

本人欣然呈報本公司及其附屬公司截至二零零五年十二月三十一日止年度的年度報告。

I am pleased to present the annual results of the Company and its subsidiaries for the year ended 31st December, 2005.

## (一) 報告期內公司經營情況的回顧

### 1. 概述公司報告期內總體經營情況

2005年，本公司在廣大員工的共同努力下，緊緊圍繞公司發展戰略，著眼於實現公司年度經濟指標，從目標、預算、制度、考核等關鍵方面入手，強化核心能力，努力開源節流。大力推行建立在績效考核基礎上的薪酬分配制度，將考核落到實處，加強了崗位責任和風險與績效工資之間的對應關係，切實地激發員工工作潛力。加大預算管理力度，嚴格控制費用支出，節約降耗。進行了行政辦公制度改革，進一步降低行政辦公費用支出。加大了成本管理力度，實行污水處理成本的目標管理，努力降低運營成本。調整組織結構，構建高效的管理體系，努力培育和發揮專業優勢，適應行業發展和市場開發的需要。

### 1. Review of the Company's operations during the reporting period

#### 1. The Company's overall operations during the reporting period

In 2005, under the concerted efforts of the whole staff, the Company has closely followed the Company's development strategies, with focus in realization of the Company's economic indications for the year, starting from key aspects such as objectives, budgets, systems and performance assessments, strengthened its core capabilities and made efforts to increase revenues and to minimize costs. The Company implemented the system of salary distribution based on performance assessments, strengthened position responsibilities and the corresponding relationships between risks and performance based salaries, which has really stimulated the potentials of the staff. The Company has put more efforts in budget management, strictly controlling expenditures for the purpose of saving and reduction of consumption. The Company has implemented reforms to the administration system, and further reduced administration expenses. The Company has also put more efforts in cost management, and performed an objective management in the cost of sewage water treatment to reduce its operation costs. The Company has made adjustments to its organization structure to build a highly effective management system, put efforts in cultivating and leveraging on its professional advantages, to adapt with the industrial developments and needs for market explorations.

2005年，本公司所屬污水處理廠基本穩定運行，市場開發取得優異成績。但是天津地區三個污水處理建設項目均未完工，A股可轉債券發生回售，利潤與去年同期相比有較大幅度的下滑。具體情況如下：

(1) 污水處理廠運營和污水處理項目建設

2005年，本公司所屬各污水處理廠運營基本正常，東郊污水處理廠克服了上游來水量少、設備設施老化等困難，處理水量基本達到年初目標，紀庄子污水處理廠從報告期內開始實施改造工程，改造後的紀庄子污水處理廠將與紀庄子擴建工程聯合運轉，成為一個日處理能力為54萬立方米的嶄新的污水處理廠。紀庄子污水處理廠擴建工程、咸陽路污水處理廠工程已經於報告期內出水水質達到國家標準。北倉污水處理廠完成通水調試前期準備工作。本公司在天津地區的污水處理能力達到149萬立方米/日。

另外，本公司所屬子公司貴州創業水務有限公司（「貴州創業水務」）和赤壁創業水務有限公司2005年分別實現主營業務收入人民幣2,571萬元和補貼收入人民幣100萬元。

In 2005, operations of the Company's sewage water treatment plants were basically stable, with excellent results in market developments. However, the three sewage water treatment plants construction projects in Tianjin have yet to be completed, and there were sale back of the Company's A Share Convertible Bonds, caused the significant decline of profits as compared with the corresponding period of the previous year, details of which were as follows:

(1) Operation of sewage water treatment plants and construction of sewage water treatment plants projects

In 2005, operations of the Company's sewage water treatment plants were basically stable. The Dongjiao sewage water treatment plant has overcome the problem of inadequate water flow from the upstream, ageing problems of the equipment, and the volume of its sewage water treatment has basically reached its target at the beginning of the year. During the reporting period, the Jizhuangzi sewage water treatment plant commenced its renovation project since February, and after the renovation, the Jizhuangzi sewage water treatment plant will be in joint operation with its expansion work, and become a brand new sewage water treatment plant with a daily treatment capacity of 540,000 cubic meters. During the reporting period, the water quality of the water output from the Jizhuangzi sewage water treatment plant expansion project and the Xianyanglu sewage water treatment plant project have reached national standards. The Beicang sewage water treatment plant has completed its pre-commissioning preparation works. The Company's sewage water treatment plants capacity in the Tianjin region has reached 1,490,000 cubic meters per day.

In addition, Guizhou Capital Water Co., Ltd.（貴州創業水務有限公司）（“Guizhou Capital Water”）and Chibi Capital Water Co., Ltd.（赤壁創業水務有限公司），subsidiaries of the Company, recorded income from principal operations of RMB25.71 million and subsidy income of RMB1 million respectively.

## (2) 市場開發工作

2005年，本公司本着「立足天津，服務全國」的發展戰略，積極開拓國內污水處理市場，市場開發能力得到了充分的鍛煉和提高，報告期內本公司成功開發以下項目：

## a. 江蘇寶應仙荷污水處理廠項目

2005年6月13日《關於寶應縣污水處理項目合資合作特許經營協議》正式簽署，根據協議內容，本公司已經成立寶應創業水務有限公司，註冊資金為人民幣3,800萬元，本公司持有70%股權，並由寶應創業水務公司以BOT方式建設、運營規模為2.5萬立方米／日（遠期5萬立方米／日）的寶應縣污水處理廠及其配套設施。這個項目首期投資總額約為人民幣9,340萬元，項目合作期限26年。

## (2) Market development

Based on its development strategy of "Positioning itself from a Tianjin regional player to a national player", the Company has proactively explored domestic sewage water treatment markets in 2005, its market development capabilities were fully tested and enhanced. During the reporting period, the Company has successfully developed the following projects:

## a. Jiangsu Baoying Xianhe Sewage Water Treatment Plant Project

On 13th June, 2005, the "Cooperative joint venture for licensed operation agreement relating to Baoying Sewage Water Treatment Project" was duly executed, pursuant to which, the Company has established a joint venture, Baoying Capital Water Co., Ltd. (寶應創業水務有限公司) with a registered capital of RMB38 million, in which the Company owns 70%. Baoying Capital Water Co., Ltd. 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) by way of BOT (Build-Operate-Transfer). The total investment amount of the first phase of the joint venture is approximately RMB93.4 million. The term of the licensed operation will be for 26 years.

b. 杭州七格污水處理廠項目

本公司 2005 年 6 月參與了杭州市七格污水處理廠 TOT 項目的投標，並最終中標。根據投標文件，目前杭州天創水務有限公司已經註冊成立，註冊資金為人民幣 25,744.5 萬元，本公司持有 70% 股權，杭州七格污水處理廠一期 40 萬立方米／日，已經開始運營，二期 20 萬立方米／日尚在建設中。整個項目總的投資額預計為人民幣 8.81 億，項目合作期限 26 年。

b. Hangzhou Qige Sewage Treatment Plant

In June, 2005, the Company participated in the tender of Hangzhou Qige Sewage Treatment Plant Transfer-Operation-Transfer (TOT) Project, and finally won the tender. Currently, Hangzhou Tianjin Capital Water Company Limited (杭州天創水務有限公司) with a registered capital of RMB257.445 million has been incorporated in accordance with the tender documents, in which the Company owns 70%. Phase I of Hangzhou Qige Sewage Water Treatment Plant has commenced operation, with a capacity of 400,000 cubic meters per day, while phase II with 200,000 cubic meters per day is still under construction. The total investment amount of the whole project is estimated at RMB881 million, and the term of the licensed operation will be for 26 years.

c. 安徽阜陽污水處理項目

本公司於 2005 年 8 月參加投標並中標，報告期內，阜陽創業水務有限公司已經註冊完成，註冊資本為人民幣 4,500 萬元，本公司持有 98% 股權。阜陽市污水處理廠設計處理能力 10 萬立方米／日，目前已經開始運營，該項目為特許經營權轉讓，轉讓價格約為人民幣 1.02 億元，特許經營期限為 30 年。

c. Anhui Fuyang Sewage Water Treatment Project

In August, 2005, the Company participated and won the tender. During the reporting period, Fuyang Capital Water Co., Ltd. (阜陽創業水務有限公司) with a registered capital of RMB45 million has completed registration, in which the Company owns 98%. The capacity of Fuyang Sewage Water Treatment Plant is 100,000 cubic meters per day, and has currently commenced operation. The project is under licensed operation, the transfer price is approximately RMB102 million. The term of the licensed operation is 30 years.

d. 湖北洪湖污水、自來水項目

2005年5月9日，本公司與湖北省洪湖市建設局聯合簽署了《關於合作經營洪湖市自來水廠及污水處理設施的框架協議》，根據該協議，報告期內，湖北洪湖創業水務有限公司已經完成籌建工作，註冊資本為人民幣2,000萬元（本公司持有90.1%股權）。湖北洪湖創業水務有限公司以TOT方式收購洪湖市設計能力為7萬立方米／日的污水處理廠、以及設計能力分別為8萬立方米／日和3萬立方米／日的兩座自來水廠，該項目污水部分總投資額約為人民幣5,000萬元。該項目的正式協議已於2005年12月29日正式簽署。

d. Hubei Honghu Sewage and Water Supply project

On 9th May, 2005, the Company entered into the “Cooperative framework agreement in relation to the cooperative operation of the facilities for the water plants and sewage water treatment plants in Honghu” with Honghu Municipal Construction Bureau of Hubei Province, pursuant to which Hubei Honghu Capital Water Co., Ltd. (湖北洪湖創業水務有限公司) with a registered capital of RMB20 million (in which the Company owns 90.1%) was established. Hubei Honghu Capital Water Co., Ltd has completed the preparatory works during the reporting period. It will acquire through TOT (Transfer-Operation-Transfer) the sewage water treatment plant of Honghu city with designed capacity of 70,000 cubic meters per day, and two water supply plants with designed capacity of 80,000 cubic meters per day and 30,000 cubic meters per day respectively. The total investment amount of the sewage water portion amounted to RMB50 million. The formal agreement of the project has been duly signed on 29th December, 2005.

e. 雲南曲靖污水、自來水項目

2005年6月，本公司與雲南曲靖市建設局、曲靖市供排水總公司三方簽署了《曲靖市中心城區供排水基礎設施項目合作協議》，根據協議，本公司將與曲靖市供排水總公司成立合資公司，以TOT模式收購污水處理廠及自來水廠的有關資產同時獲得其特許經營權，特許經營期為30年。該項目涵蓋了曲靖市日處理能力8萬立方米／日（擴建後達16萬立方米／日）的曲靖市污水處理廠和日生產能力分別為8萬立方米、6萬立方米、6萬立方米的第一、第二、第三自來水廠，預計資產收購價約為人民幣2.9億元。曲靖創業水務有限公司已於2005年12月註冊成立，註冊資本為人民幣1.2億元，本公司控股90.03%。

e. Yunnan Qujing Sewage Water and Water Supply Project

In June, 2005, the Company entered into the cooperation agreement on the project of recycled water supply and sewage water treatment in the central urban area of Qujing with Qujing Construction Bureau of Yunnan Province and Qujing City Recycled Water Supply and Sewage Water Treatment Corporation. Pursuant to the agreement, the Company will establish a joint venture with Qujing City Recycled Water Supply and Sewage Water Treatment Corporation, to acquire the relevant assets of the sewage water treatment plant and the water supply plant by way of TOT, at the same time acquiring its licensed operation right. The term of the licensed operation will be 30 years. The project covers the Qujing sewage water treatment plant with daily treatment capacity of 80,000 cubic meter per day (will be expanded to 160,000 cubic meter per day) and No. 1, No. 2 and No. 3 Water Supply Plants with daily production capacities of 80,000 cubic meters, 60,000 cubic meters and 60,000 cubic meters respectively. The acquisition price of the assets will be approximately RMB290 million. Qujing Capital Water Co., Ltd. (曲靖創業水務有限公司) with a registered capital of RMB120 million was incorporated in December, 2005, in which the Company owns 90.03%.

