecast traffic flow and tolls for the corresponding period/year as stipulated in a traffic flow and tolls forecast report for the six new toll stations issued by a professional consulting company in July 2003; and
- (iii) Any shortfall to the Company between actual and the agreed minimum will be compensated to the Company by the Toll Collection Office.

(c) 道路收費站業務

2003年度以前，本公司擁有於天津城市道路及入城之公路交界設立收費站之權利，並可於該等收費站向進入天津城市之主要指外地汽車收取路費，期限至2029年2月28日止。

於2003年度內，隨著天津周邊公路網之改造，天津市政府決定遷移包括本公司所屬各收費站在內之所有道路收費站，並由天津市政局設立天津市車輛通行費徵收辦公室（「徵收辦」），統一對進入天津市之外地車輛徵收車輛通行費。根據天津市政府之統一安排，本公司之收費站已於2003年5月31日起停止經營，並實施拆除工程。據此，本公司已與天津市政局達成補償安排包括(但不限於)以下事項：

- (i) 對本公司被拆除之收費站按其於2003年6月30日之賬面淨值人民幣3,300萬元給予了一次性現金補償。
- (ii) 自2003年5月31日起至新收費站(如下段所述)興建完成之日，按照相當於本公司去年同期所得收益，就本公司之收益損失給予補償。本公司於2003年6月確認約人民幣550萬元之淨補償收益。
- (iii) 本公司現擁有6個新收費站之收益權，期限自2003年7月1日起至2029年2月28日止。未經天津市政局允許，本公司不得將該收費權轉讓、租賃或抵押。

本公司於2003年7月24日與徵收辦簽訂了通行費委託徵收協議。根據此協議：

- i) 本公司委託徵收辦對6個新收費站實行統一收費並支付其管理費；
- ii) 本公司以一家專業顧問公司對該6個新收費站於2003年7月簽署之交通流量和通行費之預測報告中列明之各期間／年度收費金額作為核定應收各期間／年度最低收取通行費收入之標準；以及
- iii) 實際收入低於上述最低收入標準之差額將由徵收辦補給本公司。

2. Basis of preparation and accounting policies

This unaudited condensed consolidated interim financial report (the "interim financial report") has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of Rules Governing the List of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The interim financial report should be read in conjunction with the 2004 Annual Accounts.

The accounting policies and methods of computation used in the preparation of the interim financial report are consistent with those used in the annual accounts for the year ended 31st December 2004, except that upon adoption of the revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods commencing on or after 1st January 2005, certain of the Group's accounting policies were changed.

The interim financial report have been prepared in accordance with those new HKFRSs and interpretations issued and effective as at the time of preparing this information (July 2005). The new HKFRSs and interpretations that will be applicable at 31st December 2005, including those that will be applicable on an optional basis, are not known with certainty at the time of preparing this interim financial information.

The changes to the Group's accounting policies and the effect of adopting these new policies are set out in Note 3(b) below.

2. 編製基礎及會計政策

本未經審計簡明中期賬目乃按照香港會計師公會頒佈之香港會計實務準則(「會計準則」)第34號「中期財務報告」,以及香港聯合交易所有限公司(「聯交所」)上市規則附錄16而編製。

本簡明中期賬目應與2004年之年度財務報表一併閱讀。

編製本簡明中期賬目所採用之會計政策及計算方法與本公司截至2004年12月31日止年度之年度賬目一致,惟本集團採納新之香港財務報告準則及香港會計實務準則(新準則),已更改若干會計政策,該等會計準則均於2005年1月1日以後開始之會計期間生效。

本集團採納了截止報告期末(2005年7月)生效之新準則但並未採納將於2005年12月31日生效及可選擇採納之新準則,對該等尚未採納準則對中期財務狀況之影響尚無定論。

會計政策之變更及採納此等新政策之影響如附註3(b)列示。

3. New and changes in accounting policies

(a) New accounting policy

Investment property

Property that is held for long-term rental yields and that is not occupied by the companies in the consolidated Group, is classified as the investment property.

Investment property is stated at cost less accumulated depreciation and impairment. The depreciation of investment property is calculated to write-off that cost, less accumulated impairment losses, if any, on a straight-line basis over estimated useful lives for 40 years.

(b) Major changes in accounting policy

HKAS 1 Presentation of financial statement

HKAS 1 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures. Minority interests shall be presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity. Minority interests in the profit or loss of the group shall also be separately disclosed. The 2004 comparatives have been amended as appropriate.

HKAS 17 Leases

Adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to land use rights now reclassified as operating leases. In prior years, land use rights was accounted for at cost less accumulated depreciation and accumulated impairment. The 2004 comparatives have been amended as appropriate.

The retrospective application of HKAS 17 has resulted in a reclassification of unamortized lease premium for land from fixed assets to land use right, with a decrease in fixed assets a corresponding increase in land use right of Rmb7.15 million (2004: Rmb7.25 million). There was no impact on the income statement.

HKAS 32 Financial instruments: disclosure and presentation

Adoption of HKAS 32 has resulted in change in accounting policy for disclosure of financial instruments. HKAS 32 requires an issuer of a compound financial instrument (that contains both financial liability and equity components) to separate the compound financial instrument into its liability and equity components on its initial recognition and to account for these components separately. In subsequent periods, the liability component is carried at amortized cost using the effective interest method.

3. 新採納及變更之會計政策

(a) 新採納之會計政策

投資物業

投資物業系本集團為獲取長期出租收益而持有之，非為本集團所屬公司使用之房產。

投資物業按照成本減去累計折舊及減值準備後之金額計量。投資物業之折舊以成本減去減值準備(如有)以後之淨值，以直線法在使用年限40年內平均計提。

(b) 主要變更之會計政策

HKAS 1 會計報表之呈列

香港會計準則第1號改變了對少數股東權益、應佔聯營公司稅後盈利及其他事項之披露方式。資產負債表日之少數股東權益於簡明綜合資產負債表內列於權益中，與母公司股權持有人應佔之權益分別列賬。少數股東應佔溢利亦須在綜合收益表中單獨列示。本公司2004年之比較數字已按照該等要求重新列示。

HKAS 17 租賃

採納HKAS 17後，土地使用權之會計政策變更為經營租賃。於以前年度，土地使用權系按照成本減累計攤銷及減值準備入賬。本公司已相應重列2004年之比較數字。

對該準則之追溯應用使未攤銷之土地使用權餘額人民幣715萬元(2004年：人民幣725萬元)從固定資產重分類至土地使用權。該追溯應用對綜合損益表並無影響。

HKAS 32 金融工具：披露及呈列

對HKAS 32之採納改變了金融工具披露之會計政策。HKAS 32規定複合金融工具(含金融債務及權益兩種成分)之發行人，應在複合金融工具初始計量時將債務及權益分開確認及列賬。而在其後之會計期內，採用實際利率法對債務進行攤銷並按攤銷後之成本列賬。

