



*Interim Report for the six
months ended 30th June 2006*



Tianjin Capital Environmental Protection Company Limited
天津創業環保股份有限公司

Important

1. The board (the “**Board**”) of directors (the “**Directors**”) of Tianjin Capital Environmental Protection Company Limited (the “**Company**”) confirmed that the information in this 2006 interim report (the “**Interim Report**”) does not contain any false information, misleading statements or material omissions, and accept joint and several responsibility for the truthfulness, accuracy and completeness of the content of this Interim Report.
2. As Mr. Gao Zongze, the independent non-executive Director, was on a business trip, he authorized Mr. Wang Xiangfei, the independent non-executive Director, to attend the meeting held on 29th August 2006 and to exercise the voting rights on his behalf.
3. The unaudited financial statements in this Interim Report as prepared in accordance with the Hong Kong Financial Reporting Standards have been reviewed by the audit committee (the “**Audit Committee**”) of the Company.
4. Ms. Ma Baiyu, the Chairman, Mr. Gu Qifeng, the Supervisor in charge of the accounting function, and Ms. Chen Yinxing, the Supervisor of the accounting department of the Company, have declared that they shall be responsible for the truthfulness and completeness of the interim financial statements of the Company contained in the Interim Report.

重要提示

- 1、天津創業環保股份有限公司(「本公司」)董事(「董事」)會(「董事會」)保證本2006年中期報告(「中期報告」)所載資料不存在任何虛假記載、誤導性陳述或者重大遺漏，並對其內容的真實性、準確性和完整性負個別及連帶責任。
- 2、獨立非執行董事高宗澤先生因公務出差，委託獨立非執行董事王翔飛先生出席於2006年8月29日舉行的董事會會議並代為行使表決權。
- 3、本中期報告中按香港財務報告準則編制的未經審計財務報表已經由本公司審核委員會(「審核委員會」)審閱。
- 4、董事長馬白玉女士，主管會計工作負責人顧啟峰先生及本公司會計部門負責人陳銀杏女士聲明他們將對中期報告內附載的本公司中期財務報表的真實及完整性負責。

I. Company Profile

一、公司基本情況

(I) Basic Information

(一) 基本情況簡介

1. Company name

1、公司名稱

Chinese name

天津創業環保股份有限公司

中文名稱

天津創業環保股份有限公司

Abbreviation of the Chinese name

創業環保

中文名稱縮寫

創業環保

English name

Tianjin Capital Environmental Protection Company Limited

英文名稱

Tianjin Capital Environmental Protection Company Limited

Abbreviation of the English name

TCEPC

英文名稱縮寫

TCEPC

2. Basic Information about the Company's listed shares (the "Shares") and the A Share convertible bonds (the "A Share Convertible Bonds")

2、本公司上市股份(「股份」)及A股可轉股公司債券(「A股可轉股債券」)的基本情況

Short form of the A Shares

G Chuang Ye (G創業)

A股股票簡稱

G創業

Stock code of the A Shares

600874

A股股票代碼

600874

Place for listing of the A Shares

Shanghai Stock Exchange (the "SSE")

A股上市證券交易所

上海證券交易所(「上海交易所」)

Short form of the overseas listed foreign Shares (the "H Shares")

Tianjin Capital

境外上市外資股(「H股」)股票簡稱

天津創業環保

Stock Code for the H Shares

1065

H股股票代碼

1065

Place for listing of the H Shares

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

H股上市證券交易所

香港聯合交易所有限公司(「香港聯交所」)

Short form of the A Share Convertible Bonds

Tianjin Convertible Bonds

A股可轉股債券簡稱

創業轉債

Code for the A Share Convertible Bonds

110874

A股可轉股債券代碼

110874

Place for listing of the A Share Convertible Bonds

SSE

A股可轉股債券上市證券交易所

上海交易所

3. Company's address

Registered address

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

Address of the Company's office

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

Postal code

300381

Website

<http://www.tjcep.com>

E-mail address

tjcep@tjcep.com

4. Legal representative of the Company

Ms. Ma Baiyu

5. Secretary to the Board, Company Secretary in Hong Kong and Securities Affair Representative (the PRC)

Secretary to the Board

Ms. Fu Yana

Telephone number

86-22-23930128

Facsimile number

86-22-23930126

E-mail

fu_yn@tjcep.com

Correspondence address

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

Postal Code

300381

3、公司地址

註冊地址

中華人民共和國(「中國」)
天津市
和平區
貴州路45號

公司辦公地址

中國
天津市
南開區
衛津南路76號 創業環保大廈

郵遞區號

300381

互聯網網址

<http://www.tjcep.com>

電子信箱

tjcep@tjcep.com

4、公司法定代表人

馬白玉女士

5、董事會秘書、在香港的公司秘書及證券事務代表(中國)

董事會秘書

付亞娜 女士

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傳真

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Company Secretary in Hong Kong

Mr. Lioe Chen Fu, Ricky

在香港的公司秘書

劉正富先生

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Securities Affairs Representative (the PRC)

Mr. Gu Wenhui

公司證券事務代表(中國)

顧文輝先生

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天津市
南開區
衛津南路76號創業環保大廈

Postal code

300381

郵遞區號

300381

6. Designated media for the Company's announcement

Newspapers for the Company's announcement:
Shanghai Securities, Hong Kong Wen Wei Po and The Standard

Website published for the Interim Report

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

6、公司資訊披露的指定媒體

公司資訊披露報紙名稱：《上海證券報》、香港《文匯報》和《The Standard》

登載公司中期報告的網址

- (1) 登載中期報告的中國證監會經營的互聯網網址：
<http://www.sse.com.cn>
- (2) 登載中期報告的香港聯交所經營的互聯網網址：
<http://www.hkex.com.hk>

Place where the Interim Report is available for Inspection

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

Postal code
300381

7. Other information:

Initial date of registration of the Company
8th June 1993

The initial registered address of the Company
No. 10 Hubei Road, Heping District, Tianjin, the PRC

Dates of changes in registration of the Company
26th August 1998, 8th January 2001,
23rd July 2001 and 25th February 2003

Change in registered address of the Company
No. 45 Guizhou Road, Heping District, Tianjin, the PRC

Number of Business Licence of the Company
Qi He Jin Zong Zi No. 009079

State tax registration number
Guo Shui Jin Zi 120114103065501

Local tax registration number
Di Shui Jin Zi 120114103065501

Details of the auditors appointed by the Company

(1) **PRC auditors**
PricewaterhouseCoopers Zhong Tian, Certified Public
Accountants Co., Ltd

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

(2) **International auditors**
PricewaterhouseCoopers, Certified Public Accountants

Correspondence address
22/F, Prince's Building
Central, Hong Kong

中期報告備查地點

中國天津市南開區衛津南路76號創業環
保大廈18樓
董事會秘書辦公室

郵編
300381

7、公司其他基本情況：

公司首次註冊登記日期
1993年6月8日

公司首次註冊登記地點
中國天津市和平區湖北路十號

公司變更註冊登記日期
1998年8月26日、2001年1月8日、
2001年7月23日及2003年2月25日

公司變更註冊登記地點
中國天津市和平區貴州路45號

公司法人營業執照註冊號
企合津總字第009079號

國稅登記號
國稅津字120114103065501號

地稅登記號
地稅津字120114103065501號

公司聘請的核數師名稱

(1) **中國核數師名稱**
普華永道中天會計師事務所有限公
司

聯繫地址
中國上海市
湖濱路202號
普華永道中心11樓

(2) **國際核數師名稱**
香港羅兵咸永道會計師事務所

聯繫地址
香港中環
太子大廈22樓

(II) Principal accounting data and financial highlights (as prepared in accordance with the Accounting Standards and the Accounting System for Business Enterprise of the PRC (collectively the “PRC GAAP”))

During the reporting period, net profits of the Company and its subsidiaries (the “Group”) as prepared under the PRC GAAP amounted to RMB96,225,000. The major financial information for the reporting period and the corresponding period of last year, and the year end of last year are as follows:

1. Principal accounting data and financial information

(二) 根據中國《企業會計準則》及《企業會計制度》(統稱「中國公認會計原則」)編製的主要會計數據和財務概要

根據中國公認會計原則編製，本公司及其附屬公司(「本集團」)在報告期內實現淨利潤為人民幣96,225千元。本報告期和上年同期及上年全年的主要財務指標如下：

1、主要會計數據和財務指標

		As at 30th June 2006 (Unaudited)	As at 31st December 2005 (Audited)	Increase/ Decrease (%)
		2006年 6月30日 (未經審計) RMB'000 人民幣千元	2005年 12月31日 (已審計) RMB'000 人民幣千元	本報告期末 比上年度期末 增減(%)
Current assets	流動資產	1,019,847	905,830	12.59
Current liabilities	流動負債	1,318,327	1,024,546	28.67
Total assets	總資產	5,159,903	4,553,446	13.32
Shareholders' equity (before minority interests)	股東權益 (不含少數股東權益)	2,328,199	2,285,171	1.88
Net assets value per Share	每股淨資產	RMB1.75	RMB1.72	1.74
Adjusted net assets value per Share	調整後的每股 淨資產	RMB1.75	RMB1.72	1.74
		Six months ended 30th June 2006 (Unaudited)	Six months ended 30th June 2005 (Unaudited)	Increase/ Decrease (%)
		截至 2006 年 6 月 30 日 止 6 個月 (未經審計) RMB'000 人民幣千元	截至 2005 年 6 月 30 日 止 6 個月 (未經審計) RMB'000 人民幣千元	本報告期 比上年同期 增減(%)
Net profits	淨利潤	96,225	93,789	2.60
Net profit after extraordinary item	扣除非經常性損益 的淨利潤	95,588	93,760	1.95
Earnings per Share	每股收益	RMB0.07	RMB0.07	—
Return on the net assets	淨資產收益率	4.13%	4.27%	decrease by 0.14% 減少 0.14 個百分點
Net cash-flows from operating activities	經營活動產生的 現金流量淨額	118,181	(23,111)	611.36

2. After extraordinary items

2、扣除非經常性損益項目和金額

(Unaudited)

(未經審計)

Unit: '000 Currency: RMB

單位：千元 幣種：人民幣

Extraordinary items	非經常性損益項目	Amount 金額
Other non-operating incomes and expenses net of company's daily asset impairment provisions required under the Accounting System for Business Enterprises	扣除公司日常根據企業會計制度規定計提的資產減值準備後的其他各項營業外收入、支出	951
Impact on income tax	所得稅影響數	(314)
Total	合計	637

3. Significant differences between accounts prepared under the PRC GAAP and Hong Kong Financial Reporting Standards ("HKFRS")

3、根據中國公認會計原則及香港財務報告準則的差異

Item 項目		Net profit 淨利潤		Shareholders' equity 股東權益	
		Current period 本期數	Corresponding period of last year 上年同期數	At the beginning of the reporting period 本報告期初數	At the end of the reporting period 本報告期末數
		RMB'000 (人民幣千元)	RMB'000 (人民幣千元)	RMB'000 (人民幣千元)	RMB'000 (人民幣千元)
In accordance with the PRC GAAP	按中國公認會計原則	96,225	93,789	2,285,171	2,328,199
Adjustments made in accordance with HKFRS	按香港財務報告準則調整項目	(3,898)	(12,158)	45,322	109,944
In accordance with HKFRS	按香港財務報告準則	92,327	81,631	2,330,493	2,438,143

Note: The differences arise from the different method used for recognizing the closing value of the A Share Convertible Bonds as at the end of the reporting period, and the classification in recognizing the minority interests in accordance with the PRC GAAP and HKFRS.

註：中國公認會計原則及香港財務報告準則的會計差異是由於中國公認會計原則與香港財務報告準則對於A股可轉股債券的期末價值和少數股東權益的分類方式不同而造成。

II. Changes in the Share Capital and Shareholders (the "Shareholders") of the Company

二、本公司股本及股東（「股東」）變動情況

(I) Changes in the share capital of the Company

(一) 本公司股本變動情況表

		Before the changes 本次變動前		Increase/reduction during the reporting period (+,-) 本次變動增減(+,-)					After the changes 本次變動後	
		Number of Shares 股份數目 (Unit: Shares) (單位:股)	Percentage (%) 百分比 (%)	Number of new Shares issued 發行新股數目 (Unit: Shares) (單位:股)	Number of Shares allocated pursuant to the Share Segregation Reform Proposal of the Company 根據本公司股權分置改革方案所分配的 股份數目 (Unit: Shares) (單位:股)	Transfer of surplus to share capital 公積金轉股 (Unit: Shares) (單位:股)	Others 其他 (Unit: Shares) (單位:股)	Sub-total 小計 (Unit: Shares) (單位:股)	Number of Shares 股份數目 (Unit: Shares) (單位:股)	Percentage (%) 百分比 (%)
I. Restricted circulating Shares	一、有限售條件流通股份									
1. State-owned Shares	1、國家持股	839,020,000	63.05	—	-41,867,391	—	—	-41,867,391	797,152,609	59.91
2. State-owned legal person Shares	2、國有法人持股	—	—	—	—	—	—	—	—	—
3. Shares held by other domestic entities	3、其他內資持股	38,485,000	2.90	—	—	—	—	—	38,485,000	2.89
Including:	其中:									
Shares held by domestic corporate entities	境內法人持股	38,485,000	2.90	—	—	—	—	—	38,485,000	2.89
Shares held by domestic natural persons	境內自然人持股	—	—	—	—	—	—	—	—	—
4. Shares held by foreign entities	4、外資持股	—	—	—	—	—	—	—	—	—
Including:	其中:									
Shares held by overseas corporate entities	境外法人持股	—	—	—	—	—	—	—	—	—
Shares held by overseas natural persons	境外自然人持股	—	—	—	—	—	—	—	—	—
Total restricted circulating Shares	有限售條件 流通股份合計	<u>877,505,000</u>	<u>65.95</u>	<u>—</u>	<u>-41,867,391</u>	<u>—</u>	<u>—</u>	<u>-41,867,391</u>	<u>835,637,609</u>	<u>62.80</u>
II. Non-restricted circulating Shares	二、無限售條件流通股份									
1. RMB ordinary Shares	1、人民幣普通股	113,153,058	8.50	—	41,867,391	—	6,410	41,873,801	155,026,859	11.65
2. Domestic listed foreign Shares	2、境內上市的外資股	—	—	—	—	—	—	—	—	—
3. H Shares	3、H股	340,000,000	25.55	—	—	—	—	—	340,000,000	25.55
4. Others	4、其他	—	—	—	—	—	—	—	—	—
Total non-restricted circulating Shares	無限售條件 流通股份合計	<u>453,153,058</u>	<u>34.05</u>	<u>—</u>	<u>41,867,391</u>	<u>—</u>	<u>6,410</u>	<u>41,873,801</u>	<u>495,026,859</u>	<u>37.20</u>
Total number of Shares	股份總數	<u>1,330,658,058</u>	<u>100</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>6,410</u>	<u>—</u>	<u>1,330,664,468</u>	<u>100</u>

Approvals for the changes in the share capital of the Company

1. On 14th March 2006, the Company received the “Reply in respect of matters concerning the Share Segregation Reform of Tianjin Capital Environmental Protection Company Limited” (Jin Guo Zi Chan Quan [2006] No.13) from the State-owned Assets Supervision and Administration Commission of the People’s Government of Tianjin City, pursuant to which, the Company’s Share Segregation Reform Proposal has been approved by the State-owned Assets Supervision and Administration Commission.
2. The Company held the general meeting for the A Shares Shareholders on 20th March 2006, during which the Share Segregation Reform Proposal of Tianjin Capital Environmental Protection Company Limited was considered and approved.
3. On 10th April 2006, the Company received the “Approval Concerning the Share Transfer of Tianjin Capital Environmental Protection Company Limited” (Shang Zi Pi [2006] No. 1043), pursuant to which, the share transfer in respect of the Company’s Share Segregation Reform has been approved by the Ministry of Commerce of the PRC.

本公司股本變動的批准情況

1. 2006年3月14日，本公司接到天津市人民政府國有資產監督管理委員會《關於天津創業環保股份有限公司股權分置改革有關問題的批復》(津國資產權 [2006]13號)，據此，本公司的股權分置改革方案獲國有資產監督管理委員會批准。
2. 2006年3月20日，本公司召開了A股市場相關股東大會，會議審議通過了《天津創業環保股份有限公司股權分置改革方案》。
3. 2006年4月10日，本公司獲得中國商務部《關於同意天津創業環保股份有限公司轉股的批復》(商資批[2006]1043號)，據此，本公司股權分置改革所涉及的股權變更事項已獲中國商務部批覆。

(II) Changes in the Shareholders

1. Number of the Shareholders and their shareholdings

Total number of the Shareholders as at the end of the reporting period

38,120 Shareholders, comprising 38,018 Shareholders holding domestic Shares and 102 Shareholders holding H Shares

Shareholdings of the top ten Shareholders

(二) 公司股東變動

1、股東數量和持股情況

報告期末股東總數

38,120名股東，包括持有內資股股東38,018名及持有H股股東102名

前十名股東持股情況

Shareholders	Nature of the Shareholders/ Type of Shares	Percentage to the total share capital as at 30th June 2006	Total number of Shares held as at 30th June 2006	Increase/Decrease during the reporting period	Number of restricted circulating Shares held as at 30th June 2006	Number of Shares pledged or frozen
股東名稱	股東性質/股份種類	佔截至2006年6月30日總股本的百分比 (%)	截至2006年6月30日的持股總數 (Unit: Shares) (單位: 股)	報告期內增減 (Unit: Shares) (單位: 股)	截至2006年6月30日持有有限售條件流通股份數目 (Unit: Shares) (單位: 股)	質押或凍結的股份數目 (Unit: Shares) (單位: 股)
Tianjin Municipal Investment Company Limited ("TMICL") 天津市政投資有限公司 (「天津市政」)	State-owned Shareholder/ Restricted circulating Shares 國有股東/ 有限售條件流通股份	59.91	797,152,609	-41,867,391	797,152,609	Pledged 質押 215,400,000 (Note) (註)
HKSCC Nominees Limited 香港中央結算(代理人)有限公司	H Shares Shareholder/H Shares H股股東/H股	25.33	337,122,900	162,000	0	Unknown 未知
Shenyang Railway Bureau Economy Development Co., Ltd. 瀋陽鐵路局經濟發展總公司	Others/ Restricted circulating Shares 其他/有限售條件流通股份	0.26	3,500,000	0	3,500,000	Unknown 未知
China Huadian Power Plant Equipment Engineering (Group) Co., Ltd. 中國華電電站裝備工程 (集團)總公司	Others/Non-restricted circulating Shares 其他/無限售條件流通股份	0.19	2,557,596	690,738	0	Unknown 未知
Galaxy Securities 中國銀河證券有限責任公司	Others/ Restricted circulating Shares 其他/有限售條件流通股份	0.11	1,500,000	0	1,500,000	Unknown 未知
Liaoning Shennong Development Company Limited 遼寧神農中草藥開發有限公司	Others/ Restricted circulating Shares 其他/有限售條件流通股份	0.08	1,000,000	0	1,000,000	Unknown 未知
China Air Clearing Centre 中國航空結算中心	Others/ Restricted circulating Shares 其他/有限售條件流通股份	0.08	1,000,000	0	1,000,000	Unknown 未知

Shareholders	Nature of the Shareholders/ Type of Shares	Percentage to the total share capital as at 30th June 2006	Total number of Shares held as at 30th June 2006	Increase/Decrease during the reporting period	Number of restricted circulating Shares held as at 30th June 2006	Number of Shares pledged or frozen
		佔截至 2006年 6月30日 總股本的百分比 (%) (%)	截至 2006年 6月30日的 持股總數 (Unit: Shares) (單位: 股)	報告期內增減 (Unit: Shares) (單位: 股)	截至2006年 6月30日 持有有限售 條件流通 股份數目 (Unit: Shares) (單位: 股)	質押或凍結 的股份數目 (Unit: Shares) (單位: 股)
Changsha Hai Sheng Technology and Trade Company 長沙海晟科貿有限公司	Others/ Restricted circulating Shares 其他/有限售條件流通股份	0.08	1,000,000	-1,000	1,000,000	Unknown 未知
Qing Dao City Shi Nan Zhen Yuan Trading Company 青島市市南震遠貿易公司	Others/ Restricted circulating Shares 其他/有限售條件流通股份	0.08	1,000,000	0	1,000,000	Unknown 未知
Jinhong sub-branch, Tianjin Branch of China Construction Bank 中國建設銀行天津市分行津宏支行	Others/ Restricted circulating Shares 其他/有限售條件流通股份	0.08	1,000,000	0	1,000,000	Unknown 未知

(Note): the relevant Shares were pledged to secure the loans granted to TMICL, and the purpose for such loans is for the operation of the business activities of TMICL, which is not related to the business of the Company.

