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| <p>1. 2005 年度本公司無重大訴訟、仲裁事項。</p> | <p>1. During the year 2005, there is no litigation or arbitration that is material to the Company.</p> |
| <p>2. 本報告期內，本公司進行下列收購。</p> <p>本公司於2006年1月10日對外披露了《天津創業環保股份有限公司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》，詳細內容請詳見2006年1月10日的《上海證券報》、香港《文匯報》和《The Standard》。</p> | <p>2. During the reporting period, the Company undertake the following acquisitions.</p> <p>The Company disclosed to the public “Announcement on the Acquisition of the Relevant Assets and Franchised Operation of Qujing Recycled Water Supply and Sewage Water Treatment Corporation by Tianjin Capital Environmental Protection Co. Ltd.” on 10th January, 2006. For details, please see the Shanghai Securities, Hong Kong Wen Wei Po, and The Standard on 10th January, 2006.</p> |
| <p>3. 報告期內本公司重大關連交易事項</p> | <p>3. Significant connected transactions</p> |
| <p>1. 銷售商品勞務的重大關聯交易</p> <p>(1) 本公司污水處理業務是按照於2000年10月10日與排水公司簽訂的《污水處理委託協議》執行的。根據該協議，本公司東郊及紀庄子污水處理廠將按協議中訂明的計價公式釐定的價格向排水公司（為本公司之關連人士由於排水公司及天津市政投資有限公司均由天津市政工程局管轄，而天津市政投資有限公司為本公司之控股股東，實益擁有本公司已發行股本合共63.05%）提供污水處理服務。排水公司是在中國成立的國有企業，並受天津市政工程局監控。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（定義見協</p> | <p>1. Major connected transactions in respect of the sales of goods and services</p> <p>(1) The Company’s sewage water treatment business has been operated pursuant to the “Sewage Water Processing Agreement” entered into with TSC on 10th October, 2000. Under such agreement, the Company’s Dongjiao sewage water treatment plant and Jizhuangzi sewage water treatment plant will provide sewage water treatment services for TSC (who is a connected person of the Company since TSC and TMICL are all under the supervisory control of the Tianjin Urban Construction Bureau and TMICL is the controlling shareholder of the Company and beneficially owns a aggregate of approximately 63.05% of the issued share capital of the Company), in accordance with the price determined based on the price calculation formula stipulated in the Sewage Water Processing Agreement. TSC is a State-owned enterprise established in the PRC and is subject to regulation by the Tianjin Urban Construction Bureau. The price determination formula allows the actual operating costs to be covered in full by sewage water treatment operations, including the depreciation and amortization of fixed assets (but excluding interest expenses and exchange gains and losses) and a return of 15% calculated based on the annual average of the monthly average net book value of the relevant fixed assets (as defined in the Sewage Water Processing Agreement) of the sewage treatment operations, and cost saving or an incentive price adjustment when the actual treatment volume exceeds the minimum treatment volume provided in the</p> |

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。公司在報告期內處理污水1.31億立方米,根據與排水公司的《污水處理委託協議》獲得人民幣2.53億元的污水處理服務費。

以上持續關聯交易已經依照香港聯交所《上市規則》第十四章A有關持續關聯交易的要求申請了豁免,有效期截至2006年12月31日。

- (2) 根據本公司於2001年9月24日與排水公司簽訂的一份《污水處理(擴建)在建工程收費協議》(「建設收費協議」),本公司承擔建設咸陽路污水處理廠、紀庄子污水處理廠(擴建)和北倉污水處理廠(「三個污水處理廠在建工程」)並投入在建工程所需之資金。根據該協議,在上述三個污水處理廠在建工程建設期間,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該三個污水處理廠在建工程之報酬。建設收費總額為每座污水處理廠在其建設期間(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

agreement. During the reporting period, the Company processed 131 million cubic metres sewage water and received service fees for sewage water treatment of RMB253 million under the “Sewage Water Processing Agreement” with TSC.

Application for a waiver effective until 31 December 2006 has been made in respect of the above continuing connected transactions pursuant to the requirement of continuing connected transactions as set out in Chapter 14A of the Listing Rules of the Hong Kong Stock Exchange.