The principal impact of HKAS 32 on the Group is in relation to convertible bonds issued by the Company that contain both liability and equity components. Previously, convertible loan notes were classified as liabilities on the balance sheet. Because HKAS 32 requires retrospective application, comparative figures have been restated. Comparative equity for 2004 has been restated as below:

該項會計政策變更主要影響集團發行之含債務和權益之可轉換債券。於以前年度，可轉換債券作為負債於綜合資產負債表列示。鑒於該準則要求回溯應用，2004年之比較數字已重新編列。2004年之比較儲備數字重列如下：

		Total reserves
		儲備
Balance at 31st December 2004, as previously reported	於 2004 年 12 月 31 日，調整前	905,763
- Equity component of convertible bonds	— 可轉換公司債券權益部分	100,215
- Fair value losses on convertible bonds	— 可轉換公司債券公允價值之損失	(47,041)
- Deferred tax impact on fair value losses	— 可轉換公司債券公允價值損失導致之遞延稅項	15,524
Balance at 31st December 2004, as restated	於 2004 年 12 月 31 日重新編列後	<u>974,461</u>

HKAS 39 Financial instruments: recognition and measurement

HKAS 39 金融工具：確認及計量

The Group's other unlisted investments, included under non-current assets, are classified as equity securities. Unlisted equity securities which are available for sale are carried at fair value and changes in fair values are dealt with as movements in the investment revaluation reserve, if any.

列示於非流動資產之非上市投資被管理層重新指定為股權證券。股權證券以公平價值入賬，公平價值變動則視作投資重估儲備變動處理。

HKAS 39 does not allow retrospective application therefore the 2004 comparatives have not been restated.

HKAS 39 不容許追溯應用，故比較數字未有作出重新編列。

4. Turnover, other revenue and segment information

4. 營業額、其他收入及分部資料

An analysis of sales, stated net of business tax, and contributions to operating profit for the period by principal activities is as follows:

以下為截止2005年6月30日止6個月按主要業務劃分之營業額及業績分析：

(a) Analysis of the Group's turnover and other revenue

(a) 本集團之營業額及其他收入分析：

		For the six months ended	
		30th June 2005	30th June 2004
		截至 6 月 30 日止六個月	
		2005 年	2004 年
Turnover (Note 4(b))	營業額 (附註 4(b))	261,768	316,052
Other gains	其他收入		
- Rental	— 租金收入	5,896	—
- Interest income	— 利息收入	5,561	466
- Others	— 其他	2,333	1,402
		<u>13,790</u>	<u>1,868</u>
Total revenue	總收入	<u>275,558</u>	<u>317,920</u>

(b) Business segment analysis

For the six months ended 30th June 2005:

		Sewage processing and construction of sewage plants 污水處理及 污水處理廠 建設	Tolls 道路收費	Construction materials 建材業務	Water recycling 中水處理	Group 合併
Sales	營業額	227,200	30,850	3,193	525	261,768
Segment results	分部業績	145,216	27,931	(1,856)	(2,791)	168,500
Finance costs	理財成本					(43,363)
Profit before taxation	除稅前盈利					125,137
Taxation	稅項					(43,506)
Net profit after tax for the period	除稅後盈利					81,631

For the six months ended 30th June 2004:

		Sewage processing and construction of sewage plants 污水處理及 污水處理廠建設	Tolls 道路收費	Group 合併
Sales	營業額	285,699	30,353	316,052
Segment results	分部業績	203,127	19,817	222,944
Finance costs	理財成本			(8,258)
Profit before taxation	除稅前盈利			214,686
Taxation	稅項			(69,518)
Net profit after tax for the period	除稅後盈利			145,168

Pursuant to the PRC tax rules, the Group is subject to PRC business tax levied at 5% of operating revenue and government surcharges levied at 10% of the amount of business tax. The business tax and government surcharges related to revenues derived from the Group during the six months ended 30th June 2005 amounting to Rmb15 million (2004: Rmb18 million) and has been deducted from the operating revenue to arrive at the turnover of the Group.

(b) 主要業務營業額及業績分析

截至2005年6月30日止6個月：

		Sewage processing and construction of sewage plants 污水處理及 污水處理廠 建設	Tolls 道路收費	Construction materials 建材業務	Water recycling 中水處理	Group 合併
Sales	營業額	227,200	30,850	3,193	525	261,768
Segment results	分部業績	145,216	27,931	(1,856)	(2,791)	168,500
Finance costs	理財成本					(43,363)
Profit before taxation	除稅前盈利					125,137
Taxation	稅項					(43,506)
Net profit after tax for the period	除稅後盈利					81,631

截至2004年6月30日止6個月：

		Sewage processing and construction of sewage plants 污水處理及 污水處理廠建設	Tolls 道路收費	Group 合併
Sales	營業額	285,699	30,353	316,052
Segment results	分部業績	203,127	19,817	222,944
Finance costs	理財成本			(8,258)
Profit before taxation	除稅前盈利			214,686
Taxation	稅項			(69,518)
Net profit after tax for the period	除稅後盈利			145,168

根據中國稅法，本集團之經營業務須繳納按經營收益5%計算之營業稅及按營業稅款10%計算之政府附加稅。於截至2005年6月30日止六個月之營業稅及政府附加稅為人民幣1,500萬元（2004年：人民幣1,800萬元）。此金額已於計算本集團之營業額時從經營收入中扣除。

The segment assets and liabilities at 30th June 2005 and capital expenditure for the six months then ended are as follows:

於2005年6月30日之分業務資產負債及截至2005年6月30日止六個月之資本支出如下：

		Sewage plant construction and Sewage plant 污水處理及 污水處理廠建設	Tolls 道路收費	Construction materials 建材業務	Water recycling 中水處理	Total 合計
Assets	分部資產	4,001,421	527,332	43,014	152,798	4,724,565
Unallocated assets	未分配資產					40,991
Total assets	總資產					4,765,556
Liabilities	分部負債	2,078,175	204,622	10,590	143,897	2,437,284
Unallocated liabilities	未分配負債					58,599
Total liabilities	總負債					2,495,883
Capital expenditure	資本開支					252,925

The segment assets and liabilities at 31st December 2004 and capital expenditure for the six months ended 30th June 2004 are as follows:

於2004年12月31日之分業務資產負債及截至2004年6月30日止六個月之資本支出如下：

		Sewage plant construction and Sewage plant 污水處理及 污水處理廠建設	Tolls 道路收費	Construction materials 建材業務	Total 合計
Assets	分部資產	4,156,240	443,540	51,978	4,651,758
Unallocated assets	未分配資產				6,000
Total assets	總資產				4,657,758
Liabilities	分部負債	2,189,747	109,034	17,385	2,316,166
Unallocated liabilities	未分配負債				20,550
Total liabilities	總負債				2,336,716
Capital expenditure	資本開支				6,577

No geographical segment analysis is presented since all of the Group's operations are in the PRC.