除上述開發項目外，污水處理運營項目的開發也開始有所突破，截止2005年12月31日，本公司已經成功的承接了：

- a. 天津濱海新區功能區之一的天津港保稅區污水處理廠專業化運營服務；
- b. 天津濱海快速交通發展有限公司污水處理技術服務項目；及
- c. 貴陽市設計能力為4萬立方米／日花溪污水處理廠、二橋污水處理廠和清鎮朱家河污水處理廠的專業化委托運營。

在2006年公司將會繼續擴大污水處理運營服務項目的開發力度，充分發揮自身的技術優勢，提高其對公司整體利潤的貢獻水平。

Apart from the above development project, there was also a breakthrough in the development of sewage water operation project. As at 31st December, 2005, the Company has succeeded in undertaking:

- a. the specialized operating services for the sewage water treatment plant in the Tianjin Port Bonded Area, one of the functional areas of the Tianjin Binhai New District;
- b. the sewage water treatment technological service project of Tianjin Binhai Mass Transit Development Co. Ltd.; and
- c. specialized entrusted operation of the Huaxi sewage water treatment plant and the Erqiao sewage water treatment plant and Qingzhen Zhujiuhe sewage water treatment plant with a designed capacity of 40,000 cubic meters per day in the Guiyang City.

In 2006, the Company will continue to expand development of the sewage water treatment operation service project, fully capitalize on its own technical advantage, to enhance its contribution to the overall profit of the Company.



截至 2005 年 12 月 31 日，本公司市場服務範圍涵蓋了中國的西南、長江中游地區和江浙一帶，業務涉及了供水、污水處理廠的特許經營、污水處理廠建設、技術諮詢服務等等。本公司在天津以外地區的污水處理能力也增加了 102 萬立方米／日，包含了 A/A/O、百樂克、SBR、氧化溝等多種污水處理工藝；自來水生產能力也達到 35 萬立方米／日。

As at 31st December, 2005, the scope of the Company's market services covered the Southwestern regions, midstream of Yangtze River, and Jiangsu and Zhejiang provinces. Its business involved licensed operations of water supply and sewage water treatment plants, construction of sewage water treatment plant and technical consultation services. The Company's sewage water treatment plants capacity outside Tianjin also increased to 1.02 million cubic meters per day, which included various sewage water treatment processes such as A/A/O, BIOLAK, SBR, oxidation ditch, the water supply production capacity also reached 350,000 cubic meters per day.

(3) 本公司在科技研發方面的  
主要成績

2005年本公司所屬研發中心共獲得專有/專利技術授權2項，申請專利技術3項，正在開發的專利5項，這些開發專利將主要應用於本公司在天津和外埠的污水處理廠建設和運營中，並創造可觀的經濟效益。2005年底本公司的研發中心和已設立的諮詢設計本公司以及培訓中心共同組建了設計研究院，最大程度上整合了本公司現有的研究開發和技術資源，設計研究院將繼續為本公司在污水處理專利技術的開發和應用、污水處理專業後備人才的培養等方面，為本公司未來的發展和競爭獲得持續的優勢地位奠定了良好的基礎。

(3) *The Company's major results in respect of scientific researches*

In 2005, the Company's research center has obtained two proprietary/patent technical authorizations, three patent technology applications, and five patents under development. These patent developments will be mainly applied in the Company's construction and operation of the sewage water treatment plants in Tianjin and other cities, to create significant economic efficiency. At the end of 2005, the Company's research and development center jointly established the research institution with the established Consultant and Design Company and the training center. It will maximize the integration of the Company's existing research development and technological resources. The Design Institute will continue to train professional expertise for the Company in the development and application of sewage water treatment patent technology, to lay a good foundation for the continued advantage in Company's future development and competition.

## (4) 資本市場

本公司的A股股票自2005年7月1日至2005年7月28日連續20個交易日收盤價格低於當期轉股價格的70%。根據本公司《發行A股可轉債券募集說明書》的約定，本公司A股可轉換債券已觸發回售條款。行使回售權的轉債持有人在2005年8月5日至2005年8月11日回售申報期內通過上海證券交易所交易系統進行回售申報，共有8,239,020張A股可轉債券進行回售。本次回售價格為A股可轉債券面值的102%，即人民幣102元/張。本次回售結束後，A股可轉債券剩餘3,760,980張。本次A股可轉債券回售導致了本公司年內因A股可轉債券發行費用攤銷，財務費用增加人民幣16,478,040元。同時對因本次A股可轉債券回售所導致的資金缺口，本公司安排了相應的銀行貸款進行彌補，也造成了本公司在報告期內財務成本的提高。

除了上述可轉債回售，本公司及附屬公司在報告期內沒有購回其他公司債券。

(4) *Capital markets*

The closing price of A shares of the Company for the 20 consecutive trading days between 1st July, 2005 and 28th July, 2005 was lower than 70% of the current conversion price. Pursuant to the arrangement as set out in the Company's "Prospectus for the Issuance of A Share Convertible Bonds", A Share Convertible Bonds have triggered the redemption provision. During the redemption period from 5th August, 2005 to 11th August, 2005, holders of A Share Convertible Bond who exercised their redemption right would proceed through the SSE. A total of 8,239,020 A Share Convertible Bonds were redeemed. The redemption price represented 102% of the nominal value of the A Share Convertible Bonds, i.e. RMB102 per unit. Upon completion of the redemption, there were 3,760,980 A Share Convertible Bonds remaining. The redemption of the A Share Convertible Bonds led to an increase of finance costs in the sum of RMB16,478,040 during the year as a result of the amortization of the issue costs for the A Share Convertible Bonds. To meet the shortage of funds caused by the redemption of the A Share Convertible Bonds, the Company has arranged a corresponding bank loan. This also led to an increase in the finance cost incurred by the Company during the reporting period.

Other than the above redemption of the A Share Convertible Bonds, the Company and its subsidiaries have not repurchased any other bonds of the Company during the reporting period.

(5) 影響2005年度本公司主營業務收入及利潤的主要因素分析

2005年本公司主營業務收入比去年同期下降了約19%，淨利潤比去年同期下降了約45%，主要的影響因素如下：

- a. 2005年年初，紀庄子污水處理廠改擴建工程擴建部分完成土建工程及設備安裝，污水處理工藝開始進行調試，2月老廠改造工程啟動，部分設施進行停水改造。2005年年底，紀庄子污水處理廠改擴建工程完成質量驗收，整體出水水質達標。受紀庄子污水處理廠上述工程影響，2005年本公司達標處理水量比去年同期減少，因此主營業務收入比去年同期減少約19%。
- b. 2005年，紀庄子污水處理廠改擴建工程和咸陽路污水處理廠工程調試運行期間，污水處理項目受建設週期特點影響，建設項目調試運行成本集中在調試期發生，因此導致本公司2005年主營業務成本比去年同期增加約25%。

(5) *Analysis of main factors affecting the income and profit generated from principal operations of the Company in 2005*

The income generated from principal operations of the Company in 2005 decreased by approximately 19% over the same period last year. The net profit decreased by approximately 45% over the same period last year. The major reasons are as follows:

- a. At the beginning of 2005, civil engineering project and the installation of facilities were completed at the extension of the renovation and expansion project of the Jizhuangzi sewage treatment plant, with the commencement of the testing of sewage water treatment technology. In February, the renovation project of the old plant commenced. Some facilities for water treatment was suspended for renovation. As at the end of 2005, the renovation and expansion project of the Jizhuangzi sewage water treatment plant was inspected and accepted with the overall quality of water reaching national standards. Affected by the above Jizhuangzi sewage water treatment plant project, the volume of sewage water processed meeting standards in 2005 was less than that for the same period last year. Therefore, the income generated from major operations dropped by approximately 19% over the same period last year.
- b. In 2005, during the renovation and expansion project of Jizhuangzi sewage water treatment plant and the test run of Xianyanglu sewage water treatment plant, given the impact of the construction cycle on the sewage water treatment plants projects, the cost of test run for construction project was incurred during the testing period. This led to an increase of approximately 25% in the cost for major operations of the Company in 2005 over the same period last year.

- c. 2005年本公司A股可轉債發生了溢價回售，回售部分對應的發行費用進行了一次性攤銷，同時，為了解決可轉債回售和本公司對外投資增加造成的流動資金短缺問題，本公司相應地增加了短期借款，使得同比短期借款利息支出增大。由於上述原因，導致2005年財務費用比上年同期增加了約人民幣5,200萬元，同比增長190%。
- c. In 2005, A Share Convertible Bonds were redeemed at a premium, with one-off amortization of the issue costs for the redemption portion. Meanwhile, in view of the shortage of current funds due to the redemption of the A Share Convertible Bonds and an increase in investments by the Company, the Company correspondingly secured more short-term borrowings. This led to a year-on-year increase in the interest expense for short-term borrowings. Because of the above reasons, the finance costs for 2005 increased by approximately RMB52 million over the same period last year, representing a year-on-year increase of 190%.

## 2. 分析本公司主營業務及其經營狀況

本公司的主營業務是：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；天津市中環綫東南半環城市道路，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、技術諮詢及配套服務；環保科技及環保產品的開發經營。

## 2. Operations of the Group

The principal businesses of the Company are construction, design, management, operation, technological consultation of sewage water treatment plant and their related infrastructure facilities and auxiliary services; construction, design, toll collection, repair and maintenance, management, 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; and development and operation of environmental protection technology and products.

(1) 本公司主營業務經營情況的說明

a. 污水處理及污水處理廠建設業務

報告期內，在天津地區，本公司依照與天津市排水公司（「排水公司」）簽署的《污水處理委托協議》提供污水處理服務，全年共處理污水 1.31 億立方米，實現污水處理收入人民幣 2.53 億元。其中東郊污水處理廠共處理污水 1.23 億立方米，比去年同期的 1.32 億立方米有所下降；紀莊子污水處理廠老系統（設計能力 26 萬立方米／日）從 2005 年 2 月份開始停水改造，2005 年 9 月底重新開始調試運行，並與紀莊子污水處理廠新擴建部分（設計能力 29 萬立方米／日）共同運行。報告期內，截至 2005 年 12 月 31 日，紀莊子污水處理廠工程和咸陽路污水處理廠工程出水水質均已經達到國家標準，北倉污水處理廠已經開始調試進行前的準備工作，預計將於 2006 年 6 月出水水質達標。本公司污水處理廠建設業務實際完成工程工作量人民幣 4.74 億元，按照工程進度，本公司共獲得收入人民幣 2.53 億元。

(1) Operation of the Company's principal businesses

a. Sewage water treatment and construction business of sewage water treatment plant

During the reporting period, the Company has provided sewage water treatment services in the Tianjin region pursuant to the "Sewage Water Processing Agreement" entered into with Tianjin Sewage Company (天津市排水公司) ("TSC"). The Company processed 131 million cubic metres sewage water and recorded an income of RMB253 million. The Dongjiao sewage water treatment plant has processed 123 million cubic meters of sewage water in the whole year, with some reduction as compared with 132 cubic meters in the corresponding period of the previous year. The old system of Jizhuangzi sewage water treatment plant (designed capacity of 260,000 cubic meters per day) commenced renovation since February, 2005, and in September, 2005 started its commissioning and trial operation, for its joint operation with the newly expanded portion of Jizhuangzi sewage water treatment plant (designed capacity of 290,000 cubic meters per day). During the reporting period, as at 31st December, 2005, quality of water output at the Jizhuangzi sewage water treatment plant project and Xianyanglu sewage water treatment plant project have reached national standards, and Beicang sewage water treatment plant has commenced its preparatory works for commissioning, and the quality of its water output was anticipated to attain standards by June, 2006. The actual completion of the Company's sewage water treatment construction business was RMB474 million, and according to the progress of the construction, the Company has received a total of RMB253 million.

根據目前工程進度，中國有關當局完成紀庄子污水處理廠工程和咸陽路污水處理廠工程的竣工驗收時間預計為2006年12月，而中國有關當局完成北倉污水處理廠的竣工驗收時間預計為2007年4月。根據本公司聘請的獨立工程評估師的《項目投資評價報告》，以上三個在建工程的概算總額為人民幣2,620,767,100元，截至2005年12月31日實際完成投資人民幣2,020,206,100元，未完成工程投資預計人民幣373,281,800元，預計工程建設成本人民幣2,393,489,300元，預計節約工程投資人民幣227,277,700元。按照《在建工程收費協議》計算，從2006年1月1日起至三個在建工程竣工手續完成，剩餘的尚未確認的在建工程管理費總額共計人民幣175,886,439元。

According to the current progress of works, the completion and acceptance of inspection undertaken by the relevant regulatory authorities in the PRC of the projects of Jizhuangzi sewage water treatment plant and Xianyanglu sewage water treatment plant are expected to take place in December, 2006, while the completion and acceptance of inspection undertaken by the relevant regulatory authorities in the PRC of Beicang sewage water treatment plant is anticipated to be April, 2007. According to the "Project Investment Assessment Report" of independent engineering appraiser appointed by the Company, the above three constructions-in-progress were original budgeted at RMB2,620,767,100. As at 31st December, 2005, actual investment completed were RMB2,020,206,100, and outstanding investments were estimated to be RMB373,281,800. The estimated construction cost was estimated to be RMB2,393,489,300, and estimated investments saved up to RMB227,277,700. According to calculations under the Sewage Water Plants Fee Agreement, from 1st January, 2006 until the completion of the procedures for the completion of the three constructions-in-progress, the remaining total fee amounted to RMB175,886,439.