- (2) Pursuant to the Sewage Water Plants Fee Agreement entered into with TSC on 24th September, 2001, the Company has undertaken the construction of Xianyang sewage water treatment plant, expansion of Jizhuangzi sewage treatment plant and Beicang sewage water treatment plant (the “Sewage Water Treatment Plants”) and will contribute the capital required for the Sewage Water Treatment Plants. Pursuant to the Sewage Water Plants Fee Agreement, during the construction period of the Sewage Water Treatment Plants TSC agrees to pay and the Company agrees to receive a fees in order to provide incentives and compensate the Company in constructing the Sewage Water Treatment Plants. The fees paid under the Sewage Water Plants Fee Agreement are the sum of 23.7% of the simple averages balances of the estimated construction costs of each sewage water treatment plant for each year/period during the construction period (from 24th September, 2001 to the completion and commissioning of the Sewage Water Treatment Plants). Based on this calculation, the fees charged by the Company for the construction of the Sewage Water Treatment Plants are approximately RMB1.17 billion. Pursuant to these arrangements, TSC shall pay the fees to the Company on a monthly basis based on the estimated completion percentages in respect of all

估計所需建設成本的簡單平均數的23.7%之總和。據此計算，本公司就建設該三個污水處理廠在建工程項目可收取之建設費用總額約為人民幣11.7億元。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，根據該協議，該三個污水處理廠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。根據上述協議，在報告期內，北倉污水處理廠在建工程、咸陽路污水處理廠在建工程及紀庄子污水處理廠（擴建）在建工程在協議期內實際完成工程工作量人民幣4.74億元，根據《污水處理（擴建）在建工程的收費協議》獲得收入人民幣2.53億元。

items for the month prepared by the Company, and make corresponding adjustments according to verifications made by independent surveyors or engineers on the works volume completed. Meanwhile, pursuant to the Sewage Water Plants Fee Agreement, after the Sewage Water Treatment Plants come into operation, the relationship in respect of rights and obligations between the Company and TSC will be governed pursuant to the “Sewage Water Processing Agreement”. Pursuant to the Sewage Water Plants Fee Agreement, during the reporting period, the actual works completed for Beicang sewage water treatment plant, Xianyang sewage water treatment plant and the expansion of Jizhuangzi water sewage treatment plant amounted to RMB474 million. Pursuant to the “Sewage Water Plants Fee Agreement”, the Company received an income of RMB253 million.

根據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，剩餘的建設管理費總額共計人民幣175,886,439元。

以上關聯交易已經依照香港聯交所《上市規則》第十四章A有關持續關聯交易的要求申請了豁免，有效期截至2006年12月31日。

- (3) 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》，詳細情況請參見董事長報告書——本集團主營業務經營情況的說明和3月21日發佈的《上海證券報》、香港《文匯報》和《The Standard》。

Pursuant to the “Report on Project Investment Evaluation” by the independent project appraiser appointed by the Company, as at 31 December 2005, the actual investment completed were RMB2,020,206,100. Uncompleted project investment was estimated to be RMB373,281,800. The estimated project construction cost was RMB2,393,489,300. The estimated project investment saved was RMB227,277,700. According to the calculation based on the “Sewage Water Plants Fee Agreement”, from 1 January 2006 until the completion of the procedure for the completion of three constructions in progress, the remaining total fees amounted to RMB175,886,439.

Application for a waiver, effective until 31 December 2006 has been made in respect of the above connected transactions pursuant to the requirement of continuing connected transactions as set out in Chapter 14A of the Listing Rules of the Hong Kong Stock Exchange.

- (3) The Company entered into the “Sewage Water Processing Interim Service Agreement” with TSC on 20 March, 2006. For details of such agreements, please refer to the section headed “Operation of the Company’s key business” in the Chairman’s Statement of the annual report, and the Shanghai Securities, Hong Kong Wen Wei Po and The Standard on 21 March 2006.