本集團所有業務均在中國境內開展，故未編製分地區業績報告。

5. Capital expenditure

		For the six months ended	
		30th June 2005	30th June 2004
		截至 6 月 30 日止六個月	
		2005 年	2004 年
Net book value, at beginning of period	1 月 1 日餘額		
- as previously reported	— 原先重列	2,755,054	2,526,863
- reclassification of land use rights	— 重分類至租賃土地	(724,524)	(738,433)
		<hr/>	<hr/>
- as restated	經重列	2,030,530	1,788,430
Additions in construction in progress in respect of	在建工程增加		
- sewage plant construction projects	— 污水處理廠在建工程	66,850	132,815
- sewage Water Recycling Project of the subsidiary	— 附屬公司污水回用工程	—	6,946
- others	— 其他	27,764	7,702
Additions of other fixed assets	固定資產增加	37,302	6,342
Disposals for the period	處置	(153)	(3,300)
Depreciation for the period	本期折舊及攤銷	(23,441)	(19,911)
		<hr/>	<hr/>
Net book value, at end of period	期末餘額	<u>2,138,852</u>	<u>1,919,024</u>

5. 資本開支

6. Investment property

Investment property represents the cost of the portion of the Group's office building leased to third parties. Based on the advice of an independent professional valuer, the Directors believe that the fair market value of the investment property closely approximates its book value of Rmb121 million as at 30th June 2005.

6. 投資物業

投資物業為購置辦公樓中租賃給第三方之部分所佔之成本。根據獨立資產評估機構之意見，本公司董事認為該投資物業之市場公允價值近似於其在 2005 年 6 月 30 日之賬面價值人民幣 1.21 億元。

7. Other non-current assets

Unamortized issuance expense (Note (i))	未攤銷之可轉換債券發行費用 (註釋(i))	27,688	31,148
Restricted bank deposits (Note (ii))	受限銀行存款 (註釋(ii))	20,000	20,000
	合計	<hr/>	<hr/>
		47,688	51,148

Notes:

- (i) The issuance expense of the convertible bonds (Note 13) is being amortised over the duration of the bonds. Any unamortized amount would be charged to income statement in the year when the bonds are redeemed, converted or purchased and cancelled before the maturity date on 30th June 2009.
- (ii) As at 30th June 2005, included in restricted bank deposits was an amount of Rmb20 million (2004: Rmb20 million). These deposits represent collateral deposited with a financial institution which provided guarantee for the issuance of the Company's convertible bonds.

7. 其他非流動資產

30th June 2005 **31st December 2004**

於 2005 年 於 2004 年
6 月 30 日 12 月 31 日

註釋：

- (i) 可轉換債券(附註13)之發行費用扣除發行期間凍結資金所產生之利息收入後之差額確認為長期遞延資產，在債券存續期間內平均攤銷。截至2009年6月30日前，如果可轉換公司債券發生全額贖回、轉股、回售、或者中止交易等行為，則未攤銷之可轉換債券發行費用部分一次計入當期損益。
- (ii) 於2005年6月30日，其他貨幣資金包括本公司存放於中國建設銀行天津市分行作為該分行為本公司提供可轉換債券擔保之保證金計人民幣 20,000,000 元 (2004 年：20,000,000 元)。

8. Trade receivables

Details of the accounts receivable are set out as follows:

		30th June 2005	31st December 2004
		於 2005 年 6 月 30 日	於 2004 年 12 月 31 日
Due from GCAB for:	應收貴陽城管局：		
- water processing services (Note 1(a))	- 污水處理收入 (附註 1(a))	7,621	1,981
Due from TSC for :	應收排水公司：		
- water processing services (Note 1(a))	- 污水處理收入 (附註 1(a))	127,142	133,541
- construction of plants (Note 1(b))	- 污水處理廠建設費收入 (附註 1(b))	321,538	238,484
Due from Toll Collection Office for:	應收徵收辦：		
- Tolls (Note 1(c))	- 車輛通行費收入 (附註 1(c))	19,406	19,157
Others	其他	3,340	639
		<u>479,047</u>	<u>393,802</u>

The normal credit period granted to the customers of the Group is 90 days. Although TSC has not been settling its debts in accordance with the terms of the Construction Agreement (Note 1(b)), the Directors believe all the amounts due from TSC will be fully recoverable in due course.

The aging analysis of the trade receivables was as follows:

		30th June 2005	31st December 2004
		於 2005 年 6 月 30 日	於 2004 年 12 月 31 日
One to two years	1-2 年	72,811	13,318
Within one year	1 年以內	406,236	380,484
		<u>479,047</u>	<u>393,802</u>

8. 應收賬款

應收賬款明細如下：

通常情況下，本集團給予客戶的信用期為90天。儘管排水公司未能按照建設收費協議(附註1(b))之規定按時支付建設費，董事們仍確信應收排水公司之款項最終將全額收回。

上述應收賬款賬齡如下：

9. Other receivables and prepayments

Other receivables
Prepayments

其他應收款
預付賬款

30th June 2005	31st December 2004
於 2005 年 6 月 30 日	於 2004 年 12 月 31 日
6,420	8,544
—	115,411
<u>6,420</u>	<u>123,955</u>

Prepayments as at 31st December 2004 included about Rmb115 million being the prepayment for the office building referred to in Note 6. This amount has been transferred to investment property or fixed assets during 2005.

The title to the building is currently being processed. Based on the advice from the Group's legal counsel, the Directors believe that the title will be received in due course without additional significant cost to the Group, if any.

9. 其他應收款及預付賬款

於2004年12月31日預付款項餘額主要為本公司預付給一物業發展商購辦公樓(附註6)款項人民幣1.15億元。該款項於本年度一併轉入投資物業或固定資產。

其相關之產權轉讓手續正在辦理中。根據本公司法律顧問之意見，董事們確信最終能取得相關之產權而不會產生任何額外之重大成本。

10. Share capital

Issued and fully paid up capital
(1) A shares with per value Rmb1:
Non-circulating shares
-State shares
-Legal person shares
Circulating shares
-Social public shares

公司註冊股本、已發行及繳足股本
(1) 每股面值為人民幣1元之A股：
尚未流通股份
—國家股
—境內法人股
已流通股份
—社會公眾股

(2) H shares with per value Rmb1:
Circulating shares outside China
-Social public shares

(2) 每股面值為人民幣1元之H股：
已流通境外外資股份
—社會公眾股

10. 股本

No. of shares (1,000)	30th June 2005	31st December 2004
股份數 千股	於2005年 6月30日	於2004年 12月31日
839,020	839,020	839,020
38,485	38,485	38,485
112,495	112,495	112,495
<u>990,000</u>	<u>990,000</u>	<u>990,000</u>
340,000	340,000	340,000
<u>1,330,000</u>	<u>1,330,000</u>	<u>1,330,000</u>

All the A and H shares rank pari passu in all respects.