(註): 有關股份是為授予天津市政的貸款而進行質押, 且該授予天津市政的貸款之目的為進行天津市政的業務活動, 而該等業務活動與本公司業務概無關連。

Shareholdings of the top ten non-restricted circulating Shares Shareholders

前十名無限售條件流通股份的股東持股情況

Shareholders 股東名稱		Number of the non-restricted circulating Shares held 持有無限售條件流通股份數量	Type of Shares 股份類別
HKSCC Nominees Limited	香港中央結算(代理人)有限公司	337,122,900	H Shares H股
China Huadian Power Plant Equipment Engineering (Group) Co., Ltd.	中國華電電站裝備工程(集團)總公司	2,557,596	RMB ordinary Shares 人民幣普通股
HSBC NOMINEES (HONG KONG) LIMITED	HSBC NOMINEES (HONG KONG) LIMITED	656,000	H Shares H股
Xinhe Securities Investment Fund	興和證券投資基金	461,545	RMB ordinary Shares 人民幣普通股
Liu Xiulan	劉秀蘭	450,000	RMB ordinary Shares 人民幣普通股
Peng Hui	彭輝	439,883	RMB ordinary Shares 人民幣普通股
Zheng Guangqing	鄭廣清	400,000	RMB ordinary Shares 人民幣普通股

Shareholders 股東名稱		Number of non-restricted circulating Shares held 持有無限售條件流通 股份數量	Type of Shares 股份類別
Hangzhou Motor Vehicle Dynamic Technology Company Limited	杭州汽輪動力科技有限公司	400,000	RMB ordinary Shares 人民幣普通股
Wu Qiuying	吳秋英	400,000	RMB ordinary Shares 人民幣普通股
Zhu Fengchang	朱馮昌	399,200	RMB ordinary Shares 人民幣普通股

Notes on the connected relationship or parties acting in concert among the above Shareholders

It is not certain as to whether there are any connected relationships among the top ten Shareholders.

It is not certain as to whether there are any connected relationship among the top ten non-restricted circulating Shares Shareholders and the top ten Shareholders.

There is no connected relationship between the 1st largest Shareholder and the 2nd to the 10th largest Shareholders. It is not certain as to whether there are any connected relationships among the 2nd largest Shareholders to the 10th largest Shareholders.

- (1) According to the register of members of the Company as provided by HKSCC Nominees Limited, those H Shares held by it were held by HKSCC Nominees Limited on behalf of various clients. There was no client who was interested in 5% or more of the total issued share capital of the Company.
- (2) The top ten Shareholders are not strategic investors of the Company.

上述股東關聯關係或一致行動關係的說明

第一名至第十名股東之間未知是否存在關聯關係。

前十名無限售條件流通股份的股東和前十名股東之間未知是否存在關聯關係。

公司第一名大股東與第二名至第十名大股東之間不存在關聯關係，第二名至第十名大股東之間未知是否存在關聯關係。

- (1) 根據香港中央結算(代理人)有限公司(HKSCC NOMINEES LIMITED)提供的股東名冊，其持有之H股股份乃代表多個客戶所持有，並無任何個別客戶持有本公司總股本5%或以上之權益。
- (2) 前十名股東均不是本公司的戰略投資者。

Shareholdings of the top ten restricted circulating Shares Shareholders and the restriction conditions

前十名有限售條件流通股份的股東持股數量及限售條件

Serial No.	Names of restricted circulating Shares Shareholders	Number of restricted circulating Shares held	Listing and trading in restricted circulating Shares		Restrictions
			Time permitted to be listed and traded in the market	Number of Shares permitted to be listed and traded in the market	
		持有有限售條件流通股份數目 (Unit: Shares) (單位: 股)	可允許上市交易的時間	新增可上市交易的股份數目	限售條件
1	TMICL 天津市政	797,152,609	20th April 2007 2007年4月20日	66,533,223	(1) All the restricted circulating Shares held by TMICL shall not be listed, traded or transferred within 12 months commencing from the date of the implementation of the Share Segregation Reform Proposal of the Company (the "Restricted Period").
			20th April 2008 2008年4月20日	66,533,223	(1) 由天津市政所持有的有限售條件流通股份自本公司股權分置改革方案實施之日起12個月內(「限售期」)不得上市交易或者轉讓。
			20th April 2009 2009年4月20日	664,086,163	(2) The total number of restricted circulating Shares sold through the SSE shall not exceed 5% of the total number of issued Shares within 12 months after the expiry of the Restricted Period, while the total number of restricted circulating Shares sold through the SSE shall not exceed 10% of the total number of issued Shares within 24 months after the expiry of the Restricted period.
					(2) 通過上海交易所掛牌交易出售的有限售條件流通股份的數量不應在限售期後十二個月內超過本公司股份總數比例的百分之五，而通過上海交易所掛牌交易出售的有限售條件流通股份的數量不應在限售期後二十四個月內超過本公司股份總數比例的百分之十。
					(3) In the event if the amount of restricted circulating Shares sold through the SSE by TMICL attained 1% of the total number of the issued Shares, an announcement shall be made within two working days of the occurrence of such event.
					(3) 通過上海交易所掛牌交易出售的股份數量達到本公司股份總數百分之一的，在自該事實發生之日起兩個工作日內須發出公告。

**Listing and trading in
restricted circulating Shares**
有限售條件流通股份可上市交易情況

Serial No.	Names of restricted circulating Shares Shareholders	Number of restricted circulating Shares held 持有 有限售 條件流通 股份數目 (Unit: Shares) (單位: 股)	Time permitted to be listed and traded in the market 新增可 上市交易的 時間	Number of Shares permitted to be listed and traded in the market 可允許上市交易 的股份數目	Restrictions 限售條件
2	Shenyang Railway Bureau Economy Development Co., Ltd. 瀋陽鐵路局經濟 發展總公司	3,500,000	20th April 2007 2007年4月20日	3,500,000	Not tradable or transferable through the SSE within 12 months commencing from the date of the implementation of the Share Segregation Reform Proposal of the Company. 自本公司股權分置改革方案實施之日起十二個月內不通過上海交易所上市交易或者轉讓。
3	Galaxy Securities 中國銀河證券 有限責任公司	1,500,000	20th April 2007 2007年4月20日	1,500,000	Not tradable or transferable through the SSE within 12 months commencing from the date of the implementation of the Share Segregation Reform Proposal of the Company. 自本公司股權分置改革方案實施之日起十二個月內不通過上海交易所上市交易或者轉讓。
4	Liaoning Shennong Development Company Limited 遼寧神農中草藥 開發有限公司	1,000,000	20th April 2007 2007年4月20日	1,000,000	Not tradable or transferable through the SSE within 12 months commencing from the date of the implementation of the Share Segregation Reform Proposal of the Company. 自本公司股權分置改革方案實施之日起十二個月內不通過上海交易所上市交易或者轉讓。
5	China Air Clearing Centre 中國航空結算中心	1,000,000	20th April 2007 2007年4月20日	1,000,000	Not tradable or transferable through the SSE within 12 months commencing from the date of the implementation of the Share Segregation Reform Proposal of the Company. 自本公司股權分置改革方案實施之日起十二個月內不通過上海交易所上市交易或者轉讓。
6	Changsha Hai Sheng Technology and Trade Company 長沙海晟科貿有限公司	1,000,000	20th April 2007 2007年4月20日	1,000,000	Not tradable or transferable through the SSE within 12 months commencing from the date of the implementation of the Share Segregation Reform Proposal of the Company. 自本公司股權分置改革方案實施之日起十二個月內不通過上海交易所上市交易或者轉讓。
7	Qing Dao City Shi Nan Zhen Yuan Trading Company 青島市市南震遠貿易公司	1,000,000	20th April 2007 2007年4月20日	1,000,000	Not tradable or transferable through the SSE within 12 months commencing from the date of the implementation of the Share Segregation Reform Proposal of the Company. 自本公司股權分置改革方案實施之日起十二個月內不通過上海交易所上市交易或者轉讓。

**Listing and trading in
restricted circulating Shares**
有限售條件流通股份可上市交易情況

Serial No.	Names of restricted circulating Shares Shareholders	Number of restricted circulating Shares held 持有的 有限售 條件流通 股份數目 (Unit: Shares) (單位: 股)	Time permitted to be listed and traded in the market 新增可 上市交易 時間	Number of Shares permitted to be listed and traded in the market 可允許上市交易 的股份數目	Restrictions 限售條件
8	Jinhong sub-branch, Tianjin Branch of China Construction Bank 中國建設銀行 天津市分行津宏支行	1,000,000	20th April 2007 2007年4月20日	1,000,000	Not tradable or transferable through the SSE within 12 months commencing from the date of the implementation of the Share Segregation Reform Proposal of the Company. 自本公司股權分置改革方案實施之日起十二個月內不通過上海交易所上市交易或者轉讓。
9	Guotai Tin Securities 國泰天證	1,000,000	20th April 2007 2007年4月20日	1,000,000	Not tradable or transferable through the SSE within 12 months commencing from the date of the implementation of the Share Segregation Reform Proposal of the Company. 自本公司股權分置改革方案實施之日起十二個月內不通過上海交易所上市交易或者轉讓。
10	Shenyang City Zinnam Enterprise Company 沈陽市金岩實業公司	750,000	20th April 2007 2007年4月20日	750,000	Not tradable or transferable through the SSE within 12 months commencing from the date of the implementation of the Share Segregation Reform Proposal of the Company. 自本公司股權分置改革方案實施之日起十二個月內不通過上海交易所上市交易或者轉讓。

2. Changes in the controlling Shareholders and the actual controllers of the Company

There were no changes in the Company's controlling Shareholders and the actual controllers during the reporting period. As at 30th June 2006, TMICL held 797,152,609 restricted circulating Shares, representing approximately 59.91% of the total issued share capital of the Company and it is the Company's controlling shareholder.

2、本公司控股股東及實際控制人變更情況

本報告期內本公司控股股東及實際控制人沒有發生變更。於2006年6月30日，天津市政持有797,152,609有限售條件流通股份，佔本公司已發行總股本約59.91%，並為本公司控股股東。

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

As at 30th June 2006, the following entity, other than a Director, supervisor (the "**Supervisor**") or chief executive of the Company, had interests and/or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**"):

Name of Shareholder	Capacity	Number and class of securities	Approximate percentage in the relevant class of securities	Approximate percentage in the total issued share capital of the Company
股東名稱	身份	證券數目及類別 (Note 1) (註1)	於有關證券類別的概約百分比	於本公司已發行的總股本的概約百分比
TMICL 天津市政	Beneficial owner 實益擁有人	797,152,609 restricted circulating Shares (L) 797,152,609股 有限售條件 流通股份(好倉)	80.46%	59.91%
ISIS Asset Management Plc.	Investment Manager 投資經理	17,286,000 H Shares (L) 17,286,000股 H股(好倉)	5.08%	1.30%

Note:

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

Save as disclosed above, there is no person (other than a Director, Supervisor or chief executive of the Company) who, as at 30th June 2006, had an interest and/or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

3. 主要股東及其他人士於本公司股份及相關股份中的權益及／或淡倉

截至2006年6月30日，以下實體(本公司董事、監事(「監事」)或最高行政人員除外)於本公司股份及相關股份中擁有根據《證券及期貨條例》(香港法例第571章)(「證券及期貨條例」)第336條規定存置的登記冊上記錄之權益及／或淡倉：

Approximate percentage in the relevant class of securities	Approximate percentage in the total issued share capital of the Company
於有關證券類別的概約百分比	於本公司已發行的總股本的概約百分比
80.46%	59.91%
5.08%	1.30%

附註：

1. 「好倉」指該實體於股份中的好倉。

除上述者外，於2006年6月30日，概無人士(本公司董事、監事或最高行政人員除外)於本公司股份及相關股份中擁有根據證券及期貨條例第336條規定存置的登記冊上記錄之權益及／或淡倉。

(III) A Share Convertible Bonds

1. Issue of the A Share Convertible Bonds

As approved by CSRC under document Zheng Jian Fa Xing Zi [2004] No.100, the Company issued the A Share Convertible Bonds in the sum of RMB1,200,000,000 on 1st July 2004, which were listed on the SSE on 19th July 2004. The A Share Convertible Bonds have a convertible term of five years from 1st July 2005 to 30th June 2009. The “Prospectus relating to the Issue of the A Share Convertible Bonds” (the “**Prospectus**”), the “Notice of Issue” and the “Notice of Listing” have been published on the China Securities Journal, Shanghai Securities Journal and the website of the SSE on 26th June 2004 and 10th July 2004 respectively.

2. Holders of the A Share Convertible Bonds during the reporting period

Number of holders of the A Share Convertible Bonds as at the end of the reporting period 864

The top ten holders of the A Share Convertible Bonds:

Holders of the A Share Convertible Bonds

A股可轉股債券持有人名稱

Holders of the A Share Convertible Bonds		Amount held at the end of the reporting period	Approximate percentage
A股可轉股債券持有人名稱		期末持債數量(人民幣)	持有百分比(%)
		(RMB)	(%)
China Petroleum Finance Co., Ltd	中油財務有限責任公司	98,674,000	26.52
ICBC – GTJA Allianz Desheng Small Scale Securities Investment Fund	中國工商銀行－國聯安德盛小盤精選證券投資基金	25,697,000	6.91
TMICL	天津市政	20,880,000	5.61
Bank of Communications – Hua An Bao Li Securities Investment Fund	交通銀行－華安寶利配置證券投資基金	18,000,000	4.84
China Agricultural Bank – Shizing Shikuihung Mixture Securities Investment Fund	中國農業銀行－信誠四季紅混合型證券投資基金	17,866,000	4.80
Shanghai City Enterprise Lingin Development Centre	上海市企業年金發展中心		
Huapo Pingheng	華寶平衡	17,234,000	4.63
Bank of Communication – Huahai Debenture Investment Fund	交通銀行－華夏債券投資基金	15,991,000	4.30
Ping An Insurance (Group) Company of China, Ltd.	中國平安保險(集團)股份有限公司	13,073,000	3.51
Bank of China – Jiashi Service Increment Industries Security Investment Fund	中國銀行－嘉實服務增值行業證券投資基金	11,296,000	3.04
ICBC – Desheng Solid Securities Investment Fund	中國工商銀行－德盛穩健證券投資基金	11,053,000	2.97

(三) A股可轉股債券情況

1、A股可轉股債券發行情況

本公司經中國證監會(證監發行字[2004]100號)文件核准,於2004年7月1日發行12億元A股可轉股債券,並於2004年7月19日在上海證券交易所掛牌交易,A股可轉股債券期限5年,轉股期為2005年7月1日至2009年6月30日。《創業轉債募集說明書(「募集說明書」)》、《發行公告》和《上市公告書》已分別刊登於2004年6月26日和7月10日的《中國證券報》、《上海證券報》及上海證券交易所網站。

2、本報告期A股可轉股債券持有人情況

報告期末A股可轉股債券持有人數 864

前十名A股可轉股債券持有人情況:

3. **Changes in the A Share Convertible Bonds during the reporting period**

3、本報告期A股可轉股債券變動情況

		Prior to the current changes	Increase/reduction in the current changes			After the current changes
		本次變動前	Conversion	Redemption	Sale back	本次變動後
		(RMB)	(RMB)	(RMB)	(RMB)	(RMB)
		(人民幣)	(人民幣)	(人民幣)	(人民幣)	(人民幣)
A Share Convertible Bonds	A股可轉股債券	372,097,000	29,000	—	—	372,068,000

4. **Accumulated share conversion of the A Share Convertible Bonds during the reporting period**

4、本報告期A股可轉股債券累計轉股情況

During the reporting period, 290 A Share Convertible Bonds in the sum of RMB29,000 were converted into the Shares, and the number of Shares converted during the reporting period was 6,410 Shares. As at the end of this reporting period, the aggregated number of Shares converted was 664,468 Shares, representing 0.05% of the total number of Shares issued by the Company before conversion. There were 3,720,680 A Share Convertible Bonds in the sum of RMB372,068,000 have not been converted into Shares, representing 31.01% of the total number of A Share Convertible Bonds issued.