2. 本公司獨立非執行董事及核數師審核以上持續關連交易

經審核以上現年度的持續關連交易後，獨立非執行董事確認上述關連交易：

1. 於本集團日常及一般業務過程中訂立；
2. 按(a)正常商業條款（與中國類似實體進行的類似交易比較）或(b)（如無法比較）不遜於獨立第三方取得或提供的條款；
3. 按對股東而言屬公平合理的條款訂立。

經審核以上現年度的持續關連交易後，本公司核數師亦確認上市規則第 14A.38 條所載的事項。

本公司確認已就以上持續關連交易遵守上市規則的披露規定。

4. 託管情況

2005 年度本公司無託管事項。

5. 承包情況

2005 年度本公司無承包事項。

6. 租賃情況

2005 年度本公司無租賃事項。

2. Review of the above continuing connected transactions by the independent non-executive Directors and the auditors of the Company

After reviewing the above current's year continuing connected transactions, the independent non-executive Directors confirmed that such connected transactions were:

1. entered into in the ordinary and usual course of business of the Group;
2. conducted either (a) on normal commercial terms (as compared with transactions of similar nature carried out by similar entities in the PRC) or (b) (if no comparison is available) on terms no less favorable than those available to or from independent third parties; and
3. entered into on terms that are fair and reasonable so far as the Shareholders are concerned.

After reviewing the above current's year continuing connected transactions, the auditors of the Company also confirmed the matters stated in rule 14A.38 of the Listing Rules.

The Company confirms that it has complied with the disclosure requirements in accordance with the Listing Rules for the above continuing connected transactions.

4. Custody

The Company did not have any custodian matters during the year.

5. Hiring

The Company did not have any hiring matters during the year.

6. Leasing

The Company did not have any leasing matters during the year.

7. 擔保情況

7. Guarantee

單位：人民幣千元
Unit: RMB'000

公司對外擔保情況（不包括對控股子公司的擔保）
External Guarantees Provided by the Company (Excluding Guarantees Offered to Holding Subsidiaries)

擔保對象 名稱 Name of Guaranteed Party	發生日期 (協議簽署日) Occurrence Date (Date for Signing Agreement)	擔保金額 Guaranteed Amount	擔保類型 Guarantee Type	擔保期 Guarantee Period	是否 履行完畢 Performed or not	是否為 關聯方擔保 (是或否) Guarantee provided to connected party or not (yes or not)
—	—	—	—	—	—	—
報告期內擔保發生額合計				Total guaranteed amount during the reporting period		0
報告期末擔保餘額合計				Total remaining guaranteed amount as at the end of the reporting period		0

公司對控股子公司的擔保情況
Guarantee provided by the Company to subsidiaries

報告期內對控股子公司擔保發生額合計	Total guaranteed amount during the reporting period	125,000
報告期末對控股子公司擔保餘額合計	Total of un-guaranteed balance during the reporting period	125,000

公司擔保總額情況（包括對控股子公司的擔保）
Total guarantee provided by the Company (including guarantee provided to subsidiaries)

擔保總額	Total guarantee	125,000
擔保總額佔公司淨資產的比例(%)	Ratio of total guarantee to the Company's net assets (%)	5.47%
其中：	Of which:	
為股東、實際控制人及其關聯方提供擔保的金額	Guarantee actually provided to Shareholders, actually controlled parties and its related parties	0
直接或間接為資產負債率超過 70% 的被擔保對象提供的債務擔保金額	Guarantee directly and indirectly provided on the liabilities of guaranteed targets with gear ratio of over 70%	0
擔保總額超過淨資產 50% 部分的金額	Guarantee with total amount exceeding 50% of the net assets	0
上述三項擔保金額合計	Total of the above three guarantee amounts	0

8. 委託理財情況

8. Trust arrangement

2005 年度本公司無委託理財事項。

The Company did not make any trust arrangements during the year.

9. 其他重大合同

9. Other major contracts

2005 年度本公司無其他重大合同。

The Company did not enter into any other major contracts during the year.