本公司已經於2006年3月20日，與排水公司簽署《污水處理臨時服務協議》，協議的主要條款如下：

- (i) 從2006年1月1日開始，由排水公司向本公司支付由本公司所屬紀庄子污水處理廠及咸陽路污水處理廠工程處理污水的服務費至該等工程完成竣工日期止（包括通過中國有關當局的驗收），北倉污水處理廠出水水質達標後，由排水公司向本公司支付北倉污水處理廠處理污水的服務費，至該工程完成竣工日期止（包括通過中國有關當局的驗收）；

On 20th March, 2006, the Company has entered into a "Sewage Water Processing Interim Service Agreement" with TSC. The principal terms of such agreement being as follows:

- (i) Starting from 1st January, 2006, TSC will pay service fees to the Company for sewage water processed by the Company's Jizhuangzi sewage water treatment plant and the Xianyang sewage water treatment plant up to the date of the completion (i.e. including the passing of the acceptance of inspection undertaken by the relevant regulatory authorities in the PRC) of such sewage water treatment plants. After the quality of water processed by Beicang Sewage Treatment Plant reaches the national standards, TSC will pay service fees to the Company for sewage water processed by the Company's Beicang sewage water treatment plant up to the date of the completion (i.e. including the passing of the acceptance of inspection undertaken by the relevant regulatory authorities in the PRC) of such sewage water treatment plant;



- (ii) 服務費單價按照 2005 年本公司與排水公司之間執行的污水處理服務費單價(即人民幣 1.93 元/立方米)計算, 結算污水量為三個污水處理廠達標處理的污水計量水量;
- (iii) 從 2006 年 1 月 1 日起, 本公司與排水公司原《在建工程收費協議》不再執行, 剩餘在建工程量不再確認在建工程管理費;
- (iv) 其他權利義務關係按照《污水處理委托協議》執行。
- (ii) The service fee unit price is calculated based on the service fee unit price for sewage water treatment (i.e. RMB1.93/cubic meter) implemented between the Company and TSC. The volume of sewage water for settlement is measured based on the actual sewage water processed at the three sewage water treatment plants;
- (iii) Starting from 1st January, 2006, the "Sewage Water Plants Fee Agreement" entered into between the Company and TSC will no longer be effective. The fee charged for the remaining term of such agreement shall be waived;
- (iv) Other rights and obligations will be implemented pursuant to the "Sewage Water Processing Agreement".

該協議尚需經過公司獨立股東的批准。詳細情況請參考 2006 年 3 月 21 日《上海證券報》、《文匯報》、《The Standard》和上海證券交易所與香港聯交所網站。

The Sewage Water Processing Interim Service Agreement shall only be effective upon the approval by the Company's independent shareholders. For details, please refer to the Shanghai Securities, Hong Kong Wen Wei Po and The Standard dated 21st March, 2006, and the websites of the SSE and the Hong Kong Stock Exchange.

b. 公路收費業務情況

根據本公司與天津市貸款道路建設車輛通行費征收辦公室簽訂的《委托收費協議》，收費辦公室為本公司提供收費服務，並負責收費站的運營、管理、維修、養護等。2005年1月1日至2005年12月31日，本公司道路收費業務實現收入人民幣6,529萬元，從2003年7月1日公司的道路收費模式轉變為委托收費以來，收入情況基本平穩，未發生重大變化。

b. Toll road business

Pursuant to the "Toll Collection Agreement" entered into between the Company and Tianjin City Indebted Road Construction for Vehicle-passage Toll Collection Office, the Toll Collection Office has provided collection service for the Company, and was responsible for the operation, management, repair and maintenance of the toll collection station. For the period from 1st January, 2005 to 31st December, 2005, the Company's toll collection business realized an income of RMB65.29 million. Since the change of the model of toll collection to be sub-contracting toll collection on 1st July, 2003, incomes have been basically stable, with no material changes.

2. 主營業務分行業情況表

2. Analysis of the principal businesses in segments

單位：人民幣千元

Unit: RMB'000

分行業	Segments	主營業務 收入 Income from the relevant business	主營業務 成本 Principal operating costs	主營業務 利潤率(%) Profit margin of principal operating income (%)	主營業務收入 比上年增減(%) Percentage of principal operating income (%) increase(+) /decrease(-)	主營業務成本 比上年增減(%) Percentage of principal operating cost (%) increase(+) /decrease(-)	主營業務利潤率 比上年增減(%) Profit margin of principal operating income (%) increase(+) /decrease(-)
污水處理及 污水處理廠 建設業務	Operations of sewage water processing and construction of sewage water treatment plants	531,711	153,843	65.96	-22.40	+15.34	-9.07
道路及收費站業務 建材銷售	Operation of toll business Sales of construction materials	65,290	15,070	71.42	-3.09	+14.79	-3.56
中水及管網接駁	Recycled water and connection of pipeline network	1,777	1,860	-4.74	-30.96	-9.18	-25.18
		13,057	15,721	-24.81	+100.00	+100.00	+100.00

## 3. 主要業務分地區情況表

## 3. Analysis of the principal business in district segments

單位：人民幣千元

Unit: RMB'000

分地區	Segments	主營業務收入 Income from the relevant business	主營業務收入 比上年增減(%) Percentage Increase(+)/ Decrease(-)(%)
天津	Tianjin	586,125	-20.03
貴州	Guizhou	25,710	+15.68

## (2) 報告期資產構成、主要財務數據同比發生重大變動的說明

## (2) Description of year-on-year significant changes in asset composition and major financial figures

截至2005年12月31日，本公司資產總額為人民幣4,553,446千元，比2004年末的人民幣4,657,758千元減少人民幣104,312千元，減少2.24%；負債總額為人民幣2,219,143千元，比2004年末的人民幣2,405,414千元減少人民幣186,271千元，減少7.74%；股東權益總額為人民幣2,285,171千元，比2004年末的人民幣2,235,763千元增加人民幣49,408千元，增長2.21%；

As at 31st December, 2005, total assets of the Company decreased by RMB104,312,000 to RMB4,553,446,000 from RMB4,657,758,000 as at the end of 2004, decreased by 2.24%. Total liabilities decreased by RMB186,271,000 to RMB2,219,143,000 from RMB2,405,414,000 as at the end of 2004, decreased by 7.74%. Total shareholders' equity increased by RMB49,408,000 to RMB2,285,171,000 from RMB2,235,763,000 as

2005年實現淨利潤為人民幣175,857千元，比2004年人民幣323,197千元減少人民幣147,340千元，減少45.59%。現將變動較大的科目進行如下分析：

at the end of 2004, increased by 2.21%. Net profit decreased by RMB147,340,000 to RMB175,857,000 from RMB323,197,000 as at the end of 2004, decreased by 45.59%. Items with major changes are analyzed as follows:

單位：人民幣千元

Unit: RMB'000

科目名稱 Item name	期末數 Closing figure	期初數 Opening figure	增減額 Change	增減幅度 (%) Percentage change	變動說明 Description of change
貨幣資金 Monetary funds	800,294	1,341,999	-541,705	-40.36	見現金流量表變化說明。 See description of changes in cash flow statement.
應收帳款 Receivables	67,820	393,802	-325,982	-82.78	將應收污水處理建設費收入轉入長期應收款科目，導致應收款減少。 Transfer sewage treatment construction fee income receivable to long-term receivables, resulting in a reduction in receivables.
長期應收款 Long-term receivables	466,185	0	+466,185	+100	根據與排水公司簽署的合作協議，排水公司將於相關資產完工和驗收後轉讓給本公司（見會計報表附註1(b)）。於2006年4月17日，排水公司就還款作出保證，排水公司會在兩年內用上述資產置換積欠本公司的建設費收入（最終實施尚需另定合約及經股東大會的批准）。截止2005年12月31日，這些由本公司正在使用及管理的資產金額約為人民幣6.18億元。因此，董事們相信對排水公司的應收款項能夠全部收回。根據還款計劃，應收建設費收入的餘額人民幣4.66億元被重分類至長期應收款。 As discussed in Note 1 (b of the Notes to the Financial Statements), TSC would make use certain assets to settle the construction cost income owed to the Company within two years (the final implementation is subject to approval by the Company's shareholders at extraordinary general meeting).

單位：人民幣千元

Unit: RMB'000

科目名稱 Item name	期末數 Closing figure	期初數 Opening figure	增減額 Change	增減幅度 (%) Percentage change	變動說明 Description of change
預付賬款 Prepayment	4,016	118,453	-114,437	-96.61	<p>2004年預付款主要為本公司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41,000千元，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，導致預付賬款的減少。</p> <p>The prepayment for 2004 was mainly the prepayment made by the Company for purchasing an office building from Tianjin Ningfa Group. In 2005, on this basis, the Company withdrew unpaid purchase amount of approximately RMB41,000,000. The total costs for purchasing the building amounted to approximately RMB156 million which was transferred to fixed assets during the year, resulting in a decrease in prepayments.</p>
長期預付款 Long-term prepayment	40,802	0	+40,802	+100	<p>根據本公司之子公司阜陽創業水務有限公司（「阜陽水務」）與阜陽市建設委員會於2005年12月18日簽訂的協議，阜陽水務取得原屬阜陽市政府所有的阜陽市污水處理廠30年期的資產收益權，並為此支付人民幣1.02億元的對價。2005年12月31日的長期預付款為阜陽水務根據該協議向阜陽市建設委員會支付的部分預付款項。</p> <p>Pursuant to an agreement entered into between Fuyang Capital Water Co. Ltd., ("Fuyang Capital") a subsidiary of the Company, and Fuyang Municipal Construction Committee on 18 December, 2005, Fuyang Capital acquired all asset income rights in respect of Fuyang Sewage Water Treatment Plant for a term of 30 years from the Fuyang Municipal Government and paid a consideration of RMB102 million. The long-term prepayment on 31st December, 2005 was part of the prepayment made by Fuyang Capital to Fuyang Municipal Construction Committee pursuant to the agreement.</p>

單位：人民幣千元

Unit: RMB'000

科目名稱 Item name	期末數 Closing figure	期初數 Opening figure	增減額 Change	增減幅度 (%) Percentage change	變動說明 Description of change
短期借款 Short-term borrowings	595,000	115,000	+480,000	+417.39	2005年A股可轉債券的部分回售和本公司對外投資的加快對流動資金需求相應增加，導致短期借款的增加。 Part of the redemption of the A Share Convertible Bonds in 2005 and the acceleration of overseas investment by the Company has led to an increase in the demand for current funds, leading to an increase in short-term borrowing.
應付債券 Bonds payable	372,097	1,200,000	-827,903	-68.99	2005年8月A股可轉債券持有人向本公司回售了約人民幣8.24億元的A股可轉債券；同時，本年有4百萬元A股可轉債券轉換成了A股股票，導致應付債券的減少。 Holders of the A Share Convertible Bonds sold back the A Share Convertible Bonds of approximately RMB824 million to the Company on August, 2005. Meanwhile, the A Share Convertible Bonds of RMB4 million were converted into A shares during the year, resulting in a reduction in bonds payable.
長期應付款 Long-term payables	180,000	0	+180,000	+100	根據與天津市政工程局簽訂的協議，本公司獲得轉貸國債資金人民幣1.8億元。轉貸資金的還本付息期為12年。 Pursuant to the agreement entered into with Tianjin Municipal Engineering Bureau, the Company has secured loans of national debts amounting to RMB180 million. The term for repaying principal and interest is 12 years.