本報告期內，已有290張（共人民幣29,000元）的A股可轉股債券轉成公司股票，報告期轉股數為6,410股。截至本報告期末，累計轉股數為664,468股，佔轉股前本公司已發行股份總數的0.05%。尚有3,720,680張（共人民幣372,068,000元）的A股可轉股債券未轉股，佔A股可轉股債券發行總量的31.01%。

5. **Adjustments in the conversion price**

5、轉股價格歷次調整情況

Following the implementation of the profit appropriation plan of distributing RMB1.00 in cash for every 10 Shares in 2004, pursuant to the relevant provisions in respect of adjustments to the conversion price as set out in the Prospectus, adjustments were made to the conversion price on 28th July 2005, and the conversion price of the A Share Convertible Bonds was adjusted from the original RMB7.70 per Share to RMB7.60 per Share. For details, please refer to the announcement published on the Shanghai Securities, Hong Kong Wen Wei Po and The Standard on 22nd July 2005, website of CSRC at <http://www.sse.com.cn>, and website of Hong Kong Stock Exchange at <http://www.hkex.com.hk>.

公司實施2004年度每10股派發現金人民幣1.00元的分配方案後，根據募集說明書轉股價格調整的有關規定，公司於2005年7月28日調整轉股價格，A股可轉股債券的轉股價格由原來的每股人民幣7.70元調整為每股人民幣7.60元（詳見2005年7月22日，《上海證券報》、香港《文匯報》和《The Standard》；中國證監會指定國際互聯網網址：<http://www.sse.com.cn>，香港聯交所之互聯網網址：<http://www.hkex.com.hk>）。

As 20 trading days have lapsed since the commencement of the conversion period of the A Share Convertible Bonds (i.e. from 1st July 2005 to 28th July 2005), and a continued downturn in the stock market, the conversion price of the A Share Convertible Bonds have been maintained at the level lower than 80% of the conversion price. Therefore, pursuant to the special provision regarding adjustment to the conversion price as set out in the Prospectus, the conversion price of the A Share Convertible Bonds was approved to adjust downward by 20% by the Board (i.e. a downward adjustment from RMB7.60 to RMB6.08). Pursuant to the relevant provisions regarding adjustments to the conversion price as set out in the Prospectus, the conversion price of the A Share Convertible Bonds was adjusted on 1st August 2005, and the adjusted conversion price was RMB6.08. For details, please refer to the announcement published on the Shanghai Securities, Hong Kong Wen Wei Po and The Standard on 29th July 2005, website of CSRC at <http://www.sse.com.cn>, and website of the Hong Kong Stock Exchange at <http://www.hkex.com.hk>.

As the price of the Company's A Shares have been continuously lower than 80% of the conversion price of the A Share Convertible Bonds during the period from 1st August 2005 to 30th December 2005 (during such time, the conversion price of the A Share Convertible Bonds was RMB6.08), which triggered the provisions regarding the adjustment to the conversion price of the A Share Convertible Bonds as set out in the Prospectus, the Board decided to make downward adjustment of 19.90% to the conversion price of the A Share Convertible Bonds (i.e. a downward adjustment from RMB6.08 to RMB4.87). Pursuant to the relevant provisions regarding adjustments to the conversion price of the A Share Convertible Bonds as set out in the Prospectus, the conversion price of the A Share Convertible Bonds was adjusted on 9th January 2006, and the adjusted conversion price was RMB4.87. For details, please refer to announcement published on the Shanghai Securities, Hong Kong Wen Wei Po and The Standard on 6th January 2006, website of CSRC at <http://www.sse.com.cn>, and website of the Hong Kong Stock Exchange at <http://www.hkex.com.hk>.

鑒於本公司A股可轉股債券自2005年7月1日進入轉股期至2005年7月28日已滿20個交易日，由於市場持續低迷，致使本公司A股股價一直低於A股可轉股債券轉股價格的80%，因此按照募集說明書中有關轉股價格特別向下修正條款的規定，經本公司董事會審議決定將當期A股可轉股債券轉股價格向下修正20%，即由人民幣7.60元修正為人民幣6.08元。根據募集說明書A股可轉股債券轉股價格調整的有關規定，公司於2005年8月1日調整A股可轉股債券轉股價格，調整後的轉股價格為人民幣6.08元。（詳見2005年7月29日，《上海證券報》、香港《文匯報》和《The Standard》；中國證監會指定國際互聯網網址：<http://www.sse.com.cn>，香港聯交所之互聯網網址：<http://www.hkex.com.hk>）。

鑒於本公司A股股價自2005年8月1日至2005年12月30日持續低於當期A股可轉股債券轉股價格（當期A股可轉股債券轉股價格為人民幣6.08元）的80%，已滿足募集說明書中有關A股可轉股債券轉股價格特別向下修正條款的規定，因此經董事會審議決定將當期A股可轉股債券轉股價格向下修正19.90%，即由人民幣6.08元修正為人民幣4.87元。根據募集說明書A股可轉股債券轉股價格調整的有關規定，公司於2006年1月9日調整A股可轉股債券轉股價格，調整後的轉股價格為人民幣4.87元。（詳見2006年1月6日，《上海證券報》、香港《文匯報》和《The Standard》；中國證監會指定國際互聯網網址：<http://www.sse.com.cn>，香港聯交所之互聯網網址：<http://www.hkex.com.hk>）。

From 7th March 2006 to 22nd May 2006, the price of the Company's A Share has triggered the provision regarding the adjustment to the conversion price of the A Share Convertible Bonds as set out in the Prospectus, the Board decided to make a downward adjustment of 19.92% to the conversion price of the A Share Convertible Bonds (i.e. a downward adjustment from RMB4.87 to RMB3.90). Pursuant to the relevant provisions regarding the adjustments to the conversion price of the A Share Convertible Bonds as set out in the Prospectus, the conversion price of the A Share Convertible Bonds was adjusted on 24th May 2006, and the adjusted conversion price of the A Share Convertible Bonds was RMB3.90. For details, please refer to the announcement published on the Shanghai Securities, Hong Kong Wen Wei Po and The Standard on 23rd May 2006, website of CSRC at <http://www.sse.com.cn>, and website of Hong Kong Stock Exchange at <http://www.hkex.com.hk>.

Following the implementation of the profit appropriation plan of distributing RMB0.40 in cash for every 10 Shares in 2005, the conversion price of the A Share Convertible Bonds was adjusted from the original RMB3.90 per Share to RMB3.86 per Share. Pursuant to the relevant provisions in respect of adjustments to the conversion price as set out in the Prospectus, adjustments were made to the conversion price of the A Share Convertible Bonds on 31st July 2006 and the adjusted conversion price of the A Share Convertible Bonds was RMB3.86. For details, please refer to the announcement published on the Shanghai Securities, Hong Kong Wen Wei Po and The Standard on 25th July 2006, website of CSRC at <http://www.sse.com.cn>, and website of Hong Kong Stock Exchange at <http://www.hkex.com.hk>.

As at the end of the reporting period, the latest conversion price of the A Share Convertible Bonds was RMB3.90. Whereas, as at the date of this report, the latest conversion price of the A Share Convertible Bonds is RMB3.86.

6. The guarantor of the A Share Convertible Bonds

The A Share Convertible Bonds was guaranteed by Tianjin Branch of China Construction Bank.

2006年3月7日至2006年5月22日，本公司A股股價已滿足募集說明書有關A股可轉股債券轉股價格修正條款的規定，因此經董事會審議決定將當期A股可轉股債券轉股價格向下修正19.92%，即由人民幣4.87元修正為人民幣3.90元。根據募集說明書A股可轉股債券轉股價格調整的有關規定，公司於2006年5月24日調整A股可轉股債券轉股價格，調整後的A股可轉股債券轉股價格為人民幣3.90元。（詳見2006年5月23日，《上海證券報》、香港《文匯報》和《The Standard》；中國證監會指定國際互聯網網址：<http://www.sse.com.cn>，香港聯交所之互聯網網址：<http://www.hkex.com.hk>）。

公司實施2005年度每10股派發現金人民幣0.40元的分配方案後，A股可轉股債券的轉股價格由原來的每股人民幣3.90元調整為每股人民幣3.86元。根據募集說明書A股可轉股債券轉股價格調整的有關規定，公司於2006年7月31日調整A股可轉股債券轉股價格，調整後的A股可轉股債券轉股價格為人民幣3.86元。（詳見2006年7月25日，《上海證券報》、香港《文匯報》和《The Standard》；中國證監會指定國際互聯網網址：<http://www.sse.com.cn>，香港聯交所之互聯網網址：<http://www.hkex.com.hk>）。

截止本報告期末，A股可轉股債券的最新轉股價格為人民幣3.90元，而截止本報告刊登日，A股可轉股債券的最新轉股價格為人民幣3.86元。

6、A股可轉股債券的擔保人

A股可轉股債券的擔保人是中國建設銀行天津分行。

7. Other information of the A Share Convertible Bonds

The closing prices of the Company's A Share for the 20 consecutive trading days from 1st July 2005 to 28th July 2005 were lower than 70% of the conversion price of the A Share Convertible Bonds (which was RMB7.70). Pursuant to the Prospectus, the Company's A Share Convertible Bonds have triggered the provision for the sale back of the A Share Convertible Bonds to the Company as set out in the Prospectus. Holders of the A Share Convertible Bonds made the sale back of their A Share Convertible Bonds through the transaction system of the SSE from 5th August 2005 to 11th August 2005, with accumulated sale back amount of 8,239,020 A Share Convertible Bonds in the sum of RMB823,902,000.00. The price for the sale back of the A Share Convertible Bonds was 102% of the nominal value of the A Share Convertible Bonds (i.e. RMB102 per A Share Convertible Bond). Upon completion of the sale back, there are still 3,760,980 A Share Convertible Bonds in the sum of RMB376,098,000.00 outstanding.

Pursuant to the "Implementation Method of the Issue of the Convertible Bonds by Listed Companies" and the "Rules Governing the Listing of Securities on the SSE", the remaining A Share Convertible Bonds, which has not been sold back to the Company, will continue to be traded on the SSE.

As at 30 June 2006, the A Share Convertible Bonds have been issued for two years. Pursuant to the relevant provisions as set out in the Prospectus, the Company paid interests at the rate of 2.52% p.a. to those holders of the A Share Convertible Bonds (as at the closing in the SSE on 30 June 2006). For details, please refer to the relevant announcements published in "Shanghai Securities Daily", Wen Wei Po and "The Standard" in Hong Kong on 27 June 2006.

7、A股可轉股債券其他情況說明

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A股可轉股債券轉股價格（當期轉股價格為人民幣7.70元）的70%。根據募集說明書的約定，本公司A股可轉股債券已觸發回售條款。行使回售權的A股可轉股債券持有人在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（共人民幣823,902,000.00元）創業轉債進行回售。本次回售價格為A股可轉股債券面值的102%，即人民幣102元/張。本次回售結束後，A股可轉股債券剩餘3,760,980張（共人民幣376,098,000.00元）。

根據《上市公司發行可轉換公司債券實施辦法》及《上海證券交易所股票上市規則》，未回售的A股可轉股債券將繼續在上海交易所交易。

截止2006年6月30日，A股可轉股債券已發行滿兩年，按照本公司募集說明書的有關條款的規定，本公司對截至2006年6月30日上海證券交易所收市後的A股可轉股債券持有者，按照年息2.52%的利率進行了派息。（詳細請見2006年6月27日的《上海證券報》、香港《文匯報》和《The Standard》上相關公告）。

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

三、本公司董事、監事及高級管理層

(I) Changes in the shareholding of the Directors, Supervisors and senior management of the Company

(一) 本公司董事、監事和高級管理人員持股變動

Names	Position	Shareholding at the beginning of the reporting period 本報告期 初持股數目	Shareholding at the end of the reporting period 本報告期 末持股數目	Increment/ reduction	Reason for the changes
Wang Zhanying 王占英	Director 董事	5,000 domestic Shares 5,000 股內資股	6,850 domestic Shares (non-restricted circulating Shares) 6,850 股內資股 (無限售條件 流通股份)	1,850 domestic Shares (non-restricted circulating Shares) 1,850 股內資股 (無限售條件 流通股份)	1,850 domestic Shares (non-restricted circulating Shares) were allocated in the Share Segregation Reform of the Company 於本公司股權分置改革中 獲分配1,850股內資股 (無限售條件流通股份)
Nie Youzhuang 聶有壯	Supervisor 監事	700 domestic Shares 700 股內資股	959 domestic Shares (non-restricted circulating Shares) 959 股內資股 (無限售條件 流通股份)	259 domestic Shares (non-restricted circulating Shares) 259 股內資股 (無限售條件 流通股份)	259 domestic Shares (non-restricted circulating Shares) were allocated in the Share Segregation Reform of the Company 於本公司股權分置改革中 獲分配259股內資股 (無限售條件流通股份)

(II) Directors', Supervisors' and the Company's chief executives' interests and/or short positions in the shares, underlying shares and debentures of the Company or its associated corporations

As at 30th June 2006, the interests and/or short positions of the Directors, Supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or otherwise, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Hong Kong Stock Exchange were as follows:

(二) 本公司董事、監事及最高行政人員於本公司或其相聯法團股份、相關股份及債券中的權益及／或淡倉

於2006年6月30日，公司董事、監事及最高行政人員於本公司或其相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份及債務證券中擁有根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所的權益(包括證券及期貨條例被當作或視為擁有的權益及淡倉)，或須根據證券及期貨條例第352條記錄於該條例所指的登記冊中的權益，或須根據上市規則有關《上市公司董事進行證券交易的標準守則》知會本公司及聯交所的任何權益及淡倉如下：

Name 姓名	The Company/ name of associated corporations 本公司／ 相關法團名稱	Capacity 身份	Number and class of securities 證券數目及類別 (Note) (附註)	Approximate percentage in the total issued share capital of the Company/ associated corporations 於本公司／ 相聯法團 已發行總股本中的 概約百分比
Director 董事				
Wang Zhanying 王占英	The Company 本公司	Beneficial owner 實益擁有人	6,850 domestic Shares (non-restricted circulating Shares) (L) 6,850 股內資股 (無限售條件流通股份) (好倉)	0.00051
Supervisor 監事				
Nie Youzhuang 聶有壯	The Company 本公司	Beneficial owner 實益擁有人	959 domestic Shares (non-restricted circulating Shares) (L) 959 股內資股 (無限售條件流通股份) (好倉)	0.00007

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

附註：字母「好倉」為指於本公司或其相聯法團股份、相關股份及債務證券中的好倉。

Save as disclosed above, none of the Directors, Supervisors or chief executives of the Company, who, as at 30th June 2006, had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or otherwise, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Hong Kong Stock Exchange.

(III) Appointment or removal of the Directors, Supervisors or the senior management of the Company during the reporting period

In the 27th meeting of the Third Board of the Company held on 20th April 2006, the Board accepted and approved (i) the resignation of Mr. Guo Hui as the Chief Economist; (ii) the appointment of Mr. Guo Hui as the deputy general manager of the Company for a term from 20th April 2006 to 19th April 2009; (iii) the appointment of Ms. Chang Xiaolan as the Chief Economist of the Company for a term from 20th April 2006 to 19th April 2009; (iv) the resignation of Mr. Ip Pui Sum as the Company Secretary in Hong Kong; (v) the appointment of Mr. Lioe Chen Fu, Ricky as the Company Secretary in Hong Kong for a term from 20th April 2006 to 19th April 2009; (vi) the appointment of Mr. Ip Pui Sum as the financial consultant of the Company in Hong Kong; and (vi) the resignation of Mr. Wang Hongren as the deputy general manager of the Company.

Ms. To Wai Kam resigned from her office as the qualified accountant of the Company for personal reasons, which shall take effect on 30th June 2006. The Hong Kong Stock Exchange has granted to the Company a waiver in relation to the appointment of the qualified accountant for the period from 1st July 2006 to 31st December 2006, and during such period, the Company has arranged Ms. Chen Yinxing to assume the position of the qualified accountant of the Company, and arranged Mr. Ip Pui Sum, a certified public accountant recognized by the Hong Kong Institute of Certified Public Accountants, as the Company's financial consultant, to provide assistance to Ms. Chen.

除披露者外，於2006年6月30日，本公司董事、監事或最高行政人員概無於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份及債務證券中擁有根據證券及期貨條例第XV部第7及8分部規定須知會本公司及聯交所的任何權益或淡倉，或須根據證券及期貨條例第352條記錄於該條例所指之登記冊中之權益，或須根據上市規則有關《上市公司董事進行證券交易之標準守則》知會本公司及聯交所之任何權益或淡倉。

(三) 新聘或解聘公司董事、監事、高級管理人員的情況

公司於2006年4月20日召開第三屆董事會第二十七次會議，經審議通過及批准(i)同意郭輝先生辭去總經濟師職務；(ii)聘任郭輝先生為公司副總經理，任期自2006年4月20日起至2009年4月19日止；(iii)聘任常小蘭女士為公司總經濟師，任期自2006年4月20日起至2009年4月19日止；(iv)接受葉沛森先生辭去香港公司秘書職務的申請；(v)並聘任劉正富律師為新任香港公司秘書，任期自2006年4月20日起至2009年4月19日止；(vi)聘任葉沛森先生為公司在香港的財務顧問；及(vii)同意王宏仁先生辭去公司副總經理職務的申請。

杜惠琴女士因個人原因辭去本公司合資格會計師職務，由2006年6月30日生效。香港聯交所已向本公司授出為期由2006年7月1日至2006年12月31日期間委聘合資格會計師的豁免，豁免期間，公司安排總會計師陳銀杏女士負責合資格會計師的職務，並安排香港會計師公會認可的執業會計師葉沛森先生擔任本公司的財務顧問，以向陳女士提供相關協助。

(I) Management discussions and analysis

During the reporting period, the Company emphasized and stressed the topic of marketising in accordance with the Company's operation plans at the beginning of the year, and surrounding the various factors of marketising of the industry, overall strengthened the management, improved the establishment of systems, and enhanced the Company's market operation capabilities by strengthening the management in internal control and economic post-assessment system. The Company continued to focus in scientific researches, and during the reporting period, the Company was granted two National Practical New Model Patents (i.e. 1. Bio-filter device to improve stinking smell; 2. Bio-washer system to improve stinking smell). In May 2006, the Ministry of Human Resources approved the Company's establishment of Post-doctorate Research Station, which is of a great importance for the Company to implement its human resources strategies in-depth, to enhance the formation of a professional technical expertise team, and to maintain the Company's technical leading advantage in the industry.