10. 承諾事項履行情況

本報告期或持續到本報告期內，本公司或持股 5% 以上股東沒有承諾事項。

本公司已於 2006 年 2 月 20 日發出《天津創業環保股份有限公司關於召開 A 股市场相關股東會議的通知》，開始進行股權分置改革，並於 2006 年 4 月 17 日及 2006 年 4 月 18 日發出《天津創業環保股份有限公司股權分置改革方案實施公告》。本公司股權分置改革事宜請詳見 2006 年 2 月 17 日及 2006 年 4 月 17 日及 2006 年 4 月 18 日於上海證券交易所 (www.sse.com.cn) 及香港聯交所 (www.hkex.com.hk) 刊登的相關公告。

11. 聘任、解聘會計師事務所情況

報告期內，公司未改聘會計師事務所，公司原聘任普華永道中天會計師事務所為公司的境內審計機構，原聘任香港羅兵咸永道會計師事務所為公司的境外審計機構，支付兩家審計機構上一年度審計工作的酬金共約港幣 325 萬元；在過去三年內，公司沒有更換審計師。

10. Matters of commitments

During the reporting period or remaining effective up to the reporting period, the Company or Shareholders who are interested in more than 5% of the total issued share capital of the Company had not published any matters of commitments in the designated newspapers and websites.

On 20th February 2006, the Company issued the “Notice of Tianjin Capital Environmental Protection Company Limited regarding the convening of relevant shareholders’ meeting of A Shares market”, and commenced with the Share Segregation Reform. On 17th April 2006 and 18th April 2006, the Company issued the “Announcement of Tianjin Capital Environmental Protection Company Limited regarding the implementation of the Share Segregation Reform”. For details of the Company’s Share Segregation Reform, please see the related announcements dated 17th February 2006, 17th April 2006 and 18th April 2006 published on the website of SSE (www.sse.com.cn) and the Hong Kong Stock Exchange (www.hkex.com.hk).

11. Appointment and changes of the auditors of the Company

During the reporting period, the Company did not appoint other accounting firms. The Company originally appointed PricewaterhouseCoopers Zhong Tian CPAs as its domestic audit institution and PricewaterhouseCoopers in Hong Kong as its foreign audit institution. The Company paid remuneration totaling approximately HK\$3.5 million to the two audit institutions for the audit services provided in the previous year. For the past three years, the Company did not change its auditors.

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| <p>12. 公司、董事會、董事受處罰及整改情況</p> <p>報告期內本公司、公司董事會及董事均未受中國證監會的稽查、行政處罰、通報批評及證券交易所的公開譴責。</p> | <p>12. Punishment and Reforms of the Company, the Board and Directors</p> <p>During the reporting period, none of the Company, the Board and the Directors was a subject of inspection, administrative punishment or criticism by CSRC or public censure by any securities exchange.</p> |
| <p>13. 其他重大事項：</p> <p>報告期內，本公司無其他重大事項。</p> | <p>13. Other significant events:</p> <p>The Company did not have any other major events during the reporting period.</p> |
| <p>14. 本公司轉債擔保人盈利能力、資產狀況和信用狀況發生重大變化的情況</p> <p>本公司轉債的擔保人是中國建設銀行天津分行，報告期內擔保人盈利能力、資產狀況和信用狀況未發生重大變化。</p> | <p>14. Significant Changes in the Profitability, Asset Position and Credit Position of the Guarantor for the A Share Convertible Bonds of the Company</p> <p>The guarantor for the A Share Convertible Bonds of the Company is the Tianjin Branch of the China Construction Bank. During the reporting period, the profitability, asset position and credit position of the guarantor did not experience any significant changes.</p> |
| <p>15. 優先購買權：根據本公司《公司章程》和中國法律，本公司股東無優先購買權。</p> | <p>15. Pre-emptive right: Pursuant to the Articles of Association and laws of China, Shareholders of the Company do not have pre-emptive right.</p> |
| <p>16. 稅項減免：本公司上市證券持有人並無因持有本公司證券而能夠取得任何稅項減免。</p> | <p>16. Tax concession: Holders of listed securities of the Company were not granted any tax concession for holding securities of the Company.</p> |
| <p>17. 資產押記：本公司並無資產押記情況。</p> | <p>17. Charge of assets: The Company did not charge any assets of the Company or its subsidiaries.</p> |
| <p>18. 銀行貸款及其他借貸：詳見本年報審計報告（根據中國會計規則編製）中的會計報表附註第13（短期借款）和19（長期借款）以及核數師報告（根據香港會計原則編製）中的綜合財務報表附註第20（貸款）。有關於本會年度內撥作資本的利息數額，詳見本報審計報告（根據中國會計規則編製）中的會計報表附註第11以及核數師報告（根據香港會計原則編製）中的綜合財務報表附註6。</p> | <p>18. Bank loans and other borrowings: For details, please refer to notes 13 (Short-Term Loan) and 19 (Long-Term Loan) of the Notes to the Financial Statements in the Report of the Auditors prepared under the PRC GAAP and note 20 (Borrowing) of the Notes to the Consolidated Financial Statement in the Report of the Auditors prepared under the HK GAAP in this annual report. For the interest capitalised during the financial year, please refer to note 11 of the Notes to the Financial Statement in the Report of the Auditors prepared under the PRC GAAP and note 6 of the Notes to the Consolidated Financial Statement in the Report of the Auditors prepared under the HK GAAP.</p> |