單位：人民幣千元

Unit: RMB'000

科目名稱 Item name	期末數 Closing figure	期初數 Opening figure	增減額 Change	增減幅度 (%) Percentage change	變動說明 Description of change
主營業務收入 Income from major operations	611,835	755,148	+143,313	-18.98	<p>2005年年初，紀庄子污水處理廠改擴建工程擴建部分完成土建工程及設備安裝，污水處理工藝開始進行調試，2月老廠改造工程啟動，部分設施進行停水改造。2005年年底，紀庄子污水處理廠改擴建工程完成質量驗收。整體出水水質達標。受紀庄子污水處理廠上述工程影響，2005年公司達標處理水量比去年同期減少。導致主營業務收入比去年同期減少約19%。</p> <p>At the beginning of 2005, civil engineering project and the installation of facilities were completed at the extension of the renovation and expansion project of the Jizhuangzi sewage treatment plant, with the commencement of the testing of sewage water treatment technology. In February, 2005, the renovation project of the old plant commenced. Some facilities for water treatment was suspended for renovation. As at the end of 2005, the renovation and expansion project of the Jizhuangzi sewage water treatment plans was inspected and accepted with the overall quality of water reaching national standards. Affected by the above Jizhuangzi sewage water treatment plant project, the volume of sewage water processed meeting standards in 2005 was less than that for the same period last year. Therefore, the income generated from major operation dropped by approximately 19% over the same period last year.</p>
財務費用 Finance costs	79,301	27,269	+52,032	+190.81	<p>2005年本公司A股可轉債發生了溢價回售，回售部分對應的發行費用進行了一次性攤銷，同時，為了解決可轉債回售和公司對外投資增加造成的流動資金短缺問題，公司相應地增加了短期借款，使得同比短期借款利息支出增大。由於上述原因，導致2005年財務費用比上年同期增加了約5,200萬，同比增長190%。</p> <p>In 2005, A Share Convertible Bonds were sold back at a premium, with one-off amortization of the issue fees for the redemption portion. Meanwhile, in view of the shortage of current funds due to the redemption of the A Share Convertible Bonds and an increase in foreign investment by the Company, the Company correspondingly secured more short-term borrowings. This led to a year-on-year increase in the interest expense for short-term borrowings. Because of the above reasons, the finance costs for 2005 increase by approximately RMB52 million over the same period last year, representing a year-on-year increase of 190%.</p>

(3) 報告期公司現金流構成情況、同比發生重大變動的說明：

(3) Description of year-on-year significant changes in asset composition and major financial figures

科目名稱 Item name	2005	2004	增減額 Change	增減幅度(%) Percentage change	變動說明 Description of change
經營活動產生的 現金流量淨額 Net cash flow from operating activities	97,180	142,285	-45,105	-31.70	本公司之子公司阜陽創業與阜陽市建設委員會於2005年12月18日簽訂協議，阜陽水務取得原屬阜陽市政府所有的阜陽市污水處理廠30年期的資產收益權，並為此需支付人民幣1.02億元的對價。2005年阜陽水務根據該協議向阜陽市建設委員會支付預付款人民幣4,080萬元。造成2005年同比2004年該項現金流淨額減少。 Pursuant to an agreement entered into between Fuyang Capital, a subsidiary of the Company, and Fuyang Municipal Construction Committee on 18 December, 2005, Fuyang Capital acquired all asset income rights in respect of Fuyang Sewage Water Treatment Plant for a term of 30 years from the Fuyang Municipal Government and paid a consideration of RMB102 million. In 2005, Fuyang Capital made a prepayment of RMB40.80 million to Fuyang Municipal Construction Committee pursuant to the agreement, resulting in a reduction in net cash flow in 2005 over 2004.
投資活動產生的 現金流量淨額 Net cash flow from investing activities	70,735	-717,221	+787,956	+109.86	2004年將受到限制的人民幣4億元銀行存款作為投資支出處理。本年收回上述受到限制的銀行存款視為收回投資的現金流入，導致2005年同比2004年該項現金流大幅增加。 In 2004, restricted bank deposits amounting to RMB400 million were treated as investment expenses. The restricted bank deposits recovered during the year were treated as cash inflow from investment recovered, resulting in a sharp increase in the cash flow in 2005 over 2004.
籌資活動產生的 現金流量淨額 Net cash flow from fund raising activities	-342,470	1,043,529	-1,385,999	-132.81	2004年發行人民幣12億元A股可轉債券使得2004年籌資收到的現金增加。本年回售了約人民幣8.24億元的A股可轉債券；造成2005年同比2004年該項現金流大幅減少。 The issuance of the A Share Convertible Bonds amounting to RMB1.2 billion in 2004 led to an increase in cash from raising funds in 2004. A Share Convertible Bonds of approximately RMB824 million were redeemed during the year, resulting in a sharp reduction in cash flow in 2005 over 2004.
現金及現金等價物 淨增加額 Net increase in Cash and cash equivalents	-174,555	468,593	-643,148	-137.25	



## (4) 本公司主要控股公司及參股公司的經營情況及業績

## 1. 主要控股公司的經營情況及業績

公司名稱 Company names	主要營業地及註冊地 Principal country of operation and country of incorporation	主要產品或服務	Major products or services	註冊資本/ 已發行股本 Registered capital/ issued share capital 人民幣千元 RMB'000	成立及經營地點 Business place of incorporation	法人類別 Kind of legal entity	所佔權益比例 Interest of the registered capital	資產規模 Scale of assets 人民幣千元 RMB'000	淨利潤 Net Profit 人民幣千元 RMB'000
天津中水 有限責任公司 Tianjin Water Recycling Company Limited (「中水公司」) ("Water Recycling Company")	中國 PRC	中水生產、銷售； 中水設施的開發、 建設；中水設備製 造、安裝、調試、 運行等	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	100,000	天津 Tianjin	有限公司 Limited Company	98%	238,690	-9,910
貴州創業水務 有限公司 Guizhou Capital Water Company Limited	中國 PRC	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	Development, construction, operation and management of urban sewage water treatment plants, 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	100,000	貴州貴陽 Guizhou Guiyang	有限公司 Limited Company	95%	142,180	3,368.60
湖北赤壁創業水務 有限公司 Chibi Capital Water Company Limited	中國 PRC	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、中水回用設 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、市政工程、 公路工程、交通工 程的項目諮詢服務	Urban sewage processing plant and tap water plant and accessory facilities, solid waste processing, development, construction, operation and management of waste water reuse facilities, research and development and marketing of environmental technology, consultation services related to projects such as water processing facilities, environmental projects, urban projects, highway projects and transportation projects.	35,000	湖北赤壁 Hubei Chibi	有限公司 Limited Company	95%	35,960	936

## (4) Operations and results of the major companies in which the Company has controlling interests and management participation

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

公司名稱 Company names	主要營業地 及註冊地 Principal country of operation and country of incorporation	主要產品或服務	Major products or services	註冊資本/ 已發行股本 Registered capital/ issued share capital 人民幣千元 RMB'000	成立及 經營地點 Business place of incorporation	法人類別 Kind of legal entity	所佔 權益比例 Interest of the registered capital	資產規模 Scale of assets 人民幣千元 RMB'000	淨利潤 Net Profit 人民幣千元 RMB'000
天津創業建材 有限公司 Tianjin Capital New Materials Company Limited	中國 PRC	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	Manufacture and sales of construction materials, new compound material products, polymer material products; technical consultation on new piping materials.	45,500	天津 Tianjin	有限公司 Limited Company	58.25%	46,580	-5,825.40
江蘇寶應創業水務 有限公司 Baoying Capital Water Company Limited	中國 PRC	市政污水處理廠和 自來水及其配套設 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、市政工 程、公路工程、交 通工程的項目諮詢 服務	Urban sewage processing plant and tap water plant and accessory facilities, development, construction, operation and management of solid waste processing facilities, research and development and marketing of environmental technology, consultation services related to projects such as water processing facilities, environmental projects, urban projects, highway projects and transportation projects.	38,000	江蘇揚州 Jiangsu Yangzhou	有限公司 Limited Company	70%	56,700	尚未開始 運營 Not yet commence business
湖北洪湖創業水務 有限公司 Hubei Honghu Capital Water Company Limited	中國 PRC	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、市政工 程、公路工程、交 通工程的項目諮詢 服務	Urban sewage processing plant and tap water plant and accessory facilities, development, construction, operation and management of solid waste processing facilities, research and development and marketing of environmental technology, consultation services related to projects such as water processing facilities, environmental projects, urban projects, highway projects and transportation projects.	20,000	湖北赤壁 Hubei Chibi	有限公司 Limited Company	90.1%	20,000	尚未開始 運營 Not yet commence business
雲南曲靖創業水務 有限公司 Qujing Capital Water Treatment Company Limited	中國 PRC	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、市政工程、 公路工程、交通工 程的項目諮詢服務	Urban sewage processing plant and tap water plant and accessory facilities, development, construction, operation and management of solid waste processing facilities, research and development and marketing of environmental technology, consultation services related to projects such as water processing facilities, environmental projects, urban projects, highway projects and transportation projects.	120,000	雲南曲靖 Yunnan Qujing	有限公司 Limited Company	90.03%	120,000	尚未開始 運營 Not yet commence business

公司名稱 Company names	主要營業地 及註冊地 Principal country of operation and country of incorporation	主要產品或服務	Major products or services	註冊資本/ 已發行股本 Registered capital/ issued share capital 人民幣千元 RMB'000	成立及 經營地點 Business place of incorporation	法人類別 Kind of legal entity	所佔 權益比例 Interest of the registered capital	資產規模 Scale of assets 人民幣千元 RMB'000	淨利潤 Net Profit 人民幣千元 RMB'000
安徽阜陽創業水務 有限公司 Anhui Fuyang Capital Water Company Limited	中國 PRC	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、市政工程、 公路工程、交通 工程的項目諮詢 服務	Urban sewage processing plant and tap water plant and accessory facilities, development, construction, operation and management of solid waste processing facilities, research and development and marketing of environmental technology, consultation services related to projects such as water processing facilities, environmental projects, urban projects, highway projects and transportation projects.	45,000	安徽阜陽 Anhui Fuyang	有限公司 Limited Company	98%	45,000	尚未開始 運營 Not yet commence business
天津創業環保(香港) 有限公司 Tianjin Capital Environmental Protection (Hong Kong) Company Limited	中國 PRC	水資源污染處理 項目運營服務、 污水處理廠建設、 城市中水處理系 統開發建設、 海水淡化系統 開發建設、污水 處理設備銷售等	Water resource pollution treatment project operation services, sewage treatment plant construction, urban recycled water treatment system development and construction, sea water desalination system development and construction, and sales of sewage treatment facilities etc.	830	香港 Hong Kong	有限公司 Limited Company	100%	830	尚未開始 運營 Not yet commence business

a. 報告期內，中水公司繼續加大管網配套建設及中水使用推廣工作，2005年本公司對中水公司進行了增資，中水公司增資後註冊資本人民幣1億元，本公司持有其98%的股份。增資情況請詳見2005年8月9日的《上海證券報》、《文匯報》、《The Standard》和上海證券交易所與香港交易所網站。由於再生水廠的規劃建設滯後和再生水的推廣使用缺乏強制性措施，中水公司的發展仍然受到制約。2005年全年，中水公司共銷售中水113萬立方米，收入人民幣163.23萬元，中水管網建設收入人民幣1,142萬元。

a. During the reporting period, the Water Recycling Company continued to enhance ancillary construction of pipeline network and promotion of the use of recycled water. In 2005, the Company made capital contributions in Water Recycling Company, and upon the capital increment, the registered capital of Water Recycling Company amounted to RMB100 million, in which the Company held 98% shareholding. For details of the capital increment, please refer to the Shanghai Securities, Hong Kong Wen Wei Po and The Standard on 9th August, 2005 and the websites of SSE and the Hong Kong Stock Exchange. Due to the delay in the construction planning of the water recycling plant and the lack of mandatory measures in the promotion of the use of recycled water, development of the Water Recycling Company was still being restricted. In the whole year of 2005, the Water Recycling Company has sold a total of 1,130,000 cubic meters of recycled water, with an income of RMB1,632,300, and income from the construction of recycled water network amounted to RMB11,420,000.