During the reporting period, the Company has actively tried to principally establish a market development model based on the export of operation management techniques, and explored the markets in the peripheral districts of Tianjin as well as the districts surrounding in its subsidiaries to consolidate service brand-name and to explore the markets.

During the reporting period, the Company has convened an extraordinary general meeting on 29th May 2006 to approve the termination of the "Sewage Water Plants Fee Agreement" entered into between the Company and Tianjin Sewage Water Company ("TSC") on 24th September 2001, and at the same time to consider and approved the "Sewage Water Processing Interim Service Agreement" entered into between the Company and TSC, whereby the Company's Xianyanglu Sewage Water Treatment Plant, Jizhuangzi Sewage Water Treatment Plant can commence to charge the sewage water processing service fees according to the actual volume of standard-level water processed at the unit price of RMB1.93 per cubic meter since 1st January 2006, and Beicang Sewage Water Treatment Plant commenced production of standard-level water from June 2006. Commencing from 1st January 2006, the service fee charged under the Sewage Water Plants Fee was no longer realized, and pursuant to which adjustments have been made in this report to the incomes generated from the principal operations as recorded in the first quarterly report.

During the reporting period, the Group generated turnover from principal operations of RMB362,818,000, profit from principal operations of RMB215,073,000, net profit of RMB96,225,000 and earnings per Share of RMB0.07. The net profit during the reporting period increased by 2.6% as compared over with the corresponding period of last year.

(一) 管理層討論與分析

報告期內，按照年初公司經營計劃，本公司重點突出和強調市場化這個主題，圍繞本行業市場化的各個要素，全面加強管理，完善制度建設，加強內部控制和經濟後評估等管理，提升公司市場化運作的能力。繼續狠抓科技研發工作，報告期內，公司已經取得國家實用新型專利授權兩項（1.治理惡臭的生物滴濾裝置；2.治理惡臭的生物洗滌系統）。國家人事部於2006年5月批准在本公司建立博士後科研工作站。博士後科研工作站對於本公司深入實施人才戰略，加強專業技術人才隊伍建設，保持本公司在行業內的技術領先優勢具有十分重要的作用。

報告期內，本公司於積極嘗試以輸出運營管理技術為主的市場開發模式，在天津周邊地區以及子公司周邊地區開拓市場，鞏固服務品牌，開拓服務市場。

報告期內，本公司於2006年5月29日召開臨時股東大會，同意從2006年1月1日起終止本公司與天津市排水公司（「排水公司」）2001年9月24日簽署的《在建工程收費協議》，同時審議通過本公司與排水公司簽署的《污水處理臨時服務協議》。本公司所屬咸陽路污水處理廠、紀莊子污水處理廠從2006年1月1日起按實際處理達標水量和人民幣1.93元/立方米的單價向排水公司收取污水處理服務費，北倉污水處理廠2006年6月開始達標出水。從2006年1月1日起，不再確認上述工程建設管理費收入。據此，本集團在本報告中對一季度報告中的主營業務收入進行了調整。

報告期內，本集團共實現主營業務收入人民幣362,818千元，主營業務利潤人民幣215,073千元，淨利潤人民幣96,225千元，每股收益人民幣0.07元。本報告期淨利潤與去年同期相比增長2.6%。

(II) The Company's principal businesses and its operating conditions

The principal businesses of the Group are: the construction, design, management, operation, technological consultation and auxiliary services of sewage water treatment plant and their related infrastructural facilities; the construction, design, toll collection, repair and maintenance, management, operation, technological consultant of toll roads and auxiliary services in relation to the operation of the South-eastern Half Ring Road of the Middle Ring of Tianjin, Tianjin City Indebted Road Construction for Vehicle-passage Toll Collection Office and their related auxiliary facilities; the development and operation of environmental protection technology and products.

1. Operations of sewage water processing business

During the reporting period, incomes of the Company's sewage water processing businesses in Tianjin District were generated from the sewage water treatment businesses in the Dongjiao Sewage Water Treatment Plant, Jizhuangzi Sewage Water Treatment Plant, Xianyanglu Sewage Water Treatment Plant and Beijing Sewage Water Treatment Plant, which processed 147,230,000 cubic meters of sewage water in aggregate, representing an increase of 108.2% over the volume of sewage water processed in the corresponding period of last year of 70,730,000 cubic meters. It was because the Jizhuangzi Sewage Water Treatment Plant and Xianyanglu Sewage Water Treatment Plant commenced to charge sewage water processing service fees for the standard-level water processed since 1st January 2006 by processing sewage water. During the reporting period, the Company generated a total income of RMB284,152,000 from the sewage water processing business charged under the "Sewage Water Processing Agreement" and the "Sewage Water Processing Interim Service Agreement" entered into between the Company and TSC.

During the reporting period, the Company ceased to charge the fee under the Sewage Water Plants Fee Agreement. Sludge area testing and finalisation of work, and acceptance of inspection have been conducted at the Xianyanglu Sewage Water Treatment Plant and the Jizhuangzi Sewage Water Treatment Plant. During the reporting period, Beicang Sewage Water Treatment Plant has completed water discharge testing in June 2006 which met the qualified water discharge standards and commenced to charge the sewage water processing service fee, and is undergoing sludge area commissioning and finalisation of work and inspection of acceptance.

(二) 本公司主營業務及其經營狀況

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

1、 污水處理業務經營情況

報告期內，本公司天津地區污水處理業務收入來源於東郊污水處理廠、紀莊子污水處理廠、咸陽路污水處理廠及北倉污水處理廠污水處理業務，處理水量總計14,723萬立方米，比去年同期處理量7,073萬立方米上升108.2%，主要原因是紀莊子污水處理廠及咸陽路污水處理廠從2006年1月1日起開始處理污水並按實際處理達標水量確認污水處理服務費收入。報告期內，本公司按照與排水公司簽署的《污水處理委託協議》及《污水處理臨時服務協議》，共獲得污水處理業務收入共計約人民幣28,415.2萬元。

報告期內，本公司污水處理建設業務終止建設管理費收入。咸陽路污水處理廠、紀莊子污水處理廠主要進行泥區調試和工程收尾及竣工驗收工作。北倉污水處理廠於報告期內2006年6月完成出水水質驗收，並達到合格出水標準及開始收取污水處理費，正在進行泥區調試和工程收尾及竣工驗收工作。

During the reporting period, Xiaohe Sewage Water Treatment Plant of Guizhou Capital Water Co., Ltd., (“**Guizhou Capital**”) a subsidiary of the Company, processed 13,525,000 cubic meters of sewage water in aggregate, and received a total income of RMB11,360,900 from processing sewage water; Guizhou Capital received a total income of RMB1,694,700 by developing the sewage water treatment plants (which are pending for operation) in its surrounding areas. During the reporting period, Guizhou Capital recorded a total income of RMB13,055,600.

During the reporting period, 15,369,100 cubic meters of drinking water were sold by Qujing Capital Water Co., Ltd., (“**Qujing Capital**”), a subsidiary of the Company, which generated income of RMB16,906,000, and 7,769,600 cubic meters of sewage water were processed, which generated an income of RMB5,439,000. During the reporting period, Qujing Capital generated an income of RMB22,345,000.

During the reporting period, Fuyang Capital Water Co., Ltd., (“**Fuyang Capital**”), a subsidiary of the Company, actually processed 6,685,000 cubic meters of sewage water, and generated an income of approximately RMB7,350,000.

During the reporting period, Chibi Capital Water Co., Ltd., a subsidiary of the Company, has obtained a government subsidy of RMB1,000,000.

During the reporting period, the Company continued to apply for the licence on the operation rights for the sewage water processing businesses for its four sewage water treatment plants from the Tianjin Construction Administrative Management Department pursuant to the relevant provisions of the Administrative Measures on Licensed Operation of Tianjin Municipal Public Utilities (No. 91 of the Government Order of Tianjin People’s Government) issued by the Tianjin Municipal Government. However, currently, it is yet unable to confirm the actual contents and timetable for signing such licensed operation agreement.

報告期內，本公司控股子公司貴州創業水務有限公司（「**貴州水務**」）所屬小河污水處理廠共處理污水1,352.5萬立方米，實現污水處理服務收入共人民幣1,136.09萬元；貴州水務開發週邊代運行污水處理廠業務共實現收入人民幣169.47萬元。報告期內，貴州水務共實現收入人民幣1,305.56萬元。

報告期內，本公司控股子公司曲靖創業水務有限公司（「**曲靖水務**」）共銷售自來水1,536.91萬立方米，實現銷售收入人民幣1,690.6萬元；共處理污水776.96萬立方米，實現污水處理服務費收入人民幣543.9萬元；報告期內，曲靖水務共實現收入人民幣2,234.50萬元。

報告期內，本公司控股子公司阜陽創業水務有限公司（「**阜陽水務**」）實際處理污水668.5萬立方米，共實現收入約人民幣735萬元。

報告期內，本公司控股子公司赤壁創業水務有限公司獲得政府財政補貼收入人民幣100萬元。

報告期內，本公司繼續根據天津市政府頒佈的《天津市政公用事業特許經營管理辦法》（天津市人民政府91號政府令），與天津市建設行政管理部門申請本公司所屬四座污水處理廠的特許經營權，但目前尚無法確定特許經營協議的具體內容和時間表。

2. Operations of toll collection business

During the reporting period, the Company's toll collection business realized an income of approximately RMB32,945,000. Since the change of toll collection arrangement to subcontracting toll collection on 1st July 2003, incomes from toll collection has been stable, and there has been no major changes.

1. The principal business by industry and products

		Incomes from the principal business	Cost of the principal business	Profit margin of the principal business (%)	Increase/decrease of incomes from the principal business as compared over the corresponding period of last year (%)	Increase/decrease of cost of the principal business as compared over the corresponding period of last year (%)	Increase/decrease of profit margin of the principal business as compared over the corresponding period of last year (%)
By industry or by products	分行業或分產品	主營業務收入	主營業務成本	主營業務利潤率(%)	主營業務收入比上年同期增減(%)	主營業務成本比上年同期增減(%)	主營業務利潤率比上年同期增減(%)
By industry	分行業						
Sewage water processing business	污水處理業務	310,219	105,339	66.04	29.21	69.75	-8.11
Road and toll collection business	道路及收費站業務	32,945	4,215	87.21	0.92	-52.60	14.45

Of these: amount of the connected transactions in respect of the sales of products or the provision of services by the Company to the controlling Shareholder and its subsidiaries during the reporting period was nil.

2. Principal business by geographical locations

Regions	地區	Incomes from the principal business	Increase/decrease of income from the principal business as compared over the corresponding period of last year (%)
		主營業務收入	主營業務收入比上年同期增減(%)
Tianjin	天津	317,097	19.59
Guizhou	貴州	13,056	15.60
Yunan Qujing	雲南曲靖	22,345	No income in the last year 上年沒有收入
Anhui Fuyang	安徽阜陽	7,350	No income in the last year 上年沒有收入

2、道路收費業務經營情況

本報告期內，本公司道路收費業務實現收入約人民幣3,294.5萬元。自2003年7月1日公司的道路收費模式轉變為委託收費以來，收費站業務收入基本平穩，未發生重大變化。

1. 主營業務分行業、產品情況表

Unit: '000 Currency: RMB
單位：千元 幣種：人民幣

其中：報告期內本公司向控股股東及其子公司銷售產品或提供服務的關聯交易金額0元人民幣。

2. 主營業務分地區情況

Unit: '000 Currency: RMB
單位：千元 幣種：人民幣

(III) Operations of other businesses

During the reporting period, Tianjin Water Recycling Company (“**Water Recycling Company**”), a subsidiary of the Company, continued to strengthen its efforts on the construction of ancillary facilities for pipe networks and the promotion of intermediate water utilization. However, as there were no mandatory measures for promoting the use of recycled water, the development of Water Recycling Company was subject to such restrictions. During the reporting period, recycled water of 640,000 cubic metres were sold, which generated sales income of RMB830,000. The construction of ancillary facilities for pipe networks generated an income of RMB2,780,000. During the reporting period, Water Recycling Company recorded a total income of RMB3,610,000.

(IV) The Company's investments

1. Overall utilisation of the proceeds

Proceeds raised from the issue of the A Share Convertible Bonds in 2004 amounted to RMB1,165,390,000. In August 2005, sale back of the A Share Convertible Bonds accumulated to RMB823,902,000, and the remaining gross balance of the A Share Convertible Bonds amounted to RMB341,488,000. At the end of the reporting period, an aggregate of proceeds of RMB227,780,000 has been utilised, of which RMB63,670,000 was utilised during the reporting period. The unutilised amount of RMB113,708,000 will continue to be invested in the committed projects for which the funds were raised.

2. Utilisation of the proceeds in the committed project

Name of the committed project name	Expected amount of investment	Any change in the project 是否 變更項目	Actual invested amount 實際 投入金額	Progress of the project	Compliance with schedule 是否符合 計劃進度
承諾項目名稱 Xianyanglu Sewage Water Treatment Plant Project 咸陽路污水處理廠工程項目	620,000,000	No 否	110,110,000	Sludge area tests have been completed. Part of information for the completion of the plant has been arranged and submitted for inspection, and passed the acceptance of inspection for fire prevention. 完成泥區調試；完成廠內部分竣工資料整理和交驗；通過工程消防驗收。	No 否

(三) 其他業務經營情況

報告期內，本公司控股子公司天津中水有限責任公司（「中水公司」）繼續加大管網配套建設及中水使用推廣工作。但由於再生水的推廣使用缺乏強制性措施，因此中水公司的發展仍然受到制約。報告期內，共銷售再生水64萬立方米，實現銷售收入人民幣83萬元；再生水管網配套建設，共實現收入278萬元。報告期內，中水公司共實現收入361萬元。

(四) 公司投資情況

1、 募集資金總體使用情況

本公司於2004年通過發行可轉債募集資金人民幣1,165,390,000元。2005年8月，本公司可轉債募集資金累計回售人民幣823,902,000元，可轉債募集資金餘額人民幣341,488,000元。本報告期末，募集資金已累計使用人民幣227,780,000元，其中本報告期使用63,670,000元人民幣。尚未使用募集資金113,708,000元，將繼續投入募集資金承諾項目上。

2、 募集資金於承諾項目使用情況

Unit: dollar Currency: RMB
單位：元 幣種：人民幣

Unit: dollar Currency: RMB
單位：元 幣種：人民幣

Committed project name	Expected amount of investment	Any change to the project 是否 變更項目	Actual invested amount 實際 投入金額	Progress of the project	Compliance with schedule 是否符合 計劃進度
Jizhuangzi Sewage Water Treatment Plant (expansion) Project (including sewage water discharge project around the south-eastern rural areas) 紀莊子污水處理廠(擴建)工程(含東南郊一帶排水工程)	321,000,000	No 否	62,720,000	Sludge area tests have been completed. Acceptance of inspection on some installed equipment has been completed. Part of information for the completion of the plant has been arranged and submitted for inspection, and passed the acceptance of inspection for fire prevention. 完成泥區調試；完成設備安裝竣工質量驗收；完成廠內部分合同段竣工資料整理和交驗；通過工程消防驗收。	No 否
Beicang Sewage Water Treatment Plant Project 北倉污水處理廠工程項目	149,900,000	No 否	54,950,000	The adjustment work of the water area has been completed, and the water discharged from the plant met the qualified requirements. 完成水區調試，出水水質驗收合格。	Yes 是
Total 合計	<u>1,090,000,000</u>	/	<u>227,780,000</u>		

Explanation for not complying with the progress and revenue as scheduled:

Due to reasons such as SARS in 2003 and the complicated procedures for purchases by foreign banks, which resulted in the delay in the progress of the above projects as compared to those as stated in the Prospectus. Since the acceptance of inspection of the projects have not been completed, currently the sewage water processing service fees is charged in accordance with the "Sewage Water Processing Interim Service Agreement" entered into between the Company and TSC, and thus such revenue could not be compared with those as set out in the Prospectus.

未達到計劃進度和收益的說明：

上述募集資金項目工程進度由於2003年非典型肺炎及外資銀行採購程序複雜等原因導致與募集說明書所述的進度相比有所推延。由於尚未完成竣工驗收，目前只是按照與排水公司簽署的《污水處理臨時服務協議》收取污水處理服務費，因此無法與募集說明書中的收益進行比較。

3. Major investment made out of funds other than proceeds raised from subscription

During the reporting period, the Company contributed RMB180,211,500 for setting up Hangzhou Capital Water Co., Ltd. (“**Hangzhou Capital**”) with Hangzhou City Construction Property Operation Company Limited (“**HCPO**”). The registered capital of Hangzhou Capital is RMB257,445,000, in which 70% is held by the Company, while 30% is held by HCPO. Currently, Hangzhou Capital is conducting functioning tests on phase 1 of Hangzhou Qige Sewage Water Treatment Plant, and is preparing for formal execution of the “Assets Transfer Agreement”, “Licensed Operation Agreement” and “Sewage Water Processing Service Agreement”. The consideration for phase 1 and 2 of the Hangzhou Qige Sewage Water Treatment Plant to be acquired and operated with exclusive licence by Hangzhou Capital (phase 1 with designated capacity of 400,000 cubic meters per day is in operation, phase 2 with designated capacity of 200,000 cubic meters per day is still under construction) is RMB858,150,000, and the terms of licensed operation will be for 25 years.

Qujing Capital was incorporated in December 2005, with a registered capital of RMB120,000,000, and is held as to 90.03% by the Company. During the reporting period, Qujing Capital acquired three water plants and one sewage water treatment plants at the consideration of RMB290,000,000. Qujing Capital has commenced operation in the first half year, and has produced drinking water of 15,369,100 cubic meters of drinking water, and processed 7,769,600 cubic meters of sewage water, and has met qualified water discharge standards.

Fuyang Capital, a subsidiary of the Company, was incorporated in December 2005 with a registered capital of RMB45,000,000, and is held as to 98% by the Company. During the reporting period, Fuyang Capital has paid an amount of RMB20,400,000 in respect of the transfer of licensed operation right to Fuyang Sewage Water Treatment Plant. Fuyang Capital commenced its formal operations in the first half year of 2006, and during the reporting period, has processed 6,685,000 cubic meters of sewage water, which water discharged has met the qualified requirements.

During the reporting period, having been considered and approved by the Company’s manager office, the Company increased a capital contribution of HK\$60,000,000 to Tianjin Capital Environmental Protection (Hong Kong) Company Limited.

4. Future plan for material investments or capital assets

Save for the investment mentioned above, the Company does not have any future plan for material investments or capital assets in the second half year of 2006.