The Company established a Sponsored Level I American Depositary Receipts ("ADR") Program with The Bank of New York (as the Depositary Bank). The Securities and Exchange Commission of The United States declared that the registration statement of the ADR Program has become effective on 23rd December 2003. Each ADR under the ADR Program shall represent 20 H shares of the Company listed on The Stock Exchange of Hong Kong Limited. The Company did not and will not issue any new shares under such ADR Program. Trading of the Company's ADR will only be made in the over-the counters markets in the United States.

所有A股及H股在各方面均享有同等權益。

本公司於2003年12月23日已與紐約銀行(作為託管銀行)建立一級美國存托憑證計劃(ADR)。美國證券交易委員會已宣佈該美國存托憑證計劃之註冊說明書生效。該美國存托憑證計劃中之每份美國存托憑證相等於二十股本公司於香港聯合交易所有限公司上市之H股股份。本公司沒有亦不會因為該美國存托憑證計劃而發行新股份。該美國存托憑證計劃中之美國存托憑證將不會在美國之任何證券交易所上市，而只會在美國場外市場進行買賣。

11. Reserves

The reconciliation and movement of reserves are as follows:

11. 撥備

以下為集團撥備之變動情況：

		Attributable to equity holders of the Company 母公司股份持有人應佔股份權益					
		Capital reserve	General reserve	Convertible bonds reserves	Retained earnings	Proposed final dividend	Total
		資本公積	盈餘公積	可轉換 債券儲備	保留盈餘	股息	合計
Balance at 1st January 2005, as previously reported	於2005年1月1日， 原先呈列	69,289	174,349	—	529,125	133,000	905,763
Convertible bonds – equity component, net of tax	可轉換債券 權益部分，除稅後	—	—	100,215	—	—	100,215
Fair value loss, net of tax – liability component of convertible bonds	可轉換公司債券 公允價值之 損失，除稅後	—	—	—	(31,517)	—	(31,517)
Balance at 1st January 2005 restated	於2005年1月1日， 經重列	69,289	174,349	100,215	497,608	133,000	974,461
Profit after tax for the period	除稅後盈利	—	—	—	82,681	—	82,681
Dividend paid relating to 2004 (note(i))	2004年股息攤派 (註釋(i))	—	—	—	—	(133,000)	(133,000)
Balance at 30th June 2005	於2005年6月30日	69,289	174,349	100,215	580,289	—	924,142
Balance at 1st January 2004, as previously reported	於2004年1月1日， 原先呈列	69,289	125,869	—	387,408	106,400	688,966
Profit for the period	除稅後盈利	—	—	—	144,138	—	144,138
Dividend paid relating to 2003 (note(i))	2003年股息攤派 (註釋(i))	—	—	—	—	(106,400)	(106,400)
Balance at 30th June 2004	於2004年6月30日	69,289	125,869	—	531,546	—	726,704

Notes:

註釋：

(i) Pursuant to the shareholders meeting on 31st May 2005, a final dividend of Rmb1 (tax included) for every ten shares, totalling Rmb133 million was declared based on the total number of shares of 1,330,000,000 as at 31st December 2004 (2004: Rmb0.8 (tax included)) for every ten shares, totalling Rmb106 million).

(ii) 本公司於2005年5月31日召開之第13次股東大會通過決議，以截至2004年12月31日止之總股本1,330,000,000股為基數，每10股派發現金紅利人民幣1元(含稅)予股東，共計人民幣133,000,000元(2004年：每10股派發現金紅利人民幣8角(含稅)予股東，共計人民幣106,400,000元。

12. Bank borrowings

(a) Long-term bank borrowings

Long-term bank borrowings include:

State Development Bank (note (i))

China Everbright Bank (note (ii))

國家開發銀行 (註釋(i))

中國光大銀行 (註釋(ii))

Less: Long-term bank borrowings repayable one year included under current liabilities

減：已列入流動負債
之一年內到期金額

These borrowings mature as follows:

Within one year

In the second year

In the third to fifth year

After the fifth year

長期銀行借款具體還款期如下：

一年以內支付

第二年內支付

第三年至第五年內支付

五年以後支付

Notes:

- (i) This loan is secured by TMEB guarantee together with certain of its fee collection rights, and bears interest according to the rates for long-term loans as promulgated by the People's Bank of China. The average prevailing interest rate is 5.76% (2004: 5.76%) per annum.
- (ii) The loan is secured by the right to receive sewage water processing fees of TSC together with Tianjin Municipal Investment Co., Ltd.'s ("TMICL") guarantee and bears interest rate ranging from 5.02% to 5.76% (2004: 5.02% to 5.76%) per annum.

12. 銀行借款

(a) 長期銀行借款

	30th June 2005	31st December 2004
	於 2005 年 6 月 30 日	於 2004 年 12 月 31 日

580,000

555,000

100,000

100,000

680,000

655,000

(55,000)

(50,000)

625,000

605,000

680,000

655,000

註釋：

- (i) 該借款由天津市政局提供保證擔保及以天津市政局擁有業務中之部分收費權作為質押。該銀行貸款利率依據中國人民銀行頒佈之長期借款利率而變動，現時年利率為5.76% (2004年：5.76%)。
- (ii) 該借款由排水公司提供污水處理費收費權作為質押以及由本公司控股股東天津市政投資有限公司(「天津市政」)提供保證擔保，年利率為5.02%到5.76% (2004年：5.02%到5.76%)。

(b) Short-term bank borrowings**(b) 短期銀行借款**

		30th June 2005	31st December 2004	Interest Rate	Guarantor
		於2005年 6月30日	於2004年 12月31日	年利率	擔保人
ShenZhen Development Bank .	深圳發展銀行	50,000	—	5.58%	—
CITIC Industrial Bank	中信實業銀行	50,000	—	5.02%	—
China Minsheng Banking .	中國民生銀行	100,000	—	5.02%	—
Shanghai Pudong Development Bank	上海浦東發展銀行	—	100,000	5.31%	—
Other banks	其他銀行	10,000	15,000	5.31%-6.42%	Company's controlling shareholder- TMICL 天津市政 (「控股股東」)
		<u>210,000</u>	<u>115,000</u>		

13. Convertible bonds

On 1st July 2004, the Company issued 1.2 million “A share” convertible bonds certificates at face value of Rmb100 each, which was listed on Shanghai Stock Exchange on 19th July 2004. The aggregate amount of bonds issued was Rmb1,200 million. The net cash received from issuance of bonds is about Rmb1,165 million after deducting the issuance expenses of about Rmb35 million.