- b. 貴州創業水務有限公司所屬小河污水處理廠 2005 年的運營繼續保持良性循環，公司生產經營情況正常，全年處理污水 2,713 萬立方米，繼續保持正常盈利水平。
- c. 赤壁創業水務有限公司於 2005 年 6 月成立，仍處於建設期階段，按照特許經營協議的約定，建設期政府將給公司以一定的補貼收入。
- d. 天津創業建材有限公司 2005 年繼續虧損，報告期內，上海康拜環保科技有限公司向創業建材增資 800 萬元，增資後創業建材將進行業務重整，並轉向從事無甲醛高強度秸稈板的生產和銷售。增資情況請詳見 2005 年 12 月 29 日的《上海證券報》、《文匯報》、《The Standard》和上海證券交易所與香港證券交易所網站。
- b. In 2005, operation of the Xiaohe sewage water treatment plant of Guizhou Capital Water maintained its normal cycle, and production operation of the company was also normal, with sewage water processing capacity of 27.13 million cubic meters in the whole year, continued to maintain its normal profit level.
- c. Chibi Capital Co., Ltd. was established in June, 2005, and was still in its construction stage. As agreed under the licensed operation agreement, the government will grant certain income allowances to the company during the construction period.
- d. In 2005, Tianjin Capital New Materials Co., Ltd. (天津創業建材有限公司) ("Tianjin Capital Materials") continued to suffer losses. During the reporting period, Shanghai Compak Systems Company Limited made an additional capital contribution to Tianjin Capital Materials for RMB8 million. Upon the capital increment, Tianjin Capital Materials underwent business reorganization, and changed to be engaged in the production and sale of high rigidity environment friendly straw board. For details of the capital increment, please refer to the Shanghai Securities, Hong Kong Wen Wei Po and The Standard dated 29th December, 2005, and the websites of the SSE and the Hong Kong Stock Exchange.

2. 主要參股公司的經營情況及業績

截至報告期末，本公司投資天津北方人才港股份有限公司的總投資額為人民幣 200 萬元，佔其註冊資本的 6.1%。該公司主營業務範圍為：高級人才保障業務；高級人才服務業務（人才流動中介服務，金融擔保諮詢服務，個人資信評估）；企業人才援助工程；科技項目成果的開發、經營；房地產開發與經營業務。報告期內，該公司積極開發人才資源，建立和完善天津市人才市場，致力於為天津乃至環渤海地區吸引更多的高級人才、專業人才及技術人才。

截至報告期末，本公司投資天津市寶通輕集料有限責任公司的總投資額為人民幣 200 萬元，佔其註冊資本的 20%，該公司主營業務為：高強輕集料及其製品生產、銷售。

2. *Operations and results of the major companies which the Company invests*

As at the end of the reporting period, the Company invested RMB2,000,000 in Tianjin Beifang Rencaigang Company Limited (天津北方人才港股份有限公司) (“Beifang”), representing 6.1% of Beifang registered capital. The principal activities of Beifang comprise senior executive insurance services, senior executive personnel services (employment agent, financial guarantee consultation service, personal creditworthiness assessment); enterprise talent assistance project; development and operation of technological project achievements and real estate development and operation. During the reporting period, Beifang actively explored the sources of talented personnel, established and strengthened the personnel market in Tianjin city, and devoted its efforts to attract more senior personnel, expertise and technicians for Tianjin and the areas surrounding the Bohai district.

As at the end of the reporting period, the Company invested RMB2,000,000 in Tianjin Baotong Light Mass Materials Company Limited (天津市寶通輕集料有限責任公司) (“Baotong”), representing 20% of Baotong registered capital. The principal activities of Baotong are the production and sales of high resistance and light mass materials.

(5) 本公司主要客戶、供應商情況

前五名供應商採購金額合計 Total purchases from the top five suppliers	42,569	佔採購總額比重 Percentage of the total purchases	22.83
前五名銷售客戶銷售金額合計 Total sales to the top five customers	596,709	佔銷售總額比重 Percentage of the total sales	97.53
最大供應商採購金額合計 Total purchase from the largest supplier	18,116	佔採購總額比重 Percentage of the total purchases	9.71
最大銷售客戶銷售金額合計 Total sales to the largest customer	506,001	佔銷售總額比重 Percentage of the total sales	82.70

(5) Major customers and suppliers of the Company

	單位：人民幣千元 Unit: RMB'000		單位：% Unit: %
前五名供應商採購金額合計 Total purchases from the top five suppliers	42,569	佔採購總額比重 Percentage of the total purchases	22.83
前五名銷售客戶銷售金額合計 Total sales to the top five customers	596,709	佔銷售總額比重 Percentage of the total sales	97.53
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最大銷售客戶銷售金額合計 Total sales to the largest customer	506,001	佔銷售總額比重 Percentage of the total sales	82.70

3. 對本公司未來發展的展望

(1) 所處行業發展趨勢及公司面臨的市場競爭格局

報告期正值我國第十個五年計劃的收關之年，中央政府進一步強調落實科學發展觀和可持續發展戰略，環境保護和資源保護受到了前所未有的重視。更多的國內外以及民營水務企業投入污水處理行業，以率先佔有更多的市場份額。已經開始的國家第十一個五年規劃將「建設資源節約型、環境友好型社會」作為基本國策，並提出要「大力發展循環經濟」和「加大環境保護力度」，其中特別提到，要加大「三河三湖」、三峽庫區、長江上游、黃河中上游和南水北調水源及沿線等水污染防治力度。宏觀經濟政策的支持給中國水務行業的發展提供了重要的發展機遇期。

而目前的中國水務行業經過幾年的市場化進程，其競爭重心已經由單一的項目投資演變成為投資、設計、工程、運營各產業環節的協同競爭，對整體產業鏈的控制能力和協同效率成為產業鏈的核心競爭

3. An Outlook to the Company's Future Developments

1. Development trend of the industry in which the Company is engaged and the market competition situation faced

The reporting period being the closing year of the Tenth Five Year Plan of the PRC, the Central Government further emphasized the finalization of scientific development concept and sustainable development strategy, and environment protection and resources protection received unprecedented attention. More domestic and overseas and civil operated water supply enterprises made their investments in the sewage water treatment industry, taking their initiative in occupying more market shares. The already commenced Eleventh Five Year Plan of the State will take the "Construction of a resources saving and environmental friendly society" as the basic national strategy, at the same time upholding "Development of recycling economy" and "Enhancement of environmental protection". In which, special stress was made on the enhancement of "Three Rivers and Three Lakes", including transfer of water resources from the south to the north in the Shanjia Reservoir areas, upstream of the Yangtze River, mid and upstream of the Yellow River, and pollution preventions along these waters. The supports of the macro economic policy provided important development opportunities to the development of water supply industry in the PRC.

Currently, through the marketisation procedures of the water supply industry in the PRC in the past years, the focus of its competitions has evolved from single project investments to coordination competitions in various industrial links covering investment, design, engineering and operation, and controlling capability and coordination efficiency over the overall industrial chain has become the core competitiveness of the industrial chain. The fusion of capital

力。資本運作能力與運營能力的融合成為了領先的水務企業發展的共同趨勢，中國水務行業的主要參與者也正在努力從單純的投資商成長為投資運營服務商。作為一種長期經營的服務性產業，以運營服務為核心的科技研發和綜合服務能力將最終成為企業長期獲利的關鍵，也是水務公司抵禦風險、降低成本的主要手段。隨著市場機制的深入，專業化的水務運營服務公司、諮詢機構成為行業競爭的重要參與力量。

**(2) 本公司未來的發展機遇、發展戰略和新年度的經營計劃**

報告期內，本公司根據市場發展情況，本著「立足天津，服務全國」的發展戰略，在扎實做好現有污水處理廠的運營的現有污水處理項目建設任務的同時，繼續狠抓科技研發和成本控制，積極發揮自身技術和運營經驗的優勢，大力拓展天津和外埠的污水處理廠特許經營和運營服務市場，塑造環保，尤其是污水處理的專業品牌。面對行業的發展機遇和挑戰，2006年，本公司重點突出和強調市場化這個主題，圍繞市場化的各個要素，繼續狠抓管理，充分發揮本公司的專業優勢，規範運營，降低成本，提高效益，適當調整開發工作的方向和重點，為本公司成為污水處理市場的旗艦企業奠定基礎。

operation capability with operation capability has become the mutual trend in the development of leading water supply enterprises. The major participants in the water supply industry in the PRC are also making efforts to grow from pure investors to investment operation service provider. As a long-term operation service industry, technological research with operation service as the core and comprehensive service capability will finally become the key to the long-term success of the enterprise, and also the main resort for water supply companies against risks and cost reduction. With the in-depth development of the market mechanism, professional water supply operation service companies, consultative institutions will become important participating forces in the industrial competitions.

**2. The Company's future development opportunities, development strategies and operation plans in the coming year**

During this reporting period, in accordance with market development and adhering to the development strategy of "Working in Tianjin, Serving the Entire Country", the Company has done a solid work on the operation of sewage water treatment plants and the construction of sewage water treatment plants projects. At the same time, the Company has continued to step up efforts in technology research and development and cost control, actively capitalize on the advantages of its own technology and operation experience, strive to expand the franchised operation and operation services of sewage water treatment plants in the markets of Tianjin and other cities, and create professional brands for environmental protection, in particular sewage water treatment. Facing development, opportunities and challenges in the industry, the Company has focused on and emphasized the theme of marketization in 2006. Centering on various factors of marketization, the Company has continued to strengthen management, fully capitalize on the Company's professional advantages, regulate operations, reduce costs, increase effectiveness, and make appropriate adjustments to the direction and focus of the development task, thereby laying a foundation for the Company to become a flagship enterprise in the sewage water treatment market.

- (1) 確保污水處理廠的安全運營，完成污水處理建設項目竣工驗收

天津地區污水處理項目今年將全部進入運行狀態，保證各污水處理廠安全、平穩運行，保證水質、提高水量，使公司的污水處理設施最大程度的發揮功用仍將作為一項基礎工作，確保完成。污水處理廠建設方面要完成後續工程並完成紀庄子污水處理廠改擴建、咸陽路污水處理廠竣工驗收，開始北倉污水處理廠通水調試，年中達標出水，為明年一季度完成竣工驗收作準備。

- (2) 全面加強管理，提升本公司適應市場化運作的能力

繼續做好本公司科技研發和成本管理工作，增強自主創新能力，加快科研成果的轉化，使其儘快應用於生產運營；積極開展技術改革，加強新技術、新設備、新材料、新工藝的應用，努力降低單位運行成本，提高本公司運營水平和技術管理水平，保證本公司在行業內技術領先的競爭優勢。

- (1) *Ensuring the safety operation of sewage water treatment plants, to complete the acceptance of inspection upon completion of sewage water treatment construction projects*

All the sewage water treatment plants projects in Tianjin region will commence operation this year. To ensure the safe and stable operation of the various sewage water treatment plants, ensure water quality and enhance water output so as to maximize the function of the Company's sewage water treatment facilities will still be treated as a basic work which requires the Company to ensure its completion. In respect of the construction of the sewage water treatment plants, the follow-up works need to be completed, and upon the completion of the renovation and expansion project of Jizhuangzi sewage water treatment plant and the completion and acceptance of inspection of Xianyanglu sewage water treatment plant, the Beicang sewage water treatment plant will commence its commissioning, and is expected to attain the standards in water output during the year, making ready for the acceptance of inspection upon its completion by the first quarter next year.

- (2) *Overall strengthening in management, enhancement in the Company's capability in adapting to market operations*

The Company will continue to carry out its technological researches and cost control, strengthen its self innovation capability, accelerate conversions of the results of the technological researches, thereby applying on production operations at the earliest possible; proactively commence in technical reforms, strengthen application of new technology, new equipment, new materials and new process, make efforts to reduce unit operation costs, enhance the operation level and technical management level of the Company, so as so ensure the Company's technological leading competitive edge in the industry.



## (3) 適當調整市場開發工作方向和重點

2005年本公司已在國內水務市場獲得一些市場份額和品牌形象，2006年本公司將以污水處理運營和技術研發作為核心競爭力，進一步明確水務投資運營商的戰略定位，調整以資金能力為核心的項目合作模式，以輸出運營管理技術為主要的盈利模式，同時優選投資型項目進行投資，將現有的資本優勢與運營品牌資源充分整合，獲得長期、穩定的收益。同時2006年本公司也將繼續開拓新的融資渠道，降低融資成本，改善財務結構。

2006年本公司的市場開發工作將繼續以中國的西南地區、長江中游地區和江浙一帶已有項目公司為基礎，鞏固服務品牌，開拓區域服務市場，繼續擴大市場佔有份額。同時，隨著國家將天津濱海新區納入「十一五」發展規劃綱要，本公司也將加大對天津及天津周邊尤其是濱海新區的污水處理項目的開發工作。

(3) *Making suitable adjustments to the direction and focus in market development*

In 2005, the Company has secured certain market shares and brand awareness in the water supply market in the PRC. In 2006, the Company will take sewage water treatment operations and technological researches as its core competitiveness, further ascertaining the strategic positioning as a water supply investment operator, making adjustments to its project cooperation models with capital strength as the core, and exports of operation management technique as its major profit model, at the same time selecting quality investment projects for its investments, fully integrating existing capital edges with operational brand resources, and has obtained long-term and steady revenue. At the same time, the Company will also continue to explore for new financing channels in 2006, to reduce financing cost and improve financial structure.