3、非募集資金項目情況

報告期內，本公司出資人民幣18,021.15萬元與杭州市城市建設資產經營有限公司（「城資公司」）共同成立杭州天創水務有限公司（「杭州天創」）。杭州天創註冊資金人民幣25,744.5萬元，本公司持股70%，城資公司持股30%。目前，杭州天創正在對杭州市七格污水處理廠一期進行性能測試，並著手準備正式簽署《資產轉讓協議》、《特許經營協議》及《污水處理服務協議》。杭州天創擬收購並特許經營的杭州七格污水處理廠一、二期工程（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）的代價為人民幣858,150,000元，特許經營期限25年。

曲靖水務於2005年12月註冊成立，註冊資金人民幣1.2億元，本公司持股90.03%。報告期內，曲靖水務支付收購三座自來水廠及一座污水處理廠的資產轉讓款人民幣29,000萬元。曲靖水務從上半年開始運營，共生產自來水1,536.91萬立方米，處理污水776.96萬立方米，水質合格。

本公司控股子公司阜陽創業於2005年12月註冊成立，註冊資金人民幣4,500萬元，本公司持股98%。報告期內，阜陽水務支付阜陽污水處理廠特許經營權轉讓款2,040萬元。阜陽水務從2006年上半年開始正式運營，報告期內共處理污水668.5萬立方米，出水水質合格。

報告期內，經本公司經理辦公會審議通過，本公司對全資子公司天津創業環保（香港）有限公司增資港幣6,000萬元。

4、未來重大投資或購入資本資產的計劃

除上述投資外，本公司於2006年下半年並無任何未來作重大投資或購入資本資產的計劃。

(V) Analysis of the Company's financial status and operating results

1. Description of material change in asset composition and principal financial data during the reporting period as compared over with the corresponding period of last year

As at 30th June 2006, the total assets of the Group amounted to RMB5,159,903,000, representing an increase of RMB 606,457,000 or 13.32% as compared over with RMB4,553,446,000 as at the end of 2005. The total liabilities amounted to RMB 2,714,755,000, representing an increase of RMB 495,612,000 or 22.33% as compared over with RMB 2,219,143,000 as at the end of 2005. Total Shareholders' equity amounted to RMB 2,328,199,000, representing an increase of RMB 43,028,000 or 1.88% as compared over with RMB 2,285,171,000 as at the end of 2005. Net profit realized in the first half year of 2006 amounted to RMB 96,225,000 representing an increase of RMB 2,436,000 or 2.60% as compared over with RMB 93,789,000 of the corresponding period in 2005. Items with greater change are analysed as follows:

(五) 公司財務狀況、經營成果分析

- 1、報告期資產構成及主要財務數據同比發生重大變動的說明

截至2006年6月30日，本集團資產總額為5,159,903千元，比2005年末的4,553,446千元增加606,457千元，增幅13.32%；負債總額為2,714,755千元，比2005年末的2,219,143千元增加495,612千元，增幅22.33%；股東權益總額為2,328,199千元，比2005年末的2,285,171千元增加43,028千元，增幅1.88%；2006年上半年實現淨利潤為96,225千元，比2005年同期93,789千元增加2,436千元，增幅2.60%。現將變動較大的科目進行如下分析：

Unit: '000 Currency: RMB
單位：千元 幣種：人民幣

Items 項目名稱	Amount at the end of the reporting period 報告期末數 (Unaudited) (未經審計)	Amount at the beginning of the reporting period 報告期初數 (Unaudited) (未經審計)	Amount increased /decreased 增減額	Percentage of increase/ decrease (%) 增減幅度(%)	Description of changes 變動說明
Gross fixed assets value 固定資產原值	3,259,776	2,210,064	1,049,712	47.50	The reason for the increase was due to fact that consolidation was done on the assets (which have reached their working conditions) for the expansion project of the Jizhuangzi Sewage Water Treatment Plant and the project of the Xianyanglu Sewage Water Treatment Plant. In addition, three water plant and one sewage water treatment plant in Qujing City were acquired during the period. 增加的原因系報告期內對於天津市紀莊子污水處理廠擴建工程和咸陽路污水處理廠工程已達到可使用狀態的資產進行了轉固；另外本期收購了曲靖市三個自來水廠和一個污水廠等資產。
Construction in process 在建工程	922,955	1,554,674	-631,719	-40.63	The decrease in construction in progress during the period was due to the fact that consolidation was done on the assets (which have reached their working conditions) for the expansion project of the Jizhuangzi Sewage Water Treatment Plant and the project of the Xianyanglu Sewage Water Treatment Plant. 本期在建工程減少主要是由於對天津市紀莊子污水處理廠擴建工程和咸陽路污水處理廠工程已達到可使用狀態的資產進行了轉固造成。

Items 項目名稱	Amount at the end of the reporting period 報告期末數 (Unaudited) (未經審計)	Amount at the beginning of the reporting period 報告期初數 (Unaudited) (未經審計)	Amount increased /decreased 增減額	Percentage of increase/ decrease (%) 增減幅度(%)	Description of changes 變動說明
Short-term borrowings 短期借款	790,000	595,000	195,000	32.77	The increase in the Company's investment (by internal working capital) during the reporting period resulted in a corresponding increase in the demand for liquid capital, which has led to the increase of short-term loans. 公司報告期內以自有資金對外投資的增加造成對流動資金的需求相應增加，導致短期借款的增加。
Long-term borrowings 長期借款	838,959	642,500	196,459	30.58	The increase in the demand for long-term fund was due to the fact that the Company's subsidiaries such as Qujing Capital, acquired sewage water treatment plant and water plant during the reporting period. The annual interest rates of the long-term borrowing were ranged from 5% to 6.1%. 報告期內由於曲靖水務等子公司進行污水廠及自來水廠的收購導致長期資金需求的增加。長期借款的年利率水平約為5%-6.1%之間。
Revenue from principal businesses 主營業務收入	362,818	276,457	86,361	31.24	During the reporting period, since the water quality of the expansion project of the Jizhuangzi Sewage Water Treatment Plant and the project of the Xianyanglu Sewage Water Treatment Plant has reached the required standards, the "Sewage Water Processing Interim Service Agreement" was implemented and sewage water processing fee was charged according to the actual volume of sewage water processed. In addition, subsidiaries such as Qujing Capital and Fuyang Capital were in operation this year and generated revenue. The above reasons resulted in a greater increase in revenue for this reporting period. 報告期內，由於紀莊子污水處理廠改、擴建工程和咸陽路污水處理廠工程出水水質已經達標，故開始執行《污水處理臨時服務協議》，按照實際處理水量收取污水處理服務費；此外，曲靖水務、阜陽水務等子公司本年度進入運營期，開始實現收入，上述原因造成本報告期收入的增幅較大。

Items 項目名稱	Amount at the end of the reporting period 報告期末數 (Unaudited) (未經審計)	Amount at the beginning of the reporting period 報告期初數 (Unaudited) (未經審計)	Amount increased /decreased 增減額	Percentage of increase/ decrease (%) 增減幅度(%)	Description of changes 變動說明
Costs from principal businesses	130,104	78,091	52,013	66.61	During the reporting period, consolidation was done on the assets (which have reached their working conditions) for the expansion project of the Jizhuangzi Sewage Water Treatment Plant and the project of the Xianyanglu Sewage Water Treatment Plant, the depreciation charges increased substantially as compared over with the corresponding period of last year. In addition, the Jizhuangzi Sewage Water Treatment Plant and the Xianyanglu Sewage Water Treatment Plant have been put into operation officially, which result in an increase in costs as compared over with the corresponding period of last year when both plants were in commissioning period. Furthermore, subsidiaries such as Qujing Capital and Fuyang Capital were in operation in this year which resulted in a growth in revenue as well as an increase in costs.
主營業務成本					報告期內對於紀莊子污水處理廠擴建工程和咸陽路污水處理廠工程已達到可使用狀態的資產進行了轉固，折舊費同比大幅增加；另外紀莊子、咸陽路污水廠已開始正式運營，上年同期在調試運營期，相應的成本也有所增長；此外，曲靖水務、阜陽水務等子公司本年度進入運營期，收入增長相應成本也有所增加。
Finance costs	35,331	21,289	14,042	65.96	The Company increased both short-term and long-term loans which correspondingly resulted in an increase in the interest charges.
財務費用					公司相應地增加了長、短期借款，使得相應利息支出增大。

2. Description of the substantial changes in cash flow of the Company during the reporting period as compared over with the corresponding period of last year:

- 2、報告期公司現金流構成情況、同比發生重大變動的說明：

Unit: '000 Currency: RMB

單位：千元 幣種：人民幣

Items	Six months ended 30th June 2006 截至 2006 年 6 月 30 日止 6 個月 (Unaudited) (未經審計)	Six months ended 30th June 2005 截至 2005 年 6 月 30 日止 6 個月 (Unaudited) (未經審計)	Amount increased/ decreased 增減額	Percentage of increase /decrease (%) 增減幅度(%)	Description of changes 變動說明
Net cash flows from business operation activities 經營活動產生的現金流量淨額	118,181	-23,111	141,292	611.36	During the reporting period, the Jizhuangzi Sewage Water Treatment Plant and the Xianyanglu Sewage Water Treatment Plant as well as the Company's subsidiaries such as Qujing Capital and Fuyang Capital operated officially which led to a substantial increase in revenue and resulted in an increase in net inflows from operating activities as compared over with the corresponding period of last year and such inflow is over the outflow which result in an increase in the net cash inflow. 報告期內，紀莊子、咸陽路分廠以及曲靖水務、阜陽水務等本公司子公司均開始正式運營，收入大幅增長，故而經營活動現金流入同比增長，並足以彌補相應的支出形成淨流量的增長。
Net cash flows from investing activities 投資活動產生的現金流量淨額	-551,925	262,020	-813,945	-310.64	During the reporting period, the increase of the Company's investments and acquisitions resulted in a greater increase in cash outflows for investing activities. In addition, the construction projects of sewage water treatment plants of various places also increased this cash outflows. 報告期內，公司投資、收購項目的增加導致投資活動的現金流出大幅增長，此外各地污水處理廠建設項目的繼續也加大了此項流出。

Items	Six months ended 30th June 2006 截至 2006 年 6 月 30 日止 6 個月 (Unaudited) (未經審計)	Six months ended 30th June 2005 截至 2005 年 6 月 30 日止 6 個月 (Unaudited) (未經審計)	Amount increased/ decreased 增減額	Percentage of increase /decrease (%) 增減幅度(%)	Description of changes 變動說明
Net cash flows from fund raising activities	463,613	64,394	399,219	619.96	During the reporting period, the increase of the Company's investments and acquisitions resulted in an increase in the demand for capital funds. Thus, the amount raised was increased and the increase in net cash flows from fund raising activities was relatively large during the reporting period.
籌資活動產生的現金流量淨額					報告期內公司投資、收購等項目的增加，造成對資金的需求增大，故報告期內加大了籌資額，籌資淨流量增幅較大。
Increase in cash and cash equivalents	29,896	303,303	-273,434	-90.15	The cash flows status of the above three activities, particularly cash outflows of the investing activities of this reporting period experienced substantial increase, which has resulted in a greater decrease on the increasing amount on the net cash as compared over with the same period of last year.
現金及現金等價物淨增加額					上述三大項活動的現金流動情況，特別是本期投資活動現金流出的大幅增長，造成本期現金淨增加額較上年同期減幅較大。

(VI) Indebtedness, changes in credit facilities and cash repayment arrangement for the future years

As at the end of the reporting period, the gear ratio of the Group is 52.61%. The credit position of the Company was good. The Company has a strong repayment ability. The term of the A Share Convertible Bonds was five years. If the sale back and redemption conditions stated in the Prospectus were satisfied and the payment for principal and interest were due, the principal and interests to be paid to the holders of the A Share Convertible Bonds can be paid from internal resources or bank borrowings.

(VII) Liquidity and financial resources

There were no seasonal changes in the Group's borrowings requirement. As at 30th June 2006, there were no outstanding borrowings and interests nor repayable upon maturity. Details of the bank borrowings of the Group are stated in note 10 of the notes to the condensed consolidated financial statements for the six months ended 30th June 2006 of the Accounts prepared in accordance with HKFRS of the Company.

In accordance with the A Share Accounting Report disclosed in accordance with the PRC GAAP, as at 30th June 2006, the gearing ratio (total liabilities/ total assets) was 52.61%.

(六) 公司的負債情況、資信變化情況及在未來年度還債的現金安排

截至本報告期末，本集團資產負債率為 52.61%。本公司資信情況良好，具有較強的償債能力。公司發行的 A 股可轉股債券的期限為五年。如出現滿足 A 股可轉股債券募集說明書中披露的回售與贖回條款及到期還本付息時，可通過公司的自有資金或銀行信貸資金來支付 A 股可轉股債券持有人的本金和利息。

(七) 流動資金及財務資源

本集團的借貸需要並無季節性變動。於 2006 年 6 月 30 日，概無已到期而尚未清還的銀行借款及利息。有關本集團的銀行借貸詳情載於本公司按照香港財務報告準則編製的截至 2006 年 6 月 30 日簡明綜合財務報表附註 10。

根據中國公認會計原則所披露的 A 股會計報告，於 2006 年 6 月 30 日，資產負債比率（總負債除以總資產）為 52.61%。

(VIII) Foreign exchange risk

Main receivables and payable items of the Group are denominated in RMB. Therefore, there is no material impact on the Group's operation resulting from the fluctuations in foreign exchange rates, and there was no pledge activity made in respect of the foreign exchange risks.

(IX) Employee and Emolument Policy

As at 30 June 2006, the Company had 479 staff members. During the reporting period, remuneration paid to staff of the Company was approximately RMB 12,204,000. The Company determined the income of the management in accordance with their management skills, the content of the management work completed, the risk and responsibility borne by the management and corporate economic effectiveness. The Company adopted a salary-point system for wages. For operating staff, their income were determined in accordance with their skill level, labour intensity and difficulty and corporate economic effectiveness. Wages were paid according to their posts and skills.

(X) Industry Analysis and Operation Plans of the Company for the Second Half of the Year

The "11th Five-year Plan" of the PRC is aimed at "Constructing a Saving and Environmentally Friendly Society" as its basic national policy. At the same time, it proposes the concepts of "Devoting Major Efforts to Develop a Revolving Economy" and "Stepping Up Efforts in Environmental Protection". The Central Government has further emphasized the implementation of the concept of scientific development and the sustainable development strategy. Unprecedented emphasis has been placed on environmental protection and resources conservation, creating important development opportunities for the development of the water industry in the PRC. Following marketization for a couple of years, the core of the water industry in the PRC has evolved from single-project investment into coordinated competition among industrial sectors such as investment, design, engineering and operation. The ability to control the whole industry chain and coordinated efficiency has become core competitiveness of the industry chain. As a service industry operating on an ongoing basis, scientific research and development with operating services as the cores and integrated service capability will ultimately become the key for corporations to earn profits in the long run. It is also the major means for water treatment companies to resist risks and reduce costs.

The prospects for the future development of the Company and the operation plan for 2006 have been explained and described in detail in the 2005 annual report of the Company. In the second half of the year, the Company will continue to implement its planned operation plans, strengthen the management and regulate its operations so as to fully leverage on its edge in expertise, and thereby laying a solid foundation for the Company to become a flagship enterprise in the sewage water processing industry.

(八) 外幣兌換風險

本集團的主要應收及應付款項均為以人民幣計值。因此，本集團之運作並無受匯率波動的重大影響，且並無就任何外幣風險進行對沖的措施。

(九) 僱員及酬金政策

截止到2006年6月30日，本公司在職員工479名。本報告期內，支付公司員工的酬金總額約為人民幣12,204千元。本公司對於管理層根據其管理技能、完成的管理工作內容、承擔的管理責任風險及企業經濟效益確定其收入，實行薪點制工資，對於操作層根據其技能水平、勞動強度和難度以及企業經濟效益情況確定其收入，實行崗位技能工資。

(十) 行業分析及公司下半年經營計劃情況

中國第十一個五年規劃將「建設節約型、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」。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，為中國水務行業的發展提供了重要的發展機遇。經過幾年的市場化進程，中國水務行業的重心已經由單一的项目投資演變成投資、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力。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。

關於本公司未來發展展望及2006年經營計劃，已經在2005年年度報告中作了詳細的說明和描述。下半年，公司將繼續履行既定的經營計劃，狠抓管理，規範運營，充分發揮本公司的專業優勢，為本公司成為污水處理市場的旗艦企業奠定基礎。

(XI) Charge on assets

The Group did not charge any assets of the Company or its subsidiaries as at 30th June 2006.

(XII)Contingent liabilities

The Group did not have any significant contingent liabilities as at 30th June 2006.

(XIII)Advance to entity

As at 30th June 2006, pursuant to the "Sewage Water Processing Agreement" and the "Sewage Water Plants Fee Agreement" entered into between the Company and TSC, total receivables and long-term receivables of the Company from TSC amounted to RMB586,480,000, approximately 12.60% of the total market capitalization of the Company as at 30th June 2006. 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.

(XIV)Acquisition and disposal of subsidiaries

During the reporting period, the Company did not acquire or dispose any of its subsidiaries.

(十一) 資產抵押

於2006年6月30日，本集團並無就本公司及其附屬公司的資產增設任何抵押。

(十二) 或然負債

於2006年6月30日，本集團並無任何重大或然負債。

(十三) 債權

截至2006年6月30日，依據本集團與排水公司簽署的《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賬款和長期應收款總額為人民幣586,480,000元，約為本公司截至2006年6月30日總市值的12.60%。排水公司為一家國有控股公司，屬天津市政工程局控制，為本公司的關連人士。

(十四) 收購及出售附屬公司

於報告期內，本公司並無購買及出售附屬公司。

V. Major Events

(I) Corporate governance

During the reporting period, the Company strictly complied with the requirements under the Company Law, Securities Law of the PRC, the relevant rules and regulations of the CSRC, the provisions under the relevant listing rules and the “Code on Corporate Governance Practices” as set out in the Appendix 14 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Listing Rules**”). The Company devoted a lot of effort to improve its corporate governance structure and established a contemporary corporate system so as to standardise the operation of the Company. During the reporting period, the Company’s has complied with the requirements under the relevant documents of the CSRC.