As at 30th June 2005, TMICL held 208,809 bonds which represent 1.74% of the total convertible bonds (31st December 2004: 208,809 bonds).

Principal terms of bonds:

The bonds, guaranteed by the Construction Bank of China, Tianjin Branch (the “Guarantor”) and counter-guaranteed by TMICL, the Company’s controlling shareholder, to the Guarantor, are convertible into shares of the Company at any time on and after 1st July 2005 and prior to 30th June 2009. The initial conversion price of the bonds is set as Rmb7.7 per share and the Company is entitled to revise the conversion price during the conversion period based on the market price of the Company’s shares. Unless previously redeemed, converted or purchased and cancelled, the bonds will be redeemed within 5 days after maturity date on 30th June 2009 at 100% of the principal amount and accrued interest in the fifth year plus an interest compensation for the difference between the five times of bond interest of the fifth year and actual total interest paid in the 5 years.

13. 應付債券

本公司於2004年7月1日公開發行1,200萬張可轉換公司債券，每張面值人民幣100元，共計發行可轉換公司債券金額人民幣12億元。扣除發行費用約人民幣3,500萬元後，發行債券所融資之淨金額為人民幣11.65億元。該債券於2004年7月19日在上海證券交易所上市交易。

天津市政於2005年6月30日持有債券208,809張(2004年12月31日：208,809張)，佔該種債券總額1.74%。

主要條款

此可轉換公司債券由中國建設銀行天津市分行(「擔保人」)提供全額擔保，並由天津市政向該擔保人提供反擔保。轉股期自發行之日一年後即2005年7月1日起，至2009年6月30日前之一個交易日止，持有人可在轉股期內申請轉股。本公司可轉換債券之初始轉股價格為每股人民幣7.7元。在轉股期內，本公司董事會有權根據公司股票之市場價格修正轉股價格。如果轉股期間沒有贖回、轉股、回售或者中止交易行為之發生，在公司可轉債到期即2009年6月30日之後之5個交易日內，本公司除全額償還到期未轉股之可轉債之本金及第五年之利息外，還將補償支付到期債券持有人第5年票面利息之5倍和其5年持有期間內實際所獲利息之間之差額。

These bonds bear interest ranging from 1.7% to 2.7%. The actual interest payable to the bond holders will be based on the carrying bond interest rate and adjusted according to the five-year fixed deposit rate published by the State. For the period ended in 30th June 2005, the Company accrued the related bonds interest of about Rmb14 million (30th June 2004: nil).

The Company has the option to redeem the bonds one year after its issuance through its maturity in whole or in part at 102% of par value plus current year's interest, provided that during conversion period, the closing prices of the A shares for any 20 days in 30 consecutive trading days are not more than 130% of the conversion price.

The bond holder has the option to resell the bond to the Company in the conversion period in whole or in part according to their maturity period, provided that during the conversion period, the closing prices of the A shares for any 20 days in 30 consecutive trading days are less than 70% of the conversion price.

Fair value:

The fair values of the liability component and the equity conversion component were determined at issuance of the bonds.

The fair value of the liability component, included in long-term borrowings, was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in other reserves net of deferred income taxes. Interest expense on the bonds is calculated using the effective interest method by applying the effective interest rate of 5.6% to the liability component.

Redemption subsequent to period end:

In accordance with the term of the bonds, 8,239,020 units were redeemed during August 2005. Accordingly, the liability component of the bonds redeemed of Rmb765 million has been reclassified from long-term borrowings to current borrowings as at 30th June 2005. The fair value of the remaining liability component of the bonds at 30th June 2005 is estimated at about Rmb349 million (2004: Rmb1,097 million).

本公司發行之債券之票面年利率為1.7%至2.7%，實際支付與債券持有之利息將在票面利率之基礎上根據國家法定五年期存款利率之當時水準予以調整。截至2005年6月30日止6個月，本公司計提了債券利息約為人民幣1,400萬元（截至2004年6月30日止6個月：無）。

本公司在可轉換公司債券發行日一年後至債券存續期滿有提前贖回債券之權利。如果本公司A股股票在任何連續30個交易日中任意20個交易日之收盤價格不低於當期轉股價格之130%，本公司有權按面值之102%並另加所在計息年度年利息之價格贖回全部或部分未轉股之可轉換債券。

可轉換公司債券持有人擁有在可轉換公司債券轉股期內回售債券之權利。如果本公司A股股票在任何連續30個交易日中任意20個交易日之收盤價格低於當期轉股價格之70%時，債券持有人有權將其持有之可轉換公司債券全部或部分回售給本公司。

公允價值

可轉換債券負債部分和權益部分之公允價值在發行日確認。

負債部分之公允價值根據無轉換權利之類似普通公司債券之市場利率計算得出，其餘部分除稅後作為權益部分之價值。債券之利息費用按實際利率法計算，所使用實際利率為確定負債部分之公允價值之折現率為5.6%。

期後回售

根據債券回售條款，2005年8月期間債券持有人向公司回售了約8,239,020份債券。因此在編製截至2005年6月30日之財務報表時已將上述回售部分之可轉債價值約人民幣7.65億元轉列至流動負債，剩餘之可轉債仍在長期負債列示，餘額約為人民幣3.49億萬元（2004年：人民幣10.97億元）。

14. Specific payables

Specific payables comprise Rmb81 million (2004: Rmb81 million), loaned by TMEB to one of the Company's subsidiary and Rmb10 million (2004: Rmb10 million) is loaned by other authorities within the Tianjin Municipal Government. The loans were granted for the construction of the Group's Ji Zhuang Zi sewage water recycling plant. These loans are interest free and the method and date of repayment will only be determined after the completion of the said plants.

15. Trade and other payables

Dividend payable (Note(i))	應付股息 (註釋(i))
Payable for purchase of fixed assets	應付購買固定資產
Construction costs payable	應付建設成本
Advances from customers	預收賬款
Accrued expenses	預提費用
Trade payables (Note(ii))	應付賬款 (註釋(ii))
Others	其他
Total	合計

Notes:

- (i) The balance as at 30th June 2005 principally represents the 2004 dividend for A share shareholders which has been paid out subsequent to period end.
- (ii) The aging of trade payable as at 30th June 2005 is within one year.