In 2006, the Company's market development will continue to be based on the South-western regions, upstream regions of Yangtze River and the Jiangsu-Zhejiang regions where project companies have been established, consolidate its service brand-name, explore for regional service markets, and continue to expand its market share. At the same time, following the State's inclusion of Tianjin Binhai new district within the "Eleventh Five Year Plan" development planning outlines, the Company will also enhance its developments in Tianjin and the peripheral districts, in particular the sewage water treatment project in Binhai district.

(4) 做好股權管理工作，提高股權投資收益水平

為了提高本公司整體收益水平，本公司在2006年將對現有的股權投資的收益質量進行更加有效管理，通過合理佈局建立合理的資產投向分佈結構，平衡和分散風險，以推動公司總體戰略發展目標的實現。對一些偏離公司戰略發展方向，而且收益狀況差的股權投資，以合適的方式進行處置，減少投資損失，提高資金使用效率。

(3) 資金需求和使用計劃

報告期內，截至2005年12月31日，本公司的資產負債比率（總負債／總資產）為48.74%。

為實現本公司發展戰略目標，本公司將綜合考慮資金投向，需求額度及融資成本等因素，積極開展多種渠道的融資方式。2006年融資方式計劃主要是通過銀行貸款和發行短期融資券。

(4) 公司面臨的風險因素及對策分析

(1) 宏觀政策風險

本公司的主營業務為污水處理建設及運營和道路收費業務，其中天津地區目前的污水處理業務按照天津市政投資有限公司與排水公司於2000年10月10日簽訂的《污水處理委託協議》（該協議

(4) Carry out shareholding management, enhance the level of investment revenue in shareholding

In 2006, in order to enhance the Company's overall level of revenue, the Company will carry out more effective management to the revenue quality of its existing equity investments, and to build up a reasonable asset allocation structure through reasonable deployments, so as to balance and diverse risks to realize the promotion of the Company's overall strategic development objectives. For some equity investments which deviated from the Company's strategic development direction with poor revenue, it shall be disposed in an appropriate manner, so as to minimize investment losses and enhance capital application rate.

3. Capital demands and application plans

During the reporting period, as at 31st December, 2005, the gearing ratio (Total Liability divided by Total Asset) of the Company is 48.74%.

To realize the Company's strategic objective for development, the Company will consider various factors such as where the funds shall be invested in, the amount required and financing costs and actively develop various channels for financing. It is planned in 2006, funds will be mainly raised through bank loans and the issuance of short-term financing notes.

4. Analysis on risk factors faced by the Company

(1) Risks associated with macro policy

The key business of the Company is the construction and operation of sewage water treatment and toll road business. Of these, the current sewage water treatment business in Tianjin district has obtained revenue pursuant to the "Sewage Water Processing Agreement" entered into between Tianjin Municipal Investment Company Limited ("TMICL") and TSC on 10th October, 2000 (the agreement was subsequently transferred to the Company by TMICL on 20th

其後由天津市政投資於2000年12月20日轉讓予本公司)獲取收益。根據《污水處理委託協議》確定的計價公式，污水處理服務費單價應可彌補污水處理的經營成本和稅收，並可獲得固定資產賬面淨值餘額全年平均數15%的年回報。

從2003年開始，國家主管部門對於公用事業的政策文件相繼出台，報告期內，天津市政府也據此頒佈了《天津市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]，並於2005年9月1日開始執行，該管理辦法內容涵蓋了包括公交、城市供水、燃氣、供熱、污水處理、垃圾處理等在內的天津市市政公用事業的特許經營。辦法的主要條款如下：

- a. 新建項目的特許經營者通過公開招標方式確定；
- b. 授權市建設行政主管部門負責市政公用事業特許經營的組織實施；
- c. 特許經營者應當執行國家和本市市政公用事業產品價格和服務收費標準。

December, 2000). According to the calculation formula under the "Sewage Water Processing Agreement", the unit price of the sewage water processing service fees should be able to compensate the operation costs and taxation from the sewage water treatment, and obtain an 15% return per annum on the balance of the net book value of fixed assets.

Starting from 2003, the State authorities have issued various policy documents on public utilities, pursuant to which Tianjin government also issued the "Methods for the administration of licensed operations of public utilities of Tianjin Municipality" [Tianjin People's Government Order No. 91] during the reporting period, which was effective from 1st September, 2005. The contents of the administration method covered licensed operations of public utilities of Tianjin Municipality, including public communication, city water supply, gas, heat supply, sewage water treatment, garbage treatment. The major terms of the Method are as follows:

- a. Licensed operators of new projects shall be ascertained by tendering;
- b. The municipal construction administration authorities shall be authorized to take charge of organizing of licensed operations of municipal public utilities;
- c. The licensed operators shall implement the municipal public utility product prices and service charge standards of the State and the city.

- d. 特許經營期限最長不得超過 30 年。
- e. 現有市政公用事業項目，經市建設行政主管部門審核並報市人民政府批准後，可以直接授予原經營者特許經營權，由市建設行政主管部門與經營者簽訂特許經營協議。

依照上述管理辦法規定，報告期內，本公司已經向天津市建設行政管理部門申請了本公司所屬天津市四座污水處理廠的特許經營權。由於目前特許經營管理辦法的實施細則尚在確認之中，我們尚無法確認相關的特許經營協議的內容和時間表，本公司將會及時發布有關公告。目前本公司在天津已經擁有了四座污水處理廠，總的污水處理能力達到了 149 萬立方米/日，天津地區的污水處理率也達到 75%，成功獲得天津地區的污水處理特許經營權，能夠進一步從法律和政策角度保障公司在天津地區的污水處理事業的健康發展。

- d. The term of the licensed operation shall not exceed 30 years.
- e. Having been reviewed by the municipal construction administrative authorities and approved by the People's Government, the existing municipal public utility projects can be directly granted to the existing operators for licensed operations, and licensed operation agreements shall be entered into between the municipal construction administrative authorities with the operators.

Pursuant to the above management measures, during the reporting period, the Company has applied to the construction administration department in Tianjin for the franchise for operating its four sewage water treatment plants in Tianjin. Since the details on the implementation of the management measures for franchised operation are yet to be confirmed, we are uncertain about the content and timetable of the franchised operation agreement. The Company will publish a timely announcement. Currently, the Company has four sewage water treatment plants in Tianjin with a sewage water treatment capacity of 1.49 million cubic metres per day. The sewage water treatment rate in the Tianjin region has also reached 75%. Successfully obtaining the sewage water treatment franchise in the Tianjin region can further safeguard the healthy development of the sewage water treatment of the Company in the Tianjin region from the legal and policy angles.

同時本公司從 2002 年開始走出天津，截至目前已經在中國的西南、長江中游地區和江浙一帶，通過特許經營的方式，擁有了 102 萬立方米/日的污水處理能力和 35 萬立方米/日的供水能力，通過在外埠水務市場的拓展，目前本公司已經適應了水務市場的市場化收益模式，並且本公司正在憑著這種模式開拓更廣大的水務市場。

(2) 市場或業務經營風險

報告期內，由於國內水務市場的競爭更加激烈，原材料和電力價格持續上漲，本公司污水處理廠運行成本受到一定的影響。本公司將通過對已開發的主要水務市場實施集中管理、集中採購、開源節流等多種方式努力控制成本，並通過發揮本公司在污水處理運營管理和技術研發等方面的核心能力，將影響降低到最小範圍內。

Meanwhile, the Company has extended its presence to regions outside Tianjin starting from 2002. Up to the moment, the Company has possessed a sewage water treatment capacity of 1.02 million cubic metres per day and water supply capacity of 350,000 cubic metres per day in Southwest, middle reaches of Yangtse River, Jiangsu and Zhejiang, China through franchised operation. Through expansion in the water markets of other cities, the Company has been adapted to the marketized income model of the water market. Besides, capitalizing on this model, the Company is developing an even more extensive water market.

(2) *Risks associated with the market or business operation*

During the reporting period, due to the intensifying competitions in domestic water supply market, prices of raw materials and power continued to rise, causing certain impact to the operating cost of the Company's sewage water treatment plants. The Company will make efforts in cost control through centralized management, centralized purchasing, exploit for resources and saving expenditures, so as to minimize the impact. The Company will strive to control costs by centralizing management and purchasing and increasing income and decreasing expenditure in major developed water markets. Besides, it will leverage on its core capability in sewage treatment operation management and technology research and development to minimize the impact.

#### 4. 本集團投資情況

報告期內本公司投資額為人民幣446,210,000元，比上年增加人民幣137,000,000元，變化的比例為44.30%。

##### (1) 募集資金使用情況

本公司於2004年通過發行A股可轉債券募集資金人民幣1,165,390,000元，已累計使用人民幣16,411,000元，其中本年度已使用人民幣90,660,000元，尚未使用人民幣177,380,000元，尚未使用募集資金將繼續投入三個在建工程。

#### 4. Investments of the Group

The Company's total investments during the reporting period was RMB446,210,000, an increase of RMB137,000,000 representing an increase of 44.30% as compared with the last financial year.

##### (1) Use of the proceeds

In 2004, the Company raised fund of RMB1,165,390,000 by the issue of A Share Convertible Bonds, and has utilised an aggregated of RMB164,110,000 of which RMB90,660,000 was used during the year, with a balance of the proceeds of RMB177,380,000 will continue to invest into three construction-in-progress.

## (2) 承諾項目使用情況

## (2) Projects committed

單位：人民幣千元  
Unit: RMB'000

承諾項目名稱	Committed project names	咸陽路污水處理廠 工程項目 The construction project of Xianyanglu sewage water treatment plant	紀庄子 污水處理廠 (擴建) 工程 (含東南郊一帶 排水工程) The expansion project of Jizhuangzi sewage water treatment plant	北倉污水處理廠 工程項目 The construction project of Beicang sewage water treatment plant	合計 Total
擬投入金額	Intended investment amount	620,000	321,100	149,900	1,090,000
是否變更項目	Will the actual investment amount be changed?	否 No	否 No	否 No	
實際投入金額	Actual investment	98,690	24,950	40,470	164,110
項目進度	The work progress	水區已通水調試，出水達標，泥區除部分收尾工程，基本完工，準備進行調試運行。此外，工程正在進行消防、規劃等專業驗收工作。廠外管道工程及泵站建設全部完工。 The water area has undergone water treatment testing with the treated water meeting standards. Other than some finishing works, projects in the mud area have been basically completed and preparations are being made to carry out testing. In addition, the projects are undergoing the professional inspection and acceptance procedure for fire prevention and planning.	水區已通水調試，出水達標。泥區主體土建及設備安裝已基本完成，準備調試運行。工程已通過環保證驗收，正在進行質量、消防等各專業驗收。 The water area has undergone water treatment testing with the treated water meeting standards. Major civil engineering works and the installation of facilities have been basically completed in the mud area. Preparations are being made to carry out testing. The projects have been inspected and accepted for environmental protection and are undergoing the professional inspection and acceptance procedure for quality and fire prevention.	廠內水區工程完工，正在陸續進行單體調試，泥區建、構築物土建、設備安裝基本完工。廠外泵站主體土建完成，設備安裝正在進行。 The water area works within the plant have been completed and are successively undergoing single-body testing. Buildings, structures, civil engineering works and the installation of facilities in the mud area have been basically completed. The major civil engineering works of the pump station outside the plant has been completed. The installation of facilities is in progress.	
是否符合計劃進度	Does the project carry out as scheduled		否 No	否 No	是 Yes
未達到計劃進度和收益說明 Reasons for project behind schedule and the income not up to the intended level	以上兩個在建工程的建設進度，由於 SARS、外資銀行採購程序複雜等原因比發行 A 股可轉債券募集說明書的計劃進度有所推延，截至 2005 年 12 月 31 日各項工程已經基本完工，但是由於污泥消化系統安全檢測週期較長，尚未投入使用。 Because of SARS and the complicated purchasing procedures for the foreign banks, the construction of the above two projects has lagged behind the planned schedule as set out in the Prospectus for the issuance of the A Share Convertible Bonds. As at 31st December, 2005, all projects have been basically completed. However, the mud digestion system has not been put in use as it has a longer safety inspection cycle.				