During the reporting period, the Company amended its articles of association (the “**Articles of Association**”) in accordance with the newly amended Company Law, Securities Law, “Guidelines of Articles of Associations of Listed Companies” and “The Mandatory Provisions for Articles of Association of Companies to be Listed Overseas”. Based on the newly amended Articles of Association, the Company is in the course of amending the Rules Governing the Procedures of Operating the Shareholders’ General Meetings of the Company and the Rules Governing the Procedures of Operating the Board Meetings of the Company. Pursuant to the “Guidelines for internal control of Listed Companies” of the SSE, the Company will further strengthen the construction of internal control system in different levels of the management so as to upgrade the Company’s overall internal control system.

Pursuant to the “Code on Corporate Governance Practices” as set out in the Appendix 14 to the Listing Rules, the Company has made detailed disclosures on the Company’s corporate governance in the section headed “Corporate Governance Report” in the Company’s 2005 Annual Report. The Board is of the view that during the reporting period, the Company has complied with all code provisions stipulated in the “Code on Corporate Governance Practices” as set out in the Appendix 14 to the Listing Rules.

During the reporting period, in order to coordinate the equilibrium of interests between the Shareholders of non-circulating Shares and the Shareholders of A Shares, the Company assisted TMICL, the controlling Shareholder of the Company, to proceed with the Share Segregation Reform. In the Share Segregation Reform, TMICL alone agreed to allocate 3.7 Shares for every 10 circulating A Shares held by such Shareholders. Upon completion of the Share Segregation Reform, the shareholding of TMICL in the Company was reduced from 63.05% to 59.91%. All legal person Shares (including those held by TMICL) can be traded and circulated one year after the completion of the Share Segregation Reform. The success of the Share Segregation Reform will enable the holders of the circulating Shares and non-circulating Shares combined together to form a unified interest base, which will be beneficial for the Company to continue to develop healthily.

五、重要事項

(一) 公司治理的情況

報告期內，本公司嚴格按照中華人民共和國《公司法》、《證券法》和中國證監會有關法律法規的要求，相關上市規則及香港聯交所證券上市規則（「《上市規則》」）附錄14所載《企業管治常規守則》所列載條文的要求。本公司不斷完善法人治理結構，建立現代企業制度，規範公司運作。報告期內，公司治理實際狀況符合中國證監會有關文件的要求。

報告期內，公司根據最新修訂的《公司法》、《證券法》、《上市公司章程指引》，以及《到境外上市公司章程必備條款》修訂了其公司章程（「**公司章程**」）。依據新修訂的公司章程，「股東大會議事規則」和「董事會議事規則」正在修訂過程中。根據上海交易所《上市公司內部控制指引》，本公司將在不同的管理層面進一步加強內部控制制度建設，完善公司整體的內部控制體系。

根據《上市規則》附錄14所載《企業管治常規守則》，公司在2005年年度報告中的《企業管治報告》部分，對本公司的企業管治狀況進行了詳細披露。董事會認為，本報告期內，公司已遵守《上市規則》附錄14所載《企業管治報告》所規定的所有守則條文。

報告期內，為協調公司A股市場非流通股股東與流通A股股東之間的利益平衡問題，本公司協助控股股東天津市政進行了股權分置改革工作。本次股權分置改革方案是由天津市政單獨向流通A股股東每10股送3.7股。股權分置改革結束後，天津市政持有本公司的股份由63.05%下降到59.91%，包括天津市政在內的所有法人股在股權分置改革結束後一年後均可上市流通。股權分置改革的成功，將使流通股和非流通股兩類股東形成統一的利益基礎，有利於公司持續健康的發展。

As result of the implementation of the Share Segregation Reform, there were changes in the shareholdings of the Directors, Supervisors and the senior management of the Company during the reporting period. For details, please refer to the section headed "Changes in the shareholding of the Directors, Supervisors and senior management of the Company" in this Interim Report. Other than such changes, there were no transactions, nor acquisition of shares and debentures in the Company by other Directors, Supervisors and senior management of the Company during the reporting period.

For details of the appointment or removal of the Directors, Supervisors or senior management of the Company, please refer to the section headed "Appointment or removal of the Directors, Supervisors or the senior management of the Company" in this Interim Report.

The Company authorizes the secretary to the Board and securities affairs representatives of the Company to disclose information, handle visits and enquiries from Shareholders and visitors, and report the relevant matters to the CSRC and the relevant stock exchange in a timely and accurate manner. During the reporting period, the Company held 10 Board's meetings and 3 general meetings of the Company pursuant to the Articles of Association and the Rules Governing the Procedures of Operating Shareholders' General Meetings of the Company (including the general meeting for the A Shares Shareholders held on 20th March 2006, the extraordinary general meeting held on 29th May 2006 and the annual general meeting held on 30th June 2006). Out of the 10 Board's meetings held, Ms. Ma Baiyu, Mr. Wang Zhanying and Mr. An Pindong were absent from the 32nd meeting of the Third Board as they all were on business trip, and they all have authorized Mr. Gu Qifeng to attend and vote (as their representatives) at the relevant meeting. Mr. Gao Zongze, who was on business trip, participated and voted in the said meetings by way of facsimile. In the other 9 Board's meetings, all nine Directors attended and voted in the relevant meetings. Independent non-executive Directors did not make any objection against the proposals and issues as considered in Board's meetings during the reporting period.

The meeting (for reviewing the interim results) of the Audit Committee and the Eighth meeting of the Third Supervisory Committee were held on 29th August 2006 to consider and approve this Interim Report .

因實施股權分置改革方案，報告期內本公司董事、監事和高級管理人員持股情況發生變動，詳情請見本中期報告中「本公司董事、監事和高級管理人員持股變動」部分，除此變動之外，報告期內並無交易行為，亦無其他董事、監事和高級管理人員購買本公司股票和債券行為。

報告期內新聘或解聘公司董事、監事、高級管理人員的情況，請詳見本中期報告中有關「新聘或解聘公司董事、監事、高級管理人員的情況」部分。

本公司授權董事會秘書、證券事務代表負責資訊披露工作，接待股東、投資者來訪和諮詢，及時準確地向證券監管部門報告有關情況。報告期內，本公司按照本公司章程和議事規則共召開10次董事會和3次股東大會（包括2006年3月20日召開的A股相關股東大會、2006年5月29日召開的臨時股東大會和2006年6月30日召開的2005年年度股東大會），其中2006年6月30日舉行的第三屆董事會第32次會議，馬白玉女士、王占英先生、安品東先生因出差在外無法參加，均授權顧啟峰先生代理出席並表決，高宗澤先生因公外出，以傳真方式參加會議並表決。其餘9次董事會會議，9位董事均正常出席並表決。公司獨立董事未對報告期內董事會議案及其他事項提出異議。

本公司於2006年8月29日召開2006年中期業績審核委員會及第三屆監事會第八次會議，審議本中期報告。

(II) Implementation of the profit appropriation plan during the reporting period

In the 2005 Annual General Meeting, the 2005 profit appropriation plan was considered and approved. The Company made a payment of RMB0.04 (including tax) in cash per Share to holders of domestic Shares and RMB0.04 (equivalent to HK\$0.0388) per Share to holders of H Shares. The Company published the announcement relating to the implementation of the profit appropriation plan of the A Shares on 25th July 2006. The Company also published the announcement on the resolutions passed at the 2005 Annual General Meeting and the distribution of final dividend of H Shares on 3rd July 2006. Distributions of the final dividends to the holders of the domestic Shares and H Shares have been completed on 4th August 2006.

(III) Significant litigation and arbitration

The Company has no significant litigation or arbitration during the reporting period.

(IV) Asset transaction

1. With regard to the Company's acquisition of assets during the reporting period, please refer to the paragraph headed "Major investment made out of funds other than proceeds raised from subscription" in the section headed "Management Discussion and Analysis" in this interim report.
2. Mergers and consolidation

There were no disposals of assets nor mergers and consolidation by the Company during the reporting period.

(二) 報告期實施的利潤分配方案執行情況

本公司2005年度股東大會審議通過了本公司2005年度利潤分配方案：向內資股股東每1股派發現金人民幣0.04元(含稅)；向H股股東每1股派發人民幣0.04元，即港幣0.0388元。公司於2006年7月25日在境內刊登了A股利潤分配實施計劃的公告；公司另於2006年7月3日刊登了關於2005年年度股東週年大會決議及H股末期股息派發公告。內資股和H股股東的末期紅利均於2006年8月4日分派完畢。

(三) 重大訴訟仲裁事項

本報告期公司無重大訴訟、仲裁事項。

(四) 資產交易事項

- 1、本公司於報告期內收購資產的情況，請詳見本中期報告內「管理層討論與分析」一節內的「非募集資金項目情況」一段。
- 2、合併整合情況

本報告期公司無出售資產、合併整合事項。

(V) Significant connected transactions of the Company during the reporting period

1. Connected transactions related to daily operations

The sewage water processing business of the Dongjiao Sewage Water Treatment Plant of the Company are carried out according to the "Sewage Water Processing Agreement". Pursuant to such agreement, the Dongjiao Sewage Water Treatment Plant will provide sewage water processing services to TSC according to the prices determined by the pricing formula as stated in the "Sewage Water Processing Agreement". TSC is a state-owned enterprise established in the PRC and under the supervisory control of the Urban Construction Bureau. The pricing formula allows the Company to compensate fully the actual operating costs from sewage water processing business, including the depreciation and amortization of fixed assets (which excludes interest charges and foreign exchange losses) and to earn the 15 % return calculated from the annual average of the monthly average carrying value of the relevant fixed assets of the sewage water processing business, as well as to earn the saving costs, and the incentive reward on the price adjustment when the actual volume of sewage water processed exceeds the minimum volume of sewage water processed as stipulated in such agreement.

The sewage water processing businesses of the Xianyanglu Sewage Water Treatment Plant, the Jizhuangzi Sewage Water Treatment Plant and the Beicang Sewage Water Treatment Plant are carried out according to the "Sewage Water Processing Interim Service Agreement" entered into by the Company and TSC on 20th March 2006. Pursuant to such agreement, the Xianyanglu Sewage Water Treatment Plant, the Jizhuangzi Sewage Water Treatment Plant and the Beicang Sewage Water Treatment Plant shall charge the sewage water processing service fee at the unit price implemented by the Company and TSC in 2005 (i.e. RMB1.93 per cubic meter). The volume for calculating the service fee shall base on those volume of sewage water processed from above sewage water treatments plants which have reached the required standards.

During the reporting period, according to the pricing formula as stipulated in the "Sewage Water Processing Agreement", the unit price of sewage water processing service fee was RMB 1.93 per cubic meter (as implemented by the Company and TSC) which is identical with the unit price as stipulated in the "Sewage Water Processing Interim Service Agreement". During the reporting period, the Dongjiao Sewage Treatment Plant, the Xianyanglu Sewage Water Treatment Plant, the Jizhuangzi Sewage Water Treatment Plant and the Beicang Sewage Water Treatment Plant have processed 147,230,000 cubic meter in aggregate and accordingly sewage water processing service fee amounted to RMB 284,152,000 was generated pursuant to the "Sewage Water Processing Agreement" and "Sewage Water Processing Interim Service Agreement".

(五) 報告期內公司重大關聯交易事項

1、與日常經營相關的關聯交易

本公司東郊污水處理廠污水處理業務是按照《污水處理委託協議》執行的。根據該協議，東郊污水處理廠將按《污水處理委託協議》中訂明的計價公式釐定的價格向排水公司提供污水處理服務。排水公司是在中國成立的國有企業，並受天津市市政工程局監控。計價公式可令本公司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的每月平均帳面淨值的年度平均數計算的15%回報，以及獲得節省成本或當實際處理量超過協議規定的最低處理量時的獎勵計價調整。

本公司咸陽路污水處理廠、紀莊子污水處理廠、北倉污水處理廠的污水處理業務是按照本公司於2006年3月20日與排水公司簽署的《污水處理臨時服務協議》執行的。根據該協議，咸陽路污水處理廠、紀莊子污水處理廠、北倉污水處理廠將按照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，結算水量為上述污水處理廠達標處理的污水計量水量。

報告期內，根據《污水處理委託協議》中訂明的計價公式，本公司與排水公司確認執行的污水處理服務費單價為人民幣1.93元/立方米，與《污水處理臨時服務協議》中所訂單價相同，因此，報告期內，本公司東郊污水處理廠、咸陽路污水處理廠、紀莊子污水處理廠及北倉污水處理廠共處理污水14,723萬立方米，根據《污水處理委託協議》及《污水處理臨時服務協議》獲得人民幣28,415.2萬元的污水處理服務費收入。

2. Other significant connected transactions

Tianjin Capital New Materials Company Limited (“**Tianjin Capital New Materials**”) is a subsidiary of the Company. On 29th December 2005, the Company, Tianjin Sewage Engineering Company and Tianjin Senyuan Technology Development Company Limited (“**Senyuan Technology**”) (two equity holders of Tianjin Capital New Materials) and Shanghai Compak Systems Company Limited (“**Shanghai Compak**”) jointly signed the “Second Capital Increase Agreement”, pursuant to which, Shanghai Compak agreed to contribute RMB8,000,000 into Tianjin Capital New Materials for the development of MDF, and Shanghai Compak shall become the forth equity holder of Tianjin Capital New Materials. During the reporting period, since Tianjin Capital New Materials and Shanghai Compak cannot comprise on the issues related to the acquisition of facilities and product sale of MDF, and thus the capital injection by Shanghai Compak could not be preformed. After passing the resolutions by the Thirty-second meeting of the Third Board of the Company, as well as obtaining the approval by the independent Shareholders, it was agreed with the parties of the “Second Capital Increase Agreement” that an agreement in respect of the termination of the capital increase shall be entered into for the termination of the capital injection by Shanghai Compak. After the execution of the agreement in respect of the termination of the capital increase, the registered capital of Tianjin Capital New Materials shall be RMB 37,500,000, of which the Company is interested in 70.67%, Tianjin Sewage Engineering Company is interested in 18.67%, and Senyuan Technology is interested in 10.66%. (for details, please see “Shanghai Securities News”, “Wen Wei Po” and “The Standard” published on 3rd July 2006 as well as the website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Hong Kong Stock Exchange (www.hkex.com.hk)).

(VI) Custody

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

(VII) Subcontracting

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

(VIII) Leasing

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

2、其他重大關聯交易

天津創業建材有限公司（「創業建材」）是本公司的控股子公司，本公司於2005年12月29日與創業建材的另外兩家股東天津市排水工程公司、天津森源科技發展有限公司（「森源科技」），以及新增股東上海康拜有限公司（「上海康拜」）共同簽署《第二次增資擴股協議》，根據該協議，上海康拜同意對創業建材增資800萬元人民幣用以發展桔杆板項目。上海康拜即成為創業建材的第四家股東。報告期內，由於創業建材與上海康拜就桔杆板項目的設備購置及產品銷售未達成一致，致使上海康拜的增資工作無法進行。經本公司第三屆董事會第三十二次會議審議通過，及獨立董事審核通過，與原《增資擴股協議》簽署各方協商，一致同意簽署《關於終止〈增資擴股協議〉的協議》，以終止上海康拜的增資。《關於終止〈增資擴股協議〉的協議》簽署後，創業建材的註冊資本仍為3,750萬元，本公司控股70.67%，天津市排水工程公司佔有18.67%，天津森源科技發展有限公司佔有10.66%。（詳情請見2006年7月3日刊發的《上海證券報》、香港《文匯報》和《The Standard》；中國證監會指定國際互聯網網址：<http://www.sse.com.cn>，香港聯交所之互聯網網址：<http://www.hkex.com.hk>）

(六) 託管情況

本報告期公司無託管事項。

(七) 承包情況

本報告期公司無承包事項。

(八) 租賃情況

本報告期公司無租賃事項。

(IX) Guarantee**(九) 擔保情況**

Unit: dollar Currency: RMB
單位：元 幣種：人民幣

**External guarantee granted by the Company
(excluding guarantee provided to the subsidiaries of the Company)**

公司對外擔保情況(不包括對控股子公司的擔保)

Total amount of guarantee granted during the reporting period 0
報告期內擔保發生額合計

Total amount of outstanding guarantee as at the end of the reporting period 0
報告期末擔保餘額合計

Guarantee provided to the subsidiaries of the Company

公司對控股子公司的擔保情況

Total amount of guarantee provided to the subsidiaries of the Company during the reporting period 0
報告期內對控股子公司擔保發生額合計

Total amount of outstanding guarantee provided to the subsidiaries as at the end of the reporting period 120,000,000
報告期末對控股子公司擔保餘額合計

**Total amount of guarantee granted by the Company
(including guarantee provided to the subsidiaries of the Company)**

公司擔保總額情況(包括對控股子公司的擔保)

Total amount of guarantee 120,000,000
擔保總額

Percentage of the total amount of guarantee to the net assets of the Company 5.15%
擔保總額佔公司淨資產的比例

Of which:
其中：

Amount of guarantee provided to the Shareholders, actual controller and other related parties 0
為股東、實際控制人及其它關聯方提供擔保的金額

Amount of guarantee provided directly or indirectly for the borrowers with gear ratio of over 70% 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

Total amount of guarantee exceeds 50% of net assets 0
擔保總額超過淨資產值50%的金額

Total amount of the above three guarantees 0
上述三項擔保金額合計

(X) Trust arrangement

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

(XI) Other major contracts

During the reporting period, there was no other major contracts entered into by the Company.

(XII) Implementation of commitments

1. Pursuant to the requirements under Article 27 in the “Administration method in respect of Share Segregation Reform of Listed Companies”, all the original non-circulating Shares shall not be traded or transferred within 12 months commencing from the date of implementation of the Share Segregation Reform of the Company (i.e. the Restricted Period).
2. TMICL has undertaken that the total number of restricted circulating Shares sold through the SSE shall not exceed 5% of the total number of issued Shares within 12 months after the expiry of the Restricted Period, while the total number of restricted circulating Shares sold through the SSE shall not exceed 10% of the total number of issued Shares within 24 months after the expiry of the Restricted Period.
3. In the event if the amount of restricted circulating Shares sold through the SSE by TMICL attained 1% of the total number of issued Shares, an announcement shall be made within two working days of the occurrence of such event.