14. 專項應付款

專項應付款主要包括本公司之子公司從天津市政府獲得之專項資金，共計人民幣約81,000,000元（2004年：人民幣81,000,000元），其餘之專項應付款約人民幣1,000萬元（2004年：人民幣1,000萬元）為該子公司從天津市市政府其他部門獲得，用於紀庄子污水回用工程建設。以上專項應付款自其各自取得之日起至本期末不計息，並只需在具體項目完成後才與貸款方商議還款日期和方法。

15. 應付賬款及其他應付款

	30th June 2005	31st December 2004
	於2005年 6月30日	於2004年 12月31日
	100,739	1,830
	53,892	55,000
	50,886	97,720
	43,499	52,700
	6,391	7,882
	2,485	8,408
	86,506	31,969
Total	344,398	255,509

註釋：

- (i) 2005年6月30日之餘額主要為尚未支付給A股股東之2004年股利，該等股利已於期後支付。
- (ii) 於2005年6月30日的應付賬款賬齡均在一年以內。

16. Operating profit

Operating profit is stated after crediting and charging the following:

Crediting:	計入：
Rental	租金收入
Interest income	利息收入
Charging:	扣除：
Depreciation and amortisation expenses	折舊及攤銷
Staff costs	員工成本
Raw materials and consumables used	原材料成本及物料消耗
Repair and maintenance expenses	維修及保養費用
Transportation	運費
Advertising costs	廣告費
Loss on disposal of fixed assets	清理固定資產虧損

16. 經營盈利

經營盈利已計入及扣除下列項目：

For the six months ended	
30th June	30th June
2005	2004
截至 6 月 30 日止六個月	
2005 年	2004 年
5,896	—
5,561	466
32,515	28,938
22,983	18,064
5,807	2,336
3,441	3,032
1,168	1,888
493	1,255
—	3,300

17. Finance costs

Interest on bank loans and convertible bonds	銀行貸款及可轉換債券利息
Less: Capitalised interest	減：在建工程資本化利息
Fair value loss on convertible bonds	可轉換債券公允價值重估損失
Others	其他

17. 理財成本

For the six months ended	
30th June	30th June
2005	2004
截至 6 月 30 日止六個月	
2005 年	2004 年
35,554	21,162
(14,329)	(12,904)
21,225	8,258
16,579	—
5,559	—
43,363	8,258

18. Income tax expense

No Hong Kong profits tax has been provided as the Group has no assessable profits in Hong Kong (2004: Nil). PRC income tax has been charged at 33% (2004: 33%) on the assessable profits of the Group.

Tax charge comprises:

Current PRC income tax	本期中國所得稅
Deferred income tax	遞延稅項

19. Dividend

No dividend was proposed by the Board of Directors of the Company ("Directors") for the six months ended 30th June 2005 (2004: nil).

20. Earnings per share

The calculation of earnings per share is based on the profit attributable to shareholders of Rmb82,681,000 (2004: Rmb144,138,000) and 1,330,000,000 shares (2004: 1,330,000,000 shares) in issue during the period.

As 69% of bonds were redeemed subsequent to period end, no diluted earnings per share was calculated.

18. 稅項

由於本公司在香港並無應課稅利潤，故並未作出香港利得稅撥備(2004年：無)。稅項為中國所得稅，已按本集團業務應課稅利潤之33%(2004年：33%)計算。

稅項支出包括：

For the six months ended	
30th June	30th June
2005	2004
截至6月30日止六個月	
2005年	
2004年	
48,977	69,518
(5,471)	—
<u>43,506</u>	<u>69,518</u>

19. 股息

本公司董事會於截至2005年6月30日止六個月期間並無建議派發股息(2004年：無)。

20. 每股盈利

每股盈利根據本期間股東應佔盈利人民幣82,681,000元(2004年：人民幣144,138,000元)以及期內已發行股份1,330,000,000股(2004年：1,330,000,000股)計算。

鑒於期後債券持有人將債券總額之69%回售給本公司，因此並無計算攤薄每股收益。

21. Capital commitments

21. 資本承擔

	Amount invested 投資額	Contracted but not provided for 已簽約未撥備		Authorised but not contracted for 已批准未簽約	
		30th June 2005	30th June 2005	31st December 2004	30th June 2005
	<i>Rmb' million</i> 截至 2005年 6月30日止 人民幣百萬元	<i>Rmb' million</i> 截至 2005年 6月30日止 人民幣百萬元	<i>Rmb' million</i> 截至 2004年 12月31日止 人民幣百萬元	<i>Rmb' million</i> 截至 2005年 6月30日止 人民幣百萬元	<i>Rmb' million</i> 截至 2004年 12月31日止 人民幣百萬元
Water processing plants in:	污水處理廠專案：				
- Xian Yang Lu	—咸陽路	584	56	70	561
- Ji Zhuang Zi	—紀庄子	651	16	19	387
- Bei Cang	—北倉	116	160	98	90
- Chi Bi	—赤壁	17	1	9	77
- Bao Ying	—寶應	—	—	—	65
- Qu Jing	—曲靖	—	—	—	108
Zhong Shui	中水	—	—	—	80
Office building	辦公樓	—	—	39	—
Others	其他	19	—	—	31
		<u>1,387</u>	<u>233</u>	<u>235</u>	<u>1,399</u>
					<u>1,210</u>

Furthermore, the Directors approved the following investment projects in previous periods which remain uninvested at 30th June 2005:

此外，在以前年度本公司董事會已通過以下投資項目，於本期並無變動：

	Estimated investment amount <i>Rmb' million</i> 人民幣百萬元
Construction of a sewage water processing plant 投資建設一家污水處理廠	52
Establishment of two joint ventures to operate water related business 投資設立兩家合資公司	252
	<u>304</u>

22. Related party transactions

The related parties of the Company and its subsidiaries that had transactions with the Company and its subsidiaries are as follows:

Name of related parties

關連方名稱

TSC

排水公司

Tianjin Sewage Management Bureau

No.8 Management Office

天津市排水管理處第八排水管理所

Tianjin Sewage Engineering Company

天津市排水工程公司

TMICL

天津市政

Tianjin Road & Bridge Management Bureau

天津市道路橋樑管理處

Tianjin Municipal Engineering Design Research Institute

天津市市政工程設計研究院

Scott Willson (Tianjin) Consultancy Company

偉信(天津)工程諮詢有限公司

State-owned enterprises*

國有企業*

22. 關連交易

與本公司及其子公司進行交易之關連方如下：

Nature of relationship

與本公司關係

State -owned company under the supervisory control of TMEB
同受市政局監控之國營企業或公司

State -owned company under the supervisory control of TMEB
同受市政局監控之國營企業或公司

State -owned company under the supervisory control of TMEB
同受市政局監控之國營企業或公司

Ultimate holding company, under the supervisory control of TMEB
本公司之最終控股公司

State -owned company under the supervisory control of TMEB
同受市政局監控之國營企業或公司

State -owned company under the supervisory control of TMEB
同受市政局監控之國營企業或公司

Company of Tianjin Municipal Investment Co., Ltd
本公司控股股東之聯營公司

Related parties of the Company
本公司之關連公司

* The Company is a state-owned enterprise. In accordance with the HKAS 24, "Related Party Disclosure", state-owned enterprises and their subsidiaries, other than entities under the Group, directly or indirectly controlled by the PRC government are also defined as related parties of the Company and its subsidiaries.