註：1. 目前由於項目尚未完工投入運營，項目的收益情況無法進行量化。

Note: 1. The income from the project cannot be measured because the project has not been completed or commenced operation at present.

(3) 非募集資金的重大投資情況

- (1) 本公司於2005年8月8日以傳真方式召開了第三屆十六次董事會，會議審議批准了《關於對天津中水有限公司增資的議案》(以下簡稱「該議案」)，本公司將對控股子公司中水公司增資人民幣8,000萬元，以擴大中水公司生產能力及再生水應用範圍，加快公司的壯大和發展。本次增資將主要用於建設咸陽路再生水廠。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，設計生產能力為5萬立方米/日，工程投資估算總額為人民幣13,429.46萬元。建設工期約為2年。增資情況請詳見2005年8月9日的《上海證券報》、《文匯報》和上海證券交易所與香港聯交所網站。
- (2) 其他非募集資金項目詳見本年度報告「董事長報告書－報告期內公司經營情況的回顧」

(3) Major investments made out of funds other than proceeds from subscription

- (1) The Company convened the 16th meeting of the 3rd Board of Directors by facsimile on 8th August, 2005. The meeting considered and approved the “resolution of the increase in the registered capital of Water Recycling Company” (hereinafter abbreviated as the “resolution”). The Company will inject an additional capital of RMB80 million into Water Recycling Company to expand the production capacity of Water Recycling Company so as to accelerate the expansion and development of the Company. The increased capital will be mainly utilized in the Xianyanglu sewage water recycling plant. The customers of the Xianyanglu sewage water recycling plant will be residential districts and industrial users such as Yangliuqing Power Plant within its planned area. The plant has a designed production capacity of 50,000 cubic metres per day and the estimated total project investment amount was RMB134.2946 million. The construction period is approximately 2 years. For details of the increased capital, please see the Shanghai Securities, Hong Kong Wen Wei Pao, The Standard and websites of the SSE and the Hong Kong Stock Exchange on 9th August, 2005.
- (2) For other non-fund raising items, please see “Directors’ Report – Review on the Company’s operation during the reporting period”.



## 5. 董事會日常工作情況

## (1) 報告期內本公司董事會的會議情況及決議內容

1、 第三屆董事會第十二次會議於 2005 年 2 月 22 日召開

- a) 審議通過了關於安品東先生辭去本公司總會計師的議案；
- b) 審議通過了關於聘任陳銀杏女士為本公司總會計師的議案；
- c) 審議通過了關於聘任郭輝先生為本公司總經濟師的議案。

決議公告刊登在 2005 年 2 月 22 日《上海證券報》、《文匯報》、《The Standard》

2、 第三屆董事會第十三次會議於 2005 年 4 月 14 日召開

- a) 審議通過了關於在境內外公布 2004 年年度報告和 2004 年年度報告摘要的議案；
- b) 審議通過了經境內外會計師審計的 2004 年年度財務會計報告的議案；
- c) 審議通過了 2004 年度董事會工作報告；

## 5. Review of Board Activities

## (1) The Board meetings and resolutions passed during the reporting period

1. The 12th meeting of the 3rd Board of Directors was convened on 22nd February, 2005:

- a) considered and approved the resolution on the resignation of Mr. An Pindong as the Chief Accountant of the Company;
- b) considered and approved the resolution on the appointment of Ms. Chen Yinxing as the Chief Accountant of the Company;
- c) considered and approved the resolution on the appointment of Mr. Guo Hui as the Chief Economist of the Company;

Announcement on the resolutions was published on Shanghai Securities, Hong Kong Wen Wei Po and The Standard dated 22nd February, 2005.

2. The 13th meeting of the 3rd Board of Directors was convened on 14th April, 2005:

- a) considered and approved the resolution on the 2004 annual report and the summary of the report announced within the PRC and overseas;
- b) considered and approved the resolution on the 2004 financial statements of the Company audited by the PRC and international auditors of the Company;
- c) considered and approved the resolution on the 2004 working report of the Board;

- |  |   |
|--|---|
| d) 審議通過了2004年度財務決算和2005年度財務預算報告的議案；                                  | d) considered and approved the resolution on the 2004 final financial accounts and the 2005 financial budget of the Company;  |
| e) 審議通過了2005年度經營發展計劃；  | e) considered and approved the resolution on the 2005 operating and development plan of the Company;  |
| f) 審議通過了關於董事會審核委員會關於繼續聘請普華永道中天會計師事務所有限公司和香港羅兵咸永道會計師事務所為本公司境內外審計師的建議； | f) considered and approved the resolution on the re-appointment of PricewaterhouseCoppers Zhong Tian CPAs Co., Ltd and PricewaterhouseCoopers CPAs in Hong Kong as the PRC and international auditors of the Company by the audit committee of the Company; |
| g) 審議通過了本公司2004年度利潤分配預案；   | g) considered and approved the resolution on the 2004 profit appropriation plan of the Company;   |
| h) 審議通過了關於《薪酬分配與績效考核方案（試行）》的議案；                                      | h) considered and approved the resolution on the “remuneration allocation and performance appraisal (interim) proposal”;  |
| i) 審議通過了關於提名高宗澤先生和王翔飛先生為公司第三屆董事會獨立非執行董事候選人的議案；                       | i) considered and approved the resolution on the nomination of Mr. Gao Zongze and Mr. Wang Xiangfei as candidates for independent non-executive Directors of the 3rd Board of Directors of the Company;   |
| j) 審議通過了關於修訂本公司《公司章程》的議案；  | j) considered and approved the resolution on an amendments to the articles of association of the Company;   |
| k) 審議通過了關於調整本公司部門設置的議案；  | k) considered and approved the resolution on the modification of the department structure of the Company;   |

- |  |  |
|--|--|
| <p>l) 審議通過了關於建立本公司投資者關係管理制度的議案；</p>                        | <p>l) considered and approved the proposal on investors' relation management of the Company;</p>   |
| <p>m) 審議通過了關於修訂本公司〈董事會議事規則〉的議案；</p>                        | <p>m) considered and approved the resolution on an amendments to the rules governing the procedure for operating the Board meeting of the Company;</p>                         |
| <p>n) 審議通過了關於申請流動資金貸款的議案；</p>                              | <p>n) considered and approved the resolution on the application for liquidity loans;</p>   |
| <p>o) 審議通過了關於向股東大會申請授權配發及發行新股份 (H 股) 的議案；</p>              | <p>o) considered and approved the resolution on the grant of mandate at the general meeting for the issuance of new shares (H Shares);</p>                                     |
| <p>p) 審議通過了關於與湖北省赤壁市建行局簽署《赤壁市污水處理廠 (BOT) 項目特許經營協議》的議案；</p> | <p>p) considered and approved the Franchise Operation Chibi Sewage Treatment by way of BOT model entered into between the Company and Chibi Municipal Construction Bureau.</p> |
| <p>q) 審議通過了關於召開 2004 年年度股東大會的建議。</p>                       | <p>q) considered and approved the resolution on convening the 2004 annual general meeting.</p>   |

決議公告刊登在 2005 年 4 月 15 日的《上海證券報》、《文匯報》、《The Standard》

Announcement on the resolutions was published on Shanghai Securities, Hong Kong Wen Wei Po and The Standard on 15th April, 2005.

3. 第三屆董事會第十四次會議  
2005年4月28日召開
- 審議通過了關於在境內外公布2005年第一季度報告及其摘要的議案。
- 2005年第一季度報告及其摘要的公告刊登在2005年4月29日的《上海證券報》、《文匯報》、《The Standard》
3. The 14th meeting of the 3rd Board of Directors was convened on 28th April, 2005:
- considered and approved the resolution on the announcement of the report and its summary for the first quarter of 2005 in the PRC and overseas.
- Announcement of the report and its summary for the first quarter of 2005 was published on Shanghai Securities, Hong Kong Wen Wei Po and The Standard on 29th April, 2005.
4. 第三屆董事會第十五次會議  
於2005年6月23日召開
- 審議通過了關於參加杭州市七格污水處理廠項目投標的建議。
4. The 15th meeting of the 3rd Board of Directors was convened on 23rd June, 2005:
- considered and approved the recommendation on participating in the tender on the Huangzhou Qige Sewage Treatment Plant project in the Hangzhou City.
5. 第三屆董事會第十六次會議  
於2005年7月14日召開
- 審議通過了關於對中水公司進行增資的議案。
- 關於對中水公司進行增資的公告刊登在2005年8月9日的《上海證券報》、《文匯報》、《The Standard》
5. The 16th meeting of the 3rd Board of Directors was convened on 14th July, 2005:
- considered and approved the resolution on the injection of additional capital into Water Recycling Company.
- Announcement in relation to the injection of additional capital into Water Recycling Company was published on Shanghai Securities, Hong Kong Wen Wei Po and The Standard on 9th August, 2005.
6. 第三屆董事會第十七次會議  
於2005年7月28日召開
- 審議通過了關於調整A股可轉債轉股價格的建議。
- 關於調整A股可轉債轉股價格的公告刊登在2005年7月29日的《上海證券報》、《文匯報》、《The Standard》
6. The 17th meeting of the 3rd Board of Directors was convened on 28th July, 2005:
- considered and approved the proposal on the adjustment to the conversion price of the A Share Convertible Bonds.
- Announcement in relation to the adjustment to the conversion price of the A Share Convertible Bonds was published on Shanghai Securities, Hong Kong Wen Wei Po and The Standard on 29th July, 2005.

7. 第三屆董事會第十八次會議於 2005 年 8 月 30 日召開
- a) 審議通過了關於在境內外公布 2005 年半年度業績報告的議案；
- b) 審議通過了關於 2005 年第一季報告會計差錯更正的議案。
- 決議公告刊登在 2005 年 8 月 31 日的《上海證券報》、《文匯報》、《The Standard》。
7. The 18th meeting of the 3rd Board of Directors was convened on 30th August, 2005:
- a) considered and approved the resolution on the announcement of the 2005 interim report in the PRC and overseas.
- b) considered and approved the resolution on the correction of accounting mistakes in the report for the first quarter of 2005.
- Announcement of the resolutions was published on Shanghai Securities, Hong Kong Wen Wei Po and The Standard on 31st August, 2005.
8. 第三屆董事會第十九次會議於 2005 年 10 月 21 日召開
- a) 審議通過了關於與杭州市城市建設資產經營有限公司合資成立項目公司的議案；
- 關於與杭州市城市建設資產經營有限公司合資成立項目公司的公告刊登在 2005 年 10 月 24 日的《上海證券報》、《文匯報》、《The Standard》。
- b) 審議通過了關於對貴州創業水務有限公司貸款進行擔保的議案。
8. The 19th meeting of the 3rd Board of Directors was convened on 21st October, 2005:
- a) considered and approved the resolution on the establishment of a joint venture project company with Hangzhou City Construction Property Operation Company Limited in the Hangzhou City;
- Announcement in relation to the establishment of a joint venture project company with Hangzhou City Construction Property Operation Company Limited in the Hangzhou City was published on Shanghai Securities, Hong Kong Wen Wei Po and The Standard on 24th October, 2005.
- b) considered and approved the resolution on the provision of a guarantee for a loan granted to Guizhou Capital Water.

9. 第三屆董事會第二十次會議  
於2005年10月26日召開

審議通過了關於在境內外公布2005年第三季度報告的議案。

2005年第三季度報告的公告刊登在2005年10月27日的《上海證券報》、《文匯報》、《The Standard》。

10. 第三屆董事會第二十一次會議  
於2005年12月22日召開

a) 審議通過了關於對赤壁創業水務有限公司貸款進行擔保的議案；

b) 審議通過了關於天津創業建材有限公司增資擴股的議案。

關於天津創業建材有限公司增資擴股的公告刊登在2005年12月30日的《上海證券報》、《文匯報》、《The Standard》。

9. The 20th meeting of the 3rd Board of Directors was convened on 26th October, 2005:

considered and approved the resolution on the announcement of the report for the third quarter of 2005 in the PRC and overseas.

Announcement of the report of the third quarter of 2005 was published on Shanghai Securities, Hong Kong Wen Wei Po and The Standard on 27th October, 2005.