(十) 委託理財情況

本報告期公司無委託理財事項。

(十一) 其他重大合同

本報告期公司並無其他重大合同。

(十二) 承諾事項履行情況

- 1、根據《上市公司股權分置改革管理辦法》第二十七條的規定，所有原非流通股股份自本公司股權分置改革方案實施之日起十二個月內(即限售期)不上市交易或者轉讓。
- 2、天津市政承諾，通過上海交易所掛牌交易出售的有限售條件流通股份的數量不應在限售期後十二個月內超過本公司股份總數比例的百分之五，而通過上海交易所掛牌交易出售的有限售條件流通股份的數量不應在限售期後二十四個月內超過本公司股份總數比例的百分之十。
- 3、通過上海交易所掛牌交易出售的股份數量達到本公司股份總數百分之一，在該事實發生之日起兩個工作日內須發出公告。

Special commitments made by the original Shareholders of non-circulating Shares in the course of the Share Segregation Reform and its implementation

原非流通股股東在股權分置改革過程中做出的特殊承諾及其履行情況

Name of Shareholder 股東名稱	Special commitments 特殊承諾	Implementation of special commitments 特殊承諾履行情況
TMICL 天津市政投資	<p>(1) All the restricted circulating Shares held by TMICL shall not be listed, traded or transferred within the Restricted Period.</p> <p>(1) 由天津市政所持有的有限售條件流通股份自限售期不得上市，交易或者轉讓。</p> <p>(2) The total number of restricted circulating Shares sold through the SSE shall not exceed 5% of the total number of issued Shares within 12 months after the expiry of the Restricted Period, while the total number of restricted circulating Shares sold through the SSE shall not exceed 10% of the total number of issued Shares within 24 months after the expiry of the Restricted Period.</p> <p>(2) 通過上海交易所掛牌交易出售的有限售條件流通股份的數量不應在限售期後十二個月內超過本公司股份總數比例的百分之五，而通過上海交易所掛牌交易出售的有限售條件流通股份的數量不應在限售期後二十四個月內超過本公司股份總數比例的百分之十。</p> <p>(3) In the event if the amount of restricted circulating Shares sold through the SSE by TMICL attained 1% of the total number of the issued Shares, an announcement shall be made within two working days of the occurrence of such event.</p> <p>(3) 通過上海交易所掛牌交易出售的股份數量達到本公司股份總數百分之一的，在自該事實發生之日起兩個工作日內須發出公告。</p>	Under normal implementation 正常履行中

Note: Special commitments refer to those commitments made (other than statutory commitments) during the Share Segregation Reform.

註：特殊承諾指股權分置改革時作出的承諾（法定承諾除外）。

(XIII) Appointment and removal of auditors of the Company

(十三) 聘任、解聘公司核數師情況

During the reporting period, the Company did not change its auditors. The existing international auditor of the Company is PricewaterhouseCoopers, Certified Public Accountants, whereas the existing domestic auditor of the Company is PricewaterhouseCoopers Zhong Tian Certified Public Accountants Co., Ltd..

報告期內，公司未改聘會計師事務所，公司現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，而公司的現有國內審計機構為普華永道中天會計師事務所有限公司。

(XIV) Punishments and rectification to the Company, Board and Directors

(十四) 公司、董事會、董事受處分及整改情況

During the reporting period, the Company, the Board and the Directors were not subject to any investigation, administration punishments, criticisms by CSRC or public reprimand by the SSE or the Hong Kong Stock Exchange.

報告期內公司、公司董事會及董事均未受中國證監會的稽查、行政處分、通報批評或上海交易所及香港聯合交易所有限公司的公開譴責。

(XV) Other major events

During the reporting period, there were no other major events of the Company.

(十五) 其他重大事項

本報告期內公司無其他重大事項。

(XVI) Major changes in the profitability, assets and credit position of the guarantor of the A Share Convertible Bonds

The guarantor of the A Share Convertible Bonds is Tianjin Branch, China Construction Bank. During the reporting period, there was no change in the profitability, assets and credit position of the guarantor of the A Share Convertible Bonds.

(十六) A股可轉股債券擔保人盈利能力、資產狀況和信用狀況發生重大變化的情況

本公司創業轉債的擔保人是中國建設銀行天津分行，報告期內創業轉債擔保人盈利能力、資產狀況和信用狀況未發生重大變化。

(XVII) Index for disclosable information**(十七) 信息披露索引**

Items 事項	Names and pages of the publishing newspapers 刊載的報刊名稱及版面	Dates of publication 刊載日期	Website 互聯網網站
Announcement relating to the adjustment to the Conversion Price of the A Share Convertible Bonds 關於修正 A 股可轉換公司債券轉股價格的公告	Page C20 of "Shanghai Securities News", page A38 of "Wen Wei Po" and page B27 of "The Standard" 《上海證券報》C20 版、《香港文匯報》A38 版及《The Standard》B27 版	6th January 2006 2006 年 1 月 6 日	Website of the SSE (www.sse.com.cn); Website of the Hong Kong Stock Exchange (www.hkex.com.hk) 上海交易所網站 www.sse.com.cn ; 香港聯交所網站 www.hkex.com.hk
Announcement relating to the Quarterly Conversion of the A Share Convertible Bonds 關於創業轉債季度轉換的公告	Page C16 of "Shanghai Securities News", page A9 of "Wen Wei Po" and page B42 of "The Standard" 《上海證券報》C16 版、《香港文匯報》A9 版及《The Standard》B42 版	9th January 2006 2006 年 1 月 9 日	Website of the SSE (www.sse.com.cn); Website of the Hong Kong Stock Exchange (www.hkex.com.hk) 上海交易所網站 www.sse.com.cn ; 香港聯交所網站 www.hkex.com.hk
Discloseable Transaction Acquisition of Assets 須予披露的交易：收購資產	Page C14 of "Shanghai Securities News", page A18 of "Wen Wei Po" and page B35 of "The Standard" 《上海證券報》C14 版、《香港文匯報》A18 版及《The Standard》B35 版	10th January 2006 2006 年 1 月 10 日	Website of the SSE (www.sse.com.cn); Website of the Hong Kong Stock Exchange (www.hkex.com.hk) 上海交易所網站 www.sse.com.cn ; 香港聯交所網站 www.hkex.com.hk
Announcement: Share Segregation Reform 公告：股權分置改革	Page A11 of "Shanghai Securities News", page B09 of "China Securities Journal", page A19 of "Wen Wei Po" and page B32 - B33 of "The Standard" 《上海證券報》A11 版、《中國證券報》B09 版、《香港文匯報》A19 版及《The Standard》B32-B33 版	20th February 2006 2006 年 2 月 20 日	Website of the SSE (www.sse.com.cn); Website of the Hong Kong Stock Exchange (www.hkex.com.hk) 上海證券交易所網站 www.sse.com.cn ; 香港聯交所網站 www.hkex.com.hk

Items 事項	Names and pages of the publishing newspapers 刊載的報刊名稱及版面	Dates of publication 刊載日期	Website 互聯網網站
Share Segregation Reform – announcement relating to the A Share Convertible Bonds	Page A11 of “Shanghai Securities News” and page B09 of “China Securities Journal”	20th February 2006	Website of the SSE (www.sse.com.cn)
股權分置－關於可轉換公司債券的提示性公告	《上海證券報》A11 版及《中國證券報》B09 版	2006 年 2 月 20 日	上海交易所網站 www.sse.com.cn
Summary on the explanation note of the Share Segregation Reform	Page A11 of “Shanghai Securities News” and page B09 of “China Securities Journal”	20th February 2006	Website of the SSE (www.sse.com.cn)
股權分置改革說明書摘要	《上海證券報》A11 版及《中國證券報》B09 版	2006 年 2 月 20 日	上海交易所網站 www.sse.com.cn
Share Segregation Reform – announcement relating to the holding of onsite forum in relation to the Share Segregation Reform	Page C17 of “Shanghai Securities News” and page B13 of “China Securities Journal”	22nd February 2006	Website of the SSE (www.sse.com.cn)
股權分置－關於舉行股權分置改革網上交流會的提示性公告	《上海證券報》C17 版及《中國證券報》B13 版	2006 年 2 月 22 日	上海交易所網站 www.sse.com.cn
Share Segregation Reform – announcement relating to delay on the disclosure of the negotiation on the Share Segregation Reform and its results	Page C24 of “Shanghai Securities News”, page C16 of “China Securities Journal”, page A15 of “Wen Wei Po” and page B47 of “The Standard”	1st March 2006	Website of the SSE (www.sse.com.cn); Website of the Hong Kong Stock Exchange (www.hkex.com.hk)
股權分置－關於延遲披露股權分置改革方案溝通協商情況和結果的公告	《上海證券報》C24 版、《中國證券報》C16 版、《香港文匯報》A15 版及《The Standard》B47 版	2006 年 3 月 1 日	上海交易所網站 www.sse.com.cn ; 香港聯交所網站 www.hkex.com.hk
Amendment to the Share Segregation Reform	Page C11 of “Shanghai Securities News”, page C05 of “China Securities Journal”, page A21 of “Wen Wei Po” and page B35 of “The Standard”	3rd March 2006	Website of the SSE (www.sse.com.cn); Website of the Hong Kong Stock Exchange (www.hkex.com.hk)
股權分置改革的修訂	《上海證券報》C11 版、《中國證券報》C05 版、《香港文匯報》A21 版及《The Standard》B35 版	2006 年 3 月 3 日	上海交易所網站 www.sse.com.cn ; 香港聯交所網站 www.hkex.com.hk
Share Segregation Reform – the second announcement relating to the Conversion of the A Share Convertible Bonds	Page C of “Shanghai Securities News” and page C01 of “China Securities Journal”	4th March 2006	Website of the SSE (www.sse.com.cn)
股權分置－關於可轉換債券轉股的第二次提示性公告	《上海證券報》C 版及《中國證券報》C01 版	2006 年 3 月 4 日	上海交易所網站 www.sse.com.cn

Items 事項	Names and pages of the publishing newspapers 刊載的報刊名稱及版面	Dates of publication 刊載日期	Website 互聯網網站
Share Segregation – the first announcement relating to shareholder’s meeting of A-share market 股權分置－召開股改A股市場會議的第一次提示性公告	Page C of “Shanghai Securities News” and page C01 of “China Securities Journal” 《上海證券報》C版及《中國證券報》C01版	6th March 2006 2006年3月6日	Website of the SSE (www.sse.com.cn) 上海交易所網站 www.sse.com.cn
Connected Transaction 關連交易	Page C24 of “Shanghai Securities News”, page B10 of “Wen Wei Po” and page B37 of “The Standard” 《上海證券報》C24版、《香港文匯報》B10版及《The Standard》B37版	13th March 2006 2006年3月13日	Website of the SSE (www.sse.com.cn); Website of the Hong Kong Stock Exchange (www.hkex.com.hk) 上海交易所網站 www.sse.com.cn ; 香港聯交所網站 www.hkex.com.hk
Share Segregation Reform – the second announcement relating to the relevant shareholder’s meeting of the A-Share market 股權分置－關於召開股權分置改革A股市場相關股東會議的第二次提示性公告	Page C11 of “Shanghai Securities News” and page C08 of “China Securities Journal” 《上海證券報》C11版及《中國證券報》C08版	15th March 2006 2006年3月15日	Website of the SSE (www.sse.com.cn) 上海交易所網站 www.sse.com.cn
Share Segregation Reform – announcement relating to approval of the Share Segregation Reform Proposal by the State-owned Assets Supervision and Administration Commission 股權分置－關於股權分置改革方案獲國資委批准的公告	Page C11 of “Shanghai Securities News”, page C08 of “China Securities Journal”, page B9 of “Wen Wei Po” and page B48 of “The Standard” 《上海證券報》C11版、《中國證券報》C08版、《香港文匯報》B9版及《The Standard》B48版	15th March 2006 2006年3月15日	Website of the SSE (www.sse.com.cn); Website of the Hong Kong Stock Exchange (www.hkex.com.hk) 上海交易所網站 www.sse.com.cn ; 香港聯交所網站 www.hkex.com.hk
Continuing connected transaction - Sewage Water Processing Interim Service Agreement 持續關連交易－《污水處理臨時服務協議》	Page C43 of “Shanghai Securities News”, page A11 of “Wen Wei Po” and page B50-B51 of “The Standard” 《上海證券報》C43版、《香港文匯報》A11版及《The Standard》B50-B51版	21st March 2006 2006年3月21日	Website of the SSE (www.sse.com.cn); Website of the Hong Kong Stock Exchange (www.hkex.com.hk) 上海交易所網站 www.sse.com.cn ; 香港聯交所網站 www.hkex.com.hk

Items 事項	Names and pages of the publishing newspapers 刊載的報刊名稱及版面	Dates of publication 刊載日期	Website 互聯網網站
Announcement of the voting rights of the relevant Shareholders' meeting	Page C43 of "Shanghai Securities News", page B16 of "China Securities Journal", page A10 of "Wen Wei Po" and page B52 of "The Standard"	21st March 2006	Website of the SSE (www.sse.com.cn); Website of the Hong Kong Stock Exchange (www.hkex.com.hk)
相關股東會議決結果公告	《上海證券報》C43版、 《中國證券報》B16版、 《香港文匯報》A10版及 《The Standard》B52版	2006年3月21日	上海交易所網站 www.sse.com.cn ; 香港聯交所網站 www.hkex.com.hk
Announcement relating to the quarterly conversion of the A Share Convertible Bonds	Page C14 of "Shanghai Securities News", page A9 of "Wen Wei Po" and page B32 of "The Standard"	6th April 2006	Website of the SSE (www.sse.com.cn); Website of the Hong Kong Stock Exchange (www.hkex.com.hk)
關於創業轉債季度轉換的公告	《上海證券報》C14版、 《香港文匯報》A9版及 《The Standard》B32版	2006年4月6日	上海交易所網站 www.sse.com.cn ; 香港聯交所網站 www.hkex.com.hk
Share Segregation Reform – announcement relating to approval to the change in shareholding in respect of Share Segregation Reform by the Ministry of Commerce	Page C25 of "Shanghai Securities News", page C05 of "China Securities Journal", page B4 of "Wen Wei Po" and page B35 of "The Standard"	11th April 2006	Website of the SSE (www.sse.com.cn); Website of the Hong Kong Stock Exchange (www.hkex.com.hk)
股權分置－關於股權分置改革涉及的股權變更事項獲商務部批復的公告	《上海證券報》C25版、 《中國證券報》C05版、 《香港文匯報》B4版及 《The Standard》B35版	2006年4月11日	上海交易所網站 www.sse.com.cn ; 香港聯交所網站 www.hkex.com.hk
Notice relating to the convening of the 2006 first extraordinary general meeting	Page C36 of "Shanghai Securities News"	12th April 2006	Website of the SSE (www.sse.com.cn);
關於召開2006年第一次臨時股東大會的通知	《上海證券報》C36版	2006年4月12日	上海交易所網站 www.sse.com.cn
Share Segregation Reform – announcement relating to the implementation of the Share Segregation Reform Proposal of Tianjin Capital Environmental Protection Company Limited	Page C27 of "Shanghai Securities News", and page B24 of "China Securities Journal"	17th April 2006	Website of the SSE (www.sse.com.cn);
股權分置－天津創業環保股份有限公司股權分置改革方案實施公告	《上海證券報》C27版及 《中國證券報》B24版	2006年4月17日	上海交易所網站 www.sse.com.cn

Items 事項	Names and pages of the publishing newspapers 刊載的報刊名稱及版面	Dates of publication 刊載日期	Website 互聯網網站
Announcement relating to the implementation of the revised Reform Proposal 關於實施經調整的股改方案的公告	Page A6 of "Wen Wei Po" and page N99 of "The Standard" 《香港文匯報》A6 版及《The Standard》N99 版	19th April 2006 2006 年 4 月 19 日	Website of the Hong Kong Stock Exchange (www.hkex.com.hk) 香港聯交所網站 www.hkex.com.hk
Announcement for the resolutions of the Twenty-seventh Meeting of the Third Board 第三屆董事會第二十七次會議決議公告	Page C14 of "Shanghai Securities News", page A44 of "Wen Wei Po" and page N106 of "The Standard" 《上海證券報》C14 版、《香港文匯報》A44 版及《The Standard》N106 版	21st April 2006 2006 年 4 月 21 日	Website of the SSE (www.sse.com.cn); Website of the Hong Kong Stock Exchange (www.hkex.com.hk) 上海交易所網站 www.sse.com.cn ; 香港聯交所網站 www.hkex.com.hk
Announcement for the resolutions for the Sixth Meeting of the Third Supervisory Committee 第三屆監事會第六次會議決議公告	Page C14 of "Shanghai Securities News", page A44 of "Wen Wei Po" and page N107 of "The Standard" 《上海證券報》C14 版、《香港文匯報》A44 版及《The Standard》N107 版	21st April 2006 2006 年 4 月 21 日	Website of the SSE (www.sse.com.cn); Website of the Hong Kong Stock Exchange (www.hkex.com.hk) 上海交易所網站 www.sse.com.cn ; 香港聯交所網站 www.hkex.com.hk
Notice of Annual General Meeting 股東大會通知	Page C14 of "Shanghai Securities News", page 23 of "Wen Wei Po" and page N105 of "The Standard" 《上海證券報》C14 版、《香港文匯報》A23 版及《The Standard》N105 版	21st April 2006 2006 年 4 月 21 日	Website of the SSE (www.sse.com.cn); Website of the Hong Kong Stock Exchange (www.hkex.com.hk) 上海交易所網站 www.sse.com.cn ; 香港聯交所網站 www.hkex.com.hk
Announcement of final results for the year ended 31st December 2005 2005 年年度報告摘要	Page C14 of "Shanghai Securities News", and pages A20-23 "Wen Wei Po" and page N98-N105 of "The Standard" 《上海證券報》C14 版、《香港文匯報》及 A20-23 版《The Standard》N98-N105 版	21st April 2006 2006 年 4 月 21 日	Website of the SSE (www.sse.com.cn); Website of the Hong Kong Stock Exchange (www.hkex.com.hk) 上海交易所網站 www.sse.com.cn ; 香港聯交所網站 www.hkex.com.hk
First Quarterly Report 2006 2006 年第一季度報告	Page B 104 of "Shanghai Securities News", page A21 of "Wen Wei Po" and page N64-N65 of "The Standard" 《上海證券報》B104 版、《香港文匯報》A21 版及《The Standard》N64-N65 版	28th April 2006 2006 年 4 月 28 日	Website of the SSE (www.sse.com.cn); Website of the Hong Kong Stock Exchange (www.hkex.com.hk) 上海交易所網站 www.sse.com.cn ; 香港聯交所網站 www.hkex.com.hk
Announcement in relation to the adjournment of the 2005 Annual General Meeting 關於延遲召開 2005 年度股東週年大會的公告	Page B27 of "Shanghai Securities News", page A10 of "Wen Wei Po" and page N4-N5 of "The Standard" 《上海證券報》B27 版、《香港文匯報》A10 版及《The Standard》N4-N5 版	15th May 2006 2006 年 5 月 15 日	Website of the SSE (www.sse.com.cn); Website of the Hong Kong Stock Exchange (www.hkex.com.hk) 上海交易所網站 www.sse.com.cn ; 香港聯交所網站 www.hkex.com.hk