* 本公司是國有企業。根據修改後之香港會計準則第24號(關連方披露)，除天津創業環保股份有限公司之子公司之外，直接或間接被中國政府控制之其他國有企業和其子公司也被定義為本公司及其子公司之關連方。

The majority of the business activities of the Company and its subsidiaries are conducted with state-owned enterprises. For the purpose of the related party transactions disclosure in accordance with HKAS 24, the Company and its subsidiaries have established procedures to identify, to the extent possible, the ownership structures. Nevertheless, management believes that all material related party balances and transactions have been adequately disclosed.

In addition to the related party information shown elsewhere in the unaudited condensed consolidated interim financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of the business between the Company and its subsidiaries and their related parties during the period and balances arising from related party transactions at the end of the period.

(a) Related party balances

Included in the unaudited condensed consolidated balance sheet, the balances with state-owned enterprises are as follows:

Current assets	流動資產
Deposit with a non-bank financial institution	存放於非銀行金融機構資產
Cash and bank balances	銀行存款
Non-current liabilities	長期負債
Long-term bank borrowings	長期借款
Current liabilities	流動負債
Other payables	其他應付賬款
Short-term bank borrowings	短期借款
Current portion of long-term bank borrowings	一年內到期之長期借款

本公司及其子公司之主要商業活動都是與國有企業進行之。為根據香港會計準則第24號進行關聯方披露之目的，本公司及其子公司已盡可能地通過適當之程式來識別客戶與供應商是否為國有企業。然而管理層相信所有重大數額之關聯方餘額及交易都已經被充分地披露。

除了在本未經審計簡明綜合中期賬目其他部分列示之關聯方資訊外，下文歸納了本公司及其子公司與其關聯方在本期發生之通過正常商業途徑進行之重大關聯方交易和因為關聯方交易產生之期末餘額。

(a) 關聯交易餘額

在本未經審計簡明綜合中期資產負債表中，與國有企業之餘額如下表所示：

	30th June 2005	31st December 2004
	<i>Rmb' million</i>	<i>Rmb' million</i>
	於 2005 年 6 月 30 日	於 2004 年 12 月 31 日
	人民幣百萬元	人民幣百萬元
	—	400
	924	895
	625	605
	102	151
	60	10
	55	50
	<u> </u>	<u> </u>

(b) Related party transactions**(b) 關聯交易發生額**

		Six months ended 30th June	
		2005	2004
		<i>In Rmb' million</i>	<i>In Rmb' million</i>
		截至6月30日止六個月	截至6月30日止六個月
		2005年	2004年
		人民幣百萬元	人民幣百萬元
Revenue received from TSC:	於排水公司取得之收入		
- From sewage water processing services (Note 1(a))	— 污水處理服務費收入 (註釋 1(a))	137	222
- From construction of sewage water processing plants (Note 1(b))	— 污水處理廠建設費收入 (註釋 1(b))	92	69
Operating lease rental in respect of office premises due to TMICL (ceased during 2004)	支付天津市政 — 辦公室租賃費用 (於 2004 年內終止)	—	1
Amount payable for sewage water processing plants construction costs to other related contractors	應支付關聯建築商 污水處理廠建設成本		
- Tianjin Sewage Management Bureau No.8 Management Office	— 天津市排水管理處 第八排水管理所	1	—
- Tianjin Sewage Engineering Company	— 天津市排水工程公司	1	—
		2	—
State-owned enterprises	國有企業關聯方交易發生額		
Purchase of fixed assets	採購固定資產	2	2
Purchase of construction materials	採購工程物資	3	—
Purchase of raw materials and accessories	採購原材料及配件	19	15
Payment for plants construction	支付工程費	67	128
Drawdown of short-term bank borrowings	獲得短期借款	50	—
Drawdown of long-term bank borrowings	獲得長期借款	50	—
Interest expenses	利息支出	19	19

(c) Key management compensation**(c) 核心管理層報酬：**

		For the six months ended	
		30th June	30th June
		2005	2004
		截至6月30日止六個月	截至6月30日止六個月
		2005年	2004年
Salaries and other short-term employee benefits	工資及短期員工福利	1,556	1,462
Retirement benefits	離職補償	53	37
Other long-term benefits	其他長期福利	163	131
Total	合計	1,772	1,630

23. Financial risk management

The Group's activities expose it to a variety of financial risks, including the effects of credit risk, liquidity risk and cash flow interest rates risk.

(a) Financial risk factors

(i) Foreign exchange risk

The Group mainly operates in the PRC with most of the transactions settled in Renminbi and did not have significant exposure to foreign exchange risk.

(ii) Credit risk

The Group has no significant concentrations of credit risk. The carrying amount of cash and bank and trade receivables represented the Group's maximum exposure to credit risk. Cash is placed with reputable banks in the PRC. Majority of the Group's trade receivables relate to provision of services to a related party. The Group performs ongoing credit evaluations of the customers' financial condition.

(iii) Cash flow and fair value interest rate risk

The Group has no significant interest-bearing assets but borrowed substantial amount of short-term and long-term loans from banks at fixed and floating rates. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk.

(b) Fair value estimation

The carrying amounts of the Group's financial assets including cash and bank, trade, other receivables, deposits and prepayments; and financial liabilities including trade payables, short-term borrowings, other payables and accruals, approximate their fair value due to their short maturities.

The carrying amounts of the Group's borrowings approximate their fair value. The fair value is estimated by discounted cash flows using a discount rate based upon the borrowing rate which the directors of the Company expect would be available to the Group at the balance sheet date.

23. 風險管理

集團之業務活動中包含著信用風險、流動風險、現金流及利率風險等一系列財務風險。

(a) 風險因素

匯率風險

本集團之業務主要以人民幣結算，因此所承受之匯率風險相對較少。

信用風險

本集團並無重大之集中信用風險。本集團信貸風險之範圍為以公允價值計量之銀行存款及應收貿易賬款。銀行存款存放於中國境內有著良好聲譽之銀行。大部分之應收貿易賬款為應收關聯方之提供服務收入。本集團持續關注及評估客戶之財務狀況。

現金流及利率和相關公允價值風險

本集團並無大量含息資產，但有以固定和浮動利率取得之長短期銀行借款。利率風險之範圍為以固定利率取得之銀行借款。

(b) 公允價值評估

集團之資產包括現金及銀行存款、貿易及其他應收款、保證金及預付款，集團之負債包括貿易及其他應付款、預提費用，上述資產及負債由於其期限較短，因此其賬面價值接近於其公允價值。

借款與其公允價值接近。公允價值是將未來之現金流以本公司董事預期將會在資產負債表日取得借款之利率折現得出。

24. Significant event

Subsequent to period end, during August 2005, certain of the bond holders exercised their option to redeem their share of the convertible bonds issued by the Company, in accordance with the term of the issuance (Note 13).