10. The 21st meeting of the 3rd Board of Directors was convened on 22nd December, 2005:

a) considered and approved the resolution on the provision of a guarantee for a loan granted to Chibi Capital Water Company Limited(赤壁創業水務有限公司).

b) considered and approved the resolution on capital increase of Tianjin Capital New Materials Company Limited (天津創業建材有限公司).

Announcement in relation to the capital increase of Tianjin Capital New Materials Company Limited was published on Shanghai Securities, Hong Kong Wen Wei Po and The Standard on 30th December, 2005.

11. 第三屆董事會第二十二次會議於 2005 年 12 月 31 日召開
- a) 審議通過了關於調整 A 股可轉債轉股價格的建議；
- 關於調整 A 股可轉債轉股價格的公告刊登在 2006 年 1 月 5 日的《上海證券報》、《文匯報》、《The Standard》
- b) 審議通過了關於收購曲靖市城市供排水總公司相關資產並進行特許經營的議案。
- 關於收購曲靖市城市供排水總公司相關資產並進行特許經營的公告刊登在 2006 年 1 月 9 日的《上海證券報》、《文匯報》、《The Standard》
11. The 22nd meeting of the 3rd Board of Directors was convened on 31st December, 2005:
- a) considered and approved the proposal on the adjustment of the conversion price of the A Share Convertible Bonds.
- Announcement in relation to the adjustment of the conversion price of the A Share Convertible Bonds was published on Shanghai Securities, Hong Kong Wen Wei Po and The Standard on 5th January, 2006.
- b) considered and approved the resolution on the acquisition and licensed operation of the relevant assets of Qujing City Recycled Water Supply and Sewage Water Treatment Corporation (曲靖市城市供排水總公司) in the Qujing City.
- Announcement in relation to the acquisition and licensed operation of the relevant assets of Qujing City Recycled Water Supply and Sewage Water Treatment Corporation was published on Shanghai Securities, Hong Kong Wen Wei Po and The Standard dated 9th January, 2006.

## (2) 董事出席會議情況

## (2) Attendance of Directors at Meetings

董事姓名	Name of Director	本年應參加 董事會次數 Number of board meeting that should be attended during the year	親自出席 (次) Present in Person (times)	委託出席 (次) Present by proxy (times)	缺席 (次) Absent (times)	備註 Note
馬白玉	Ma Baiyu	11	11	0	0	
安品東	An Pindong	11	10	1	0	
王占英	Wang Zhanying	11	10	1	0	
譚兆甫	Tan Zhaofu	11	10	1	0	
顧啟峰	Gu Qifeng	11	11	0	0	
付亞娜	Fu Yana	11	11	0	0	
高寶明	Ko Poming	11	10	1	0	
王翔飛	Wang Xiangfei	11	11	0	0	
高宗澤	Gao Zongze	11	11	0	0	

**6. 利潤分配或資本公積金轉增預案**

經普華永道中天會計師事務所及香港羅兵咸永道會計師事務所分別進行的審計工作，本公司2005年度合併淨利潤為人民幣17,586萬元。根據《中華人民共和國公司法》和本公司《章程》的有關規定，提取10%法定盈餘公積金人民幣1,758萬元、5%法定公益金人民幣879萬元，加上年初未分配利潤人民幣66,213萬元，減去2005年已分配的2004年度現金股利人民幣13,300萬元，本年度實際可供股東分配利潤為人民幣67,861萬元。根據2005年度利潤分配政策，向全體股東每10股派發現金股利人民幣0.40元(含稅)。該分配預案需提交年度股東大會審議通過後實施。

本公司並無股東放棄或者同意放棄任何股息的安排。

2005年度資本公積金不轉增股本。

**7. 註冊會計師對本公司控股股東及其它關聯方佔用資金情況的專項說明**

我們接受委托，依據中國註冊會計師獨立審計準則審計了天津創業環保股份有限公司及其合併子公司2005年12月31日的合併及母公司資產負債表、2005年度的合併及母公司利潤表、合併及母公司利潤分配表和合併及母公司現金流量表，並於2006年4月20日簽發了普華永道中天審字(2006)第1505號無保留意見的審計報告。

**6. Proposal on Profit appropriation and not to increase share capital by transferring from Capital Reserve Fund**

As audited by PricewaterhouseCoopers Zhong Tian Certified Public Accountants Co., Ltd., the PRC auditors of the Company and PricewaterhouseCoopers, Certified Public Accountants, Hong Kong auditors of the Company respectively, the consolidated net profit of the Company amounted to RMB175,860,000 in 2005. Taking into account of transferring 10% thereof to the statutory common reserve RMB18,580,000 and 5% thereof to the statutory provident fund RMB8,790,000 in accordance with the relevant requirements of the Company Law of the PRC and the articles of association (the "Articles of Association") of the Company as well as the retained profit RMB662,130,000 at the beginning of the year and the distribution in 2005 of cash dividend RMB133,000,000 for 2004, the actual profit distributable to Shareholders amounted to RMB678,610,000 for the year. According to the profit distribution policy in 2005, it is intended to make a dividend payment of RMB0.40 (including tax) in cash per ten Shares. The distribution proposal shall be submitted to the general meeting of the Company for approval.

No directors of the Company abandoned or agreed to abandon any dividend arrangement.

No transfer from the capital reserve fund to share capital was made in 2005.

**7. Explanation of certified public accountants in respect of funds used by the controlling Shareholders and other connected parties of the Company**

We have been entrusted to audit the combined and parent company balance sheet as at 31st December, 2005; combined and parent company profit statement, combined and parent company profit distribution statement and combined and parent company cash flow statement for 2005 pursuant to China Certified Public Accountant Independent Audit Standards, and issued the PricewaterhouseCoopers Zhong Tian Shen Zi (2006) No.1505 audit report with unqualified opinion on 20 April, 2006.



## 7. 註冊會計師對本公司控股股東及其它關聯方佔用資金情況的專項說明

根據中國證券監督管理委員會及國務院國有資產監督管理委員會《關於規範上市公司與關聯方資金往來及上市公司對外擔保若干問題的通知》（證監發[2003]56號文）的要求及上海證券交易所《2005年年度報告工作備忘錄第五號（修訂）》規定的資金佔用情況匯總格式，編製了截至2005年12月31日止年度控股股東及其他關聯方佔用資金情況表：

### 關聯方資金佔用及償還情況

其它關聯 資金往來 Other connected fund	資金 往來方 名稱 Name of Party of fund	往來方與 上市公司的 關聯關係 Relationship between the Party and the Company	上市公司 核算的 會計科目 Accounts audited by the Company	2005年 年初往來 資金餘額 Balance of fund at early 2005	2005年度 往來累計 發生金額 (不含利息) Balance of accumulated fund in 2005 (exclude interest)	2005年度 償還/抵消 累計發生 金額 Repaid/set off accumulated amount in 2005	2005年 年末往來 資金餘額 Balance of current fund at the end of 2005	往來形成 原因 Reasons	往來性質 Nature
大股東及其附屬企業 Substantial Shareholders and its subsidiaries	天津市 排水公司 Tianjin Sewage Company	同受天津市 市政工程局 監控的國營 企業或公司 State-owned company controlled by Tianjin Urban Construction Bureau	應收賬款 Receivable	133,541	253,000	(340,997)	45,544	應收污水 處理費收入 Income receivable for sewage water processing	經營性往來 Operating
			應收賬款 Receivable	238,484	253,001	(25,300)	466,185	應收污水處理廠 Receivable for construction of sewage water treatment plant	經營性往來 Operating
			預收賬款 Receivable	(52,685)	—	25,300	(27,385)	預收10%污水 處理廠建設費 10% prepayment of fee for sewage water treatment plants construction	經營性往來 Operating
			淨額 Net balance	319,340			484,344		

## 7. Explanation of certified public accountants in respect of funds used by the controlling Shareholders and other connected parties of the Company

Pursuant to the requirements of the "Notice Concerning Some Issues on Regulating the Funds between Listed Companies and Associated Parties and Listed Companies' Provision of Guaranty to Other Parties" (Zheng Jian Fa (2003) No.56) by China Securities Regulatory Commission and the State-owned Assets Supervision and Administration Commission of the State Council and the summarization format for fund utilization stipulated in the "2005 Reporting Memorandum No.5 (Amended)" of the Shanghai Stock Exchange, we prepared the statement for the utilization of capital by the controlling shareholder and other associated parties for the year ended 31st December, 2005.

### Funds used and repayments by the connected parties

單位：人民幣千元  
Unit: RMB'000

## 8. 本公司獨立董事對於對外擔保情況的專項說明及獨立意見

根據證監發(2003) 56 號《關於規範上市公司與關聯方資金往來及上市公司對外擔保若干問題的通知》以及《關於規範上市公司對外擔保行為的通知》(證監發[2005]120 號) 精神, 我們本著實事求是的原則, 對本公司的對外擔保情況進行認真的檢查和落實, 現將有關情況說明如下:

根據上述文件的要求, 公司已於 2003 年 12 月 20 日的臨時股東大會對《公司章程》和《董事會議事規則》進行了修訂, 增加了對外擔保的審批程序、被擔保對象的資信標準的相關規定。

經過我們審慎的檢查, 截至報告期末本公司未對控股股東及其他關聯方提供任何擔保; 本公司董事會議於 2005 年已經審議通過的對控股子公司

1. 貴州創業水務有限公司人民幣 6,000 萬元的擔保; (2005 年 10 月 21 日)
2. 赤壁創業水務有限公司人民幣 6,500 萬元的擔保; (2005 年 12 月 22 日)

完全符合監管部門和《公司章程》及《董事會議事規則》中關於對外擔保的規定。

## 8. Description of external guarantees and independent opinions by independent directors of the Company

In line with the spirit of Zheng Jian Fa (2003) No.56 "Notice Concerning Some Issues on Regulating the Funds between Listed Companies and Associated Parties and Listed Companies' Provision of Guaranty to Other Parties" and "Circular on Regulating the External Guaranties Provided by Listed Companies" (Zheng Jian Fa (2005) No.120), we have adopted a practical and realistic approach in seriously inspecting and implementing the situation regarding external guarantees by the Company and a description of the relevant situation is given as follows:

In accordance with the requirements of the above documents, the Company made amendments to the "Articles of Association" and the "Rules of Procedure of Board Meetings" at the extraordinary general meeting held on 20 December, 2003 and added relevant requirements concerning the approval procedure of external guarantees and the credit standard of the guaranteed party.

Following careful inspection by us, the Company had not provided any guarantees to the controlling Shareholder and other connected parties as at the end of this reporting period. In 2005, the Board considered and approved the following guarantees provided to its holding subsidiaries:

1. A guarantee of RMB60 million to Guizhou Capital Water; (21st October, 2005)
2. A guarantee of RMB65 million to Chibi Capital Water Co. Ltd.; (22nd December, 2005)

All the above guarantees complied with the requirements of the "Articles of Association" and the "Rules of Procedure of Board Meetings" about external guarantees.

## 9. 審計情況

本公司根據中國會計規則編製和根據香港普遍採納的會計原則編製的2005年度財務報表已分別經普華永道中天會計師事務所有限公司(「普華永道中天」)和香港羅兵咸永道會計師事務所審計。普華永道中天的中國註冊會計師周忠惠、林志堅出具了普華永道中天審字(2006)第[1505]號標準無保留意見的審計報告。

## 10. 其他報告事項

本報告期內本公司選定的信息披露報刊為《上海證券報》、香港《文匯報》和《The Standard》，沒有變更信息披露報刊。

馬白玉  
董事長

中國 天津  
2006年4月20日

## 9. Audit Status

The accounts of the Company for 2005 prepared in accordance with the PRC Accounting Regulations and prepared in accordance with the HK GAAP have been audited by PricewaterhouseCoopers Zhong Tian Certified Public Accountants Co., Ltd. the PRC and PricewaterhouseCoopers Certified Public Accountants, Hong Kong respectively. The PRC certified public accountants, Zhou Zhonghui and Lin Zhijian have issued an auditors' report (PWC Zhong Tian Shen Zi (2006) No.[1505]) with unqualified opinion.

## 10. Any other business

The designated newspapers for the disclosure of the information by the Company are Shanghai Securities, Hong Kong Wen Wei Po and The Standard. There is no change relating to the designated newspapers for the disclosure of information.

Ma Baiyu  
Chairman

Tianjin, the PRC  
20th April, 2006