19. 財務狀況分析：詳見本報告董事會報告部分
20. 截至資產負債表結算日可供分派與股東的儲備：詳見本年報審計報告（根據中國會計規則編製）中的會計報表附註第24及核數師報告（根據香港會計原則編製）中的綜合財務報表附註第19。
21. 控股股東質押股份：截至2005年12月31日，本公司控股股東市政投資共持有本公司股份83,902萬非流通股，累計質押公司股份21,540萬非流通股，其中，於2005年11月2日將其持有公司股份11,905萬非流通股質押給中國民生銀行股份有限公司天津分行；於2005年11月9日將其持有公司股份9,635萬非流通股質押給興業銀行天津分行。上述質押的股份佔市政投資持有公司股份總數的25.67%，佔公司股份總數的16.19%。
22. 債權：截至2005年12月31日，依據本公司與排水公司簽署的《污水處理委托協議》和《在建工程收費協議》，本公司對排水公司的應收帳款和長期應收款總額為人民幣511,729,000元，約為本公司2005年12月31日總市值的11.7%。排水公司為一家國有控股公司，與本公司的控股股東天津市政投資有限公司同屬天津市政工程局控制，為本公司的關連人士。
23. 訴訟或仲裁：本報告期內，本公司並無重訴訟、仲裁事項。
24. 匯率風險和或有負債：本報告期內，本公司無匯率波動風險及任何相關對沖，本公司無或有負債。
19. Financial position analysis: For details, please refer to the Directors' Report of this annual report.
20. Reserve distributable to Shareholders as at the balance sheet date: For details, please refer to note 24 of the Notes to the Financial Statements in the Report of the Auditors prepared under the PRC GAAP and note 19 of the Notes to the Consolidated Financial Statement in the Report of the Auditors prepared under the HK GAAP in this annual report.
21. Shares pledged by the controlling Shareholder: As at 31st December 2005, TMICL, the controlling Shareholder of the Company, holds 839.02 million non-circulating Shares of the Company. A total of 215.40 million non-circulating Shares of the Company were pledged. On 2nd November, 2005, it pledged 119.05 million non-circulating Shares of the Company owned by it to the Tianjin Branch of China Minsheng Banking Company Limited. On 9th November, 2005, it pledged 96.35 million non-circulating Shares of the Company owned by it with the Tianjin Branch of China Industrial Bank Co., Ltd. The above pledged shares accounted for 25.67% of the Shares of the Company held by TMICL and 16.19% of the total number of issued Shares of the company.
22. Advance to entity: As at 31st December, 2005, pursuant to the "Sewage Water Processing Agreement" and the "Sewage Water Plants Fer Agreement" entered into between the Company and TSC, total receivables and long-term receivables of the Company from TSC amounted to RMB511,729,000, approximately 11.7% of the total market capitalization of the Company as at 31st December, 2005. TSC is a State-owned enterprise established in the PRC and under the supervisory control of Tianjin Urban Construction Bureau. TSC is a connected person of the Company.
23. Litigation or arbitration: During this reporting period, the Company did not have any major litigations, arbitrations.
24. Exposure to fluctuation in exchange rates and contingent liability: During the reporting period, the Company had not experienced any exposure to fluctuation in exchange rates and any related hedges. In addition, the Company did not have any contingent liability during the reporting period.