25. Ultimate holding company

As at 30th June 2005, the Directors regard TMICL as the ultimate holding company.

26. Approval of interim financial report

The condensed consolidated financial statements for the six months ended 30th June 2005 was approved by the Directors on 30th August 2005.

24. 重大事項

根據本公司可轉換公司債券募集說明書發行條款之有關規定，公司可轉換債券之部分持有人於2005年8月行使其回售權（詳見附註13）。

25. 最終控股公司

截至2005年6月30日止，本公司董事會認定天津市政為其最終控股公司。

26. 會計報表之核准發出

本簡明綜合中期賬目於2005年8月30日經由本公司董事會核准發出。

IX. Supplementary Information provided by Management

九、管理層提供的補充資料

(2) The analysis on the items in the accounts with changes above and including 30%, and accounting for and including 5% of total assets at the balance sheet date or above and including 10% of total profit during the reporting period.

(二) 會計報表數據變動幅度達30%(含30%)以上，且佔本公司報表日資產總額5%(含5%)或報告期利潤總額10%(含10%)以上的項目分析。

		30th June	31st December	Difference and change		Notes
		2005	2004	Amounts	%	
		2005年	2004年	差異變動金額及幅度		註釋
		6月30日	12月31日	金額	%	
		Rmb'000	Rmb'000	Rmb'000		
		人民幣千元	人民幣千元	人民幣千元		
Prepayments to suppliers	預付賬款	1,715	118,453	-116,738	-98.55	1
Short-term loans	短期借款	210,000	115,000	95,000	82.61	2
Dividend payable	應付股利	100,739	1,830	98,909	5,404.86	3
Financial expense	財務費用	21,289	7,844	13,445	171.4	4

Notes:

- The decrease in prepayments to suppliers was attributable to an advance payment made in 2004, which represented the advance payment made by the Company to purchase an office building in the city of Tianjin from the Wingfa Group. In 2005, on this basis, the Company withdraw an unpaid amount of approximately Rmb41 million, being payment for purchasing the office building, with a total purchasing cost of approximately Rmb156 million. All these amounts after used will be transferred to fixed assets in the current year.
- Short-term loans for the period increased by Rmb95 million as increased borrowings were used as the Company's current capital.
- The increase in dividends payable for the period represented the dividends for 2004 payable to shareholders of A shares. The dividends were paid in July, 2005.
- The increase in financial expense for the period was attributable to an increase of Rmb14.04 million in interest expense in respect of convertible bonds for the period as convertible corporate bonds were not issued in the same period last year.

註釋：

- 預付賬款的減少是由於2004年預付購樓款為本公司擬購買天津市寧發集團一幢辦公樓繳付的預付款。2005年，在此基礎上本公司計提了未付購樓款約人民幣4,100萬元，購樓總成本共計約人民幣1.56億元，於本年度使用後一併轉入固定資產。
- 本期短期借款增加人民幣95,000千元，主要是增加借款用於本公司流動資金的周轉。
- 本期增加應付股利主要是尚未支付給A股股東的04年股利，該股利已於2005年7月份支付。
- 本期財務費用增加主要是去年同期尚未發行可轉換公司債券，而本期增加可轉債利息支出人民幣14,040千元所致。

X. Purchase, Sell or Redemption of the Company's listed securities

The Company and its subsidiaries did not purchase or sell or redeem any of the listed securities of the Company during the reporting period.

XI. Audit Committee

The audit committee of the Company (the "Audit Committee") comprises the independent non-executive Directors Messrs Ko Poming, Wang Xiangfei and Gao Zongze. The Audit Committee has reviewed with the management of the Group the accounting principles and practices adopted by the Group and discussed with the management of the Group the auditing, internal controls and financial reporting matters including the review of the unaudited Interim Report prepared under HK GAAP.

XII. Code on Corporate Governance Practices

None of the Directors is aware of any information that would reasonably indicate that the Company is not or was not, for any part of the reporting period, in compliance with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules.

XIII. Model Code for Securities Transactions by Directors of Listed Issuers

During the reporting period, the Company has adopted a code of conduct regarding the securities transactions by the Directors on the terms exactly the same as the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. The Company, having made specific enquiry of all Directors and Supervisors, confirmed that all the Directors and Supervisors have complied with its code of conduct regarding the securities transactions by the Directors.

十、買賣或贖回本公司之上市證券

本公司及其附屬公司並無於本報告期內贖回或買賣本公司任何上市證券。

十一、審核委員會

本公司審核委員會（「審核委員會」）成員由董事會獨立非執行董事高寶明先生、王翔飛先生及高宗澤先生組成。審核委員會已與管理層審閱本集團所採納之會計原則及方法，並已討論審核、內部監控及財務匯報等事宜，包括審閱根據香港會計原則編製未經審計的本半年度報告。

十二、企業管治常規守則

董事概無知曉任何有合理跡象顯示本公司現時或在本報告期任何時間內未有遵守上市規則附錄14企業管治常規守則的規定。

十三、上市發行人的董事證券交易的標準守則

在本報告期內，本公司已採納董事證券交易的標準守則，其條款與上市規則附錄10上市發行人的董事證券交易標準守則所規定的標準為完全相同。本公司已對所有董事及監事作出個別查詢，並確認所有董事及監事均已遵守本公司的董事證券交易的標準守則。

XIV. Documents Available for Inspection

十四、備查文件

1. Interim report for the six months ended 30th June 2005 signed by the Chairman;
 2. Statement of accounts, undersigned and sealed by the legal representative, the officer in charge of the accounting work (Chief Financial Accountant) and the officer in charge of the accounting department of the Company;
 3. Auditors' independent review report on the accounts of the Company prepared under HK GAAP for the six months ended 30th June 2005 undersigned by the certified public accountants;
 4. Original copies of documents and announcements of the Company which were publicly disclosed on newspapers and magazines specified by CSRC during the period covered by this report; and
 5. Interim report for the six months ended 30th June 2005 as published on the website operated by Hong Kong Stock Exchange (available on or before 14th September 2005).
1. 載有董事長親筆簽名的2005年半年度報告文本；
 2. 載有公司法定代表人、主管會計工作負責人（總會計師）、會計部門負責人簽名並蓋章的會計報表；
 3. 載有會計師親筆簽字的本公司根據香港會計原則編製的2005年半年度財務報告的獨立審閱報告正本；
 4. 本報告期內在中國證監會指定報刊上公開披露過的所有本公司文件的正本及公告原稿；及
 5. 在香港聯交所網站公佈的2005年半年度報告文本（於2005年9月14日或以前發佈）。

By order of the Board
Ma Baiyu
Chairman

Tianjin, the PRC

30th August 2005

承董事會命
董事長
馬白玉

中國·天津

2005年8月30日