Items 事項	Names and pages of the publishing newspapers 刊載的報刊名稱及版面	Dates of publication 刊載日期	Website 互聯網網站
Announcement relating to the adjustment to the Conversion Price of the A Share Convertible Bonds 關於修正 A 股可轉換公司債券轉股價格的公告	Page B19 of "Shanghai Securities News", page A20 of "Wen Wei Po" and page B39 of "The Standard" 《上海證券報》B19 版、《香港文匯報》A20 版及《The Standard》B39 版	23rd May 2006 2006 年 5 月 23 日	Website of the SSE (www.sse.com.cn); Website of the Hong Kong Stock Exchange (www.hkex.com.hk) 上海交易所網站 www.sse.com.cn ; 香港聯交所網站 www.hkex.com.hk
Announcement on the resolutions passed at the 2006 First Extraordinary General Meeting 2006 年第一次臨時股東大會決議公告	Page B32 of "Shanghai Securities News", page A19 of "Wen Wei Po" and page B51 of "The Standard" 《上海證券報》B32 版、《香港文匯報》A19 版及《The Standard》B51 版	30th May 2006 2006 年 5 月 30 日	Website of the SSE (www.sse.com.cn); Website of the Hong Kong Stock Exchange (www.hkex.com.hk) 上海交易所網站 www.sse.com.cn ; 香港聯交所網站 www.hkex.com.hk
Supplemental Notice of the AGM 股東週年大會補充通知	Page B24 of "Shanghai Securities News", page B4 of "Wen Wei Po" and page B25 of "The Standard" 《上海證券報》B24 版、《香港文匯報》B4 版及《The Standard》B25 版	15th June 2006 2006 年 6 月 15 日	Website of the SSE (www.sse.com.cn); Website of the Hong Kong Stock Exchange (www.hkex.com.hk) 上海交易所網站 www.sse.com.cn ; 香港聯交所網站 www.hkex.com.hk
Announcement relating to 2006 interest payment of the A Share Convertible Bonds 關於「創業轉債」2006 年付息事宜的公告	Page B24 of "Shanghai Securities News", page A21 of "Wen Wei Po" and page B38 of "The Standard" 《上海證券報》B24 版、《香港文匯報》A21 版及《The Standard》B38 版	27th June 2006 2006 年 6 月 27 日	Website of the SSE (www.sse.com.cn); Website of the Hong Kong Stock Exchange (www.hkex.com.hk) 上海交易所網站 www.sse.com.cn ; 香港聯交所網站 www.hkex.com.hk
Announcement on the resolutions passed at the 2005 Annual General Meeting and the distribution of final dividend of H Shares 2005 年年度股東週年大會決議及 H 股末期股息派發公告	Page B25 of "Shanghai Securities News", page B5 of "Wen Wei Po" and page B32 of "The Standard" 《上海證券報》B25 版、《香港文匯報》B5 版及《The Standard》B32 版	3rd July 2006 2006 年 7 月 3 日	Website of the SSE (www.sse.com.cn); Website of the Hong Kong Stock Exchange (www.hkex.com.hk) 上海交易所網站 www.sse.com.cn ; 香港聯交所網站 www.hkex.com.hk
Termination of a connected transaction of the Company and election of the vice chairman of the Board 終止本公司的關連交易及選舉董事會的副董事長	Page B25 of "Shanghai Securities News", page B5 of "Wen Wei Po" and page B33 of "The Standard" 《上海證券報》B25 版、《香港文匯報》B5 版及《The Standard》B33 版	3rd July 2006 2006 年 7 月 3 日	Website of the SSE (www.sse.com.cn); Website of the Hong Kong Stock Exchange (www.hkex.com.hk) 上海交易所網站 www.sse.com.cn ; 香港聯交所網站 www.hkex.com.hk

VI. Financial Accounting Report (unaudited)

六、財務會計報告（未經審計）

(I) Accounts Prepared in Accordance with the PRC GAAP

(一) 根據中國公認會計原則編製的賬目

BALANCE SHEETS

AS AT 30 JUNE 2006

資產負債表

2006年6月30日

	Note	Group 合併		Company 公司	
		Unaudited 30 June 2006 未經審計 於2006年 6月30日 Rmb'000 人民幣千元	Audited 31 December 2005 已經審計 於2005年 12月31日 Rmb'000 人民幣千元	Unaudited 30 June 2006 未經審計 於2006年 6月30日 Rmb'000 人民幣千元	Audited 31 December 2005 已經審計 於2005年 12月31日 Rmb'000 人民幣千元
ASSETS					
CURRENT ASSETS					
Cash and bank balances	3	827,163	800,294	452,761	544,462
Short-term investments		—	16,000	—	16,000
Accounts receivable	4	160,160	67,820	136,768	61,867
Other receivables	5	10,775	5,466	31,573	2,914
Prepayments to suppliers		10,337	4,016	1,878	1,467
Inventories	6	10,483	11,828	2,166	2,614
Prepaid expenses		929	406	518	219
Total current assets		1,019,847	905,830	625,664	629,543
LONG-TERM INVESTMENTS					
Long-term equity investments	7	63,186	6,000	679,906	441,036
FIXED ASSETS AND CONSTRUCTION IN PROGRESS					
Fixed assets – cost		3,259,776	2,210,064	2,651,335	1,898,212
Less: Accumulated depreciation		(699,548)	(644,875)	(658,425)	(617,171)
Fixed assets – net book value	8	2,560,228	1,565,189	1,992,910	1,281,041
Construction in progress	9	922,955	1,554,674	784,862	1,475,279
		3,483,183	3,119,863	2,777,772	2,756,320
OTHER LONG-TERM ASSETS					
Trade receivables	4	466,185	466,185	466,185	466,185
Pre-paid expenses	10	112,466	14,766	6,508	7,593
Others	11	15,036	40,802	—	—
		593,687	521,753	472,693	473,778
TOTAL ASSETS		5,159,903	4,553,446	4,556,035	4,300,677

	Note	Group 合併		Company 公司		
		Unaudited 30 June 2006 未經審計 於2006年 6月30日 Rmb'000 人民幣千元	Audited 31 December 2005 已經審計 於2005年 12月31日 Rmb'000 人民幣千元	Unaudited 30 June 2006 未經審計 於2006年 6月30日 Rmb'000 人民幣千元	Audited 31 December 2005 已經審計 於2005年 12月31日 Rmb'000 人民幣千元	
LIABILITIES AND SHARE-HOLDERS' EQUITY		負債及股東權益				
CURRENT LIABILITIES		流動負債				
Short-term loans		12	790,000	595,000	790,000	590,000
Accounts payable		13	6,043	8,414	2,333	2,774
Advances from customers		14	45,459	38,594	27,400	27,385
Dividend payable		15	54,882	1,656	54,882	1,656
Bond interest payable		19	9,376	4,739	9,376	4,739
Taxes payable		16	64,811	76,407	63,323	75,453
Accrued expenses			11,208	7,266	6,400	6,050
Other payables		17	116,374	138,142	97,143	120,394
Portion of long-term borrowings due within one year		18	113,250	62,500	97,000	60,000
Portion of long-term liabilities due within one year		20	106,924	91,828	15,000	—
Total current liabilities			1,318,327	1,024,546	1,162,857	888,451
LONG-TERM LIABILITIES		長期負債				
Long-term loans		18	838,959	642,500	528,000	575,000
Convertible bonds		19	372,068	372,097	372,068	372,097
Long-term payables		21	185,401	180,000	165,000	180,000
Total long-term liabilities			1,396,428	1,194,597	1,065,068	1,127,097
TOTAL LIABILITIES			2,714,755	2,219,143	2,227,925	2,015,548
MINORITY INTERESTS			116,949	49,132	—	—
SHAREHOLDERS' EQUITY		股東權益				
Share capital		22	1,330,664	1,330,658	1,330,664	1,330,658
Capital reserve fund		23	75,205	75,182	75,205	75,182
General reserves		23	200,721	200,721	200,721	200,721
Undistributed profits		24	721,609	678,610	721,520	678,568
Total shareholders' equity			2,328,199	2,285,171	2,328,110	2,285,129
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			5,159,903	4,553,446	4,556,035	4,300,677

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

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陳銀杏
會計機構負責人

INCOME STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2006

利潤表

截至2006年6月30日止6個月

		Note	Group 合併		Company 公司	
			Unaudited Six months Ended 30 June 2006 未經審計 截至 2006年 6月30日 止6個月 Rmb'000 人民幣千元	Unaudited Six months Ended 30 June 2005 未經審計 截至 2005年 6月30日 止6個月 Rmb'000 人民幣千元	Unaudited Six months Ended 30 June 2006 未經審計 截至 2006年 6月30日 止6個月 Rmb'000 人民幣千元	Unaudited Six months Ended 30 June 2005 未經審計 截至 2005年 6月30日 止6個月 Rmb'000 人民幣千元
Income from principal operations	主營業務收入					
Less: Cost for principal operations	減：主營業務成本	25	362,818	276,457	317,097	261,442
Business tax and surcharges	主營業務稅金及附加	25	(130,104)	(78,091)	(93,561)	(62,560)
			(17,641)	(14,689)	(17,440)	(14,379)
Profit from principal operations	主營業務利潤		215,073	183,677	206,096	184,503
Add: Profit from other operations	加：其它業務利潤		4,168	8,140	2,267	5,912
Less: Administrative expenses	減：管理費用		(37,509)	(28,855)	(26,029)	(23,730)
Financial expense – net	財務費用－淨額	26	(35,331)	(21,289)	(31,974)	(19,488)
Operating profit	營業利潤		146,401	141,673	150,360	147,197
Less: Investment loss	減：投資損失	27	—	—	(3,916)	(4,862)
Add: Non-operating income	加：營業外收入		1,013	90	7	90
Less: Non-operating expenses	減：營業外支出		(62)	(47)	(61)	(47)
Total profit	利潤總額		147,352	141,716	146,390	142,378
Less: Income tax	減：所得稅	2(v)	(51,830)	(48,977)	(50,212)	(48,589)
Minority interests	少數股東損益		703	1,050	—	—
Net profit	淨利潤	25	96,225	93,789	96,178	93,789

The accompanying notes form an integral part of these financial statements.

後附會計報表附註為本會計報表的組成部分。

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PROFIT APPROPRIATION STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2006

利潤分配表
截至2006年6月30日止6個月

		Group		Company	
		合併		公司	
		Unaudited Six months Ended 30 June 2006	Unaudited Six months Ended 30 June 2005	Unaudited Six months Ended 30 June 2006	Unaudited Six months Ended 30 June 2005
	Note	未經審計 截至 2006年 6月30日 止6個月 Rmb'000 人民幣千元	未經審計 截至 2005年 6月30日 止6個月 Rmb'000 人民幣千元	未經審計 截至 2006年 6月30日 止6個月 Rmb'000 人民幣千元	未經審計 截至 2005年 6月30日 止6個月 Rmb'000 人民幣千元
Net profit	淨利潤	96,225	93,789	96,178	93,789
Add: Undistributed profits at beginning of the period	加：期初未分配利潤	24 678,610	662,125	678,568	662,125
Profits available for appropriation	可供分配的利潤	774,835	755,914	774,746	755,914
Less: Transfer to common reserve	減：提取法定盈餘公積金	—	—	—	—
Profit attributable to shareholders	可供股東分配的利潤	774,835	755,914	774,746	755,914
Less: Dividend payable	減：應付普通股股利	15 (53,226)	(133,000)	(53,226)	(133,000)
Undistributed profits at the end of the period	期末未分配利潤	721,609	622,914	721,520	622,914

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

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CASH FLOW STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2006

現金流量表

截至2006年6月30日止6個月

		Group Unaudited Six months Ended 30 June 2006	Company Unaudited Six months Ended 30 June 2006
		合併 未經審計 截至 2006年 6月30日 止6個月 Rmb'000 人民幣千元	公司 未經審計 截至 2006年 6月30日 止6個月 Rmb'000 人民幣千元
Cash flows from operating activities	經營活動產生的現金流量		
Cash received from rendering of services	提供服務收到的現金	279,959	242,197
Other cash received relating to operating activities	收到的其它與經營活動有關的現金	19,654	9,478
Sub-total of cash inflows	現金流入小計	299,613	251,675
Cash paid for goods and services	購買商品、接受勞務支付的現金	(69,844)	(46,357)
Cash paid to and on behalf of employees	支付給職工以及為職工支付的現金	(21,968)	(13,835)
Taxes paid	支付的各項稅費	(82,240)	(80,691)
Other cash paid relating to operating activities	支付的其它與經營活動有關的現金	(7,380)	(5,017)
Sub-total of cash outflows	現金流出小計	(181,432)	(145,900)
Net cash flows from operating activities	經營活動產生的現金流量淨額	118,181	105,775
Cash flows from investing activities	投資活動產生的現金流量		
Cash received from investing activities	收回投資所收到的現金	16,400	16,000
Other cash received from investing activities	收到的其它與投資活動有關的現金	7,197	7,012
Sub-total of cash inflows	現金流入小計	23,597	23,012
Cash paid to acquire fixed assets	購建固定資產所支付的現金	(517,386)	(125,850)
Cash paid to invest in new subsidiaries	權益性投資所支付的現金	(57,556)	(242,789)
Other cash payments from investing activities	支付的其它與投資活動有關的現金	(580)	—
Sub-total of cash outflows	現金流出小計	(575,522)	(368,639)
Net cash flows from investing activities	投資活動產生的現金流量淨額	(551,925)	(345,627)
Cash flows from financing activities	籌資活動產生的現金流量		
Proceeds received from minority shareholders	吸收投資所收到的現金	76,520	—
Cash received from borrowings	借款所收到的現金	683,000	420,000
Other cash receipts relating to financing activities	收到的其它與籌資活動有關的現金	1,850	1,136
Sub-total of cash inflows	現金流入小計	761,370	421,136
Cash repayments of amounts borrowed	償還債務所支付的現金	(253,813)	(230,000)
Cash payments for interest expenses	償付利息所支付的現金	(43,944)	(39,985)
Sub-total of cash outflows	現金流出小計	(297,757)	(269,985)
Net cash flows from financing activities	籌資活動產生的現金流量淨額	463,613	151,151
Net increase/(decrease) in cash	現金淨增加／(減少) 額	29,869	(88,701)

Supplementary Information

補充資料

Group Unaudited Six months Ended 30 June 2006	Company Unaudited Six months Ended 30 June 2006
合併 未經審計 截至 2006年 6月30日 止6個月 Rmb'000 人民幣千元	公司 未經審計 截至 2006年 6月30日 止6個月 Rmb'000 人民幣千元

<p>(i) Reconciliation of net profit to net cash flows from operating activities</p> <p>Net profit</p> <p>Add/(Less):</p> <p>Minority interests</p> <p>Depreciation and amortisation of fixed assets</p> <p>Losses on disposal of fixed assets</p> <p>Amortisation of long term prepaid expenses</p> <p>Interest expenses – net</p> <p>Loss on investments</p> <p>Decrease in inventories</p> <p>Increase of prepaid expenses</p> <p>Increase of accrued expenses</p> <p>Increase in operating receivables</p> <p>Increase in operating payables</p> <p>Net cash flows from operating activities</p>	<p>(i) 將淨利潤調節為經營活動的現金流量</p> <p>淨利潤</p> <p>加/(減):</p> <p>少數股東損益</p> <p>固定資產折舊及其它長期資產攤銷</p> <p>處置固定資產淨損失</p> <p>長期待攤費用攤銷</p> <p>財務費用淨額</p> <p>投資損失</p> <p>存貨的減少</p> <p>待攤費用增加</p> <p>預提費用增加</p> <p>經營性應收項目的增加</p> <p>經營性應付項目的增加</p> <p>經營活動產生的現金流量淨額</p>	<p>96,225</p> <p>(703)</p> <p>54,761</p> <p>30</p> <p>6,059</p> <p>35,331</p> <p>—</p> <p>1,345</p> <p>(523)</p> <p>3,942</p> <p>(107,156)</p> <p>28,870</p> <hr/> <p>118,181</p>	<p>96,178</p> <p>—</p> <p>41,342</p> <p>30</p> <p>—</p> <p>31,974</p> <p>3,916</p> <p>448</p> <p>(299)</p> <p>350</p> <p>(103,971)</p> <p>35,807</p> <hr/> <p>105,775</p>
<p>(ii) Net increase/(decrease) in cash (Note 3)</p> <p>Cash at end of the period</p> <p>Less: Cash at beginning of the period</p> <p>Net increase/(decrease) in cash</p>	<p>(ii) 現金淨增加/(減少)情況(附註3)</p> <p>現金的期末餘額</p> <p>減: 現金的期初餘額</p> <p>現金淨增加/(減少)額</p>	<p>773,981</p> <p>(744,112)</p> <hr/> <p>29,869</p>	<p>399,761</p> <p>(488,462)</p> <hr/> <p>(88,701)</p>

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NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30th June 2006

1 COMPANY PROFILE AND PRINCIPAL ACTIVITIES

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

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

(a) Sewage water processing

Water Processing Agreement:

Pursuant to relevant agreements, the Group currently provides sewage water processing services via six plants as follows:

Plant Location 位置

Dong Jiao, Tianjin
天津 東郊

Ji Zhuang Zi, Tianjin
天津 紀莊子

Xian Yang Lu, Tianjin
天津 咸陽路

Guiyang, Guizhou
貴州 貴陽

Fuyang, Anhui (Note 11)
安徽 阜陽

Qujing, Yunnan
雲南 曲靖

會計報表附註

截至2006年6月30日止6個月

1 公司簡介及主要業務

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

以下是本集團主要業務的經營模式：

(a) 污水處理業務

污水處理委託協議：

依照相關協議，本集團通過以下六家污水處理廠提供污水處理服務：

Contract Date 合同簽訂日期

10 October 2000
2000年10月10日

10 October 2000
2000年10月10日

10 October 2000
2000年10月10日

16 September 2004
2004年9月16日

18 December 2005
2005年12月18日

25 December 2005
2005年12月25日

Customer 客戶

Tianjin Sewage Company ("TSC")
排水公司

TSC
排水公司

TSC
排水公司

Guiyang City Administration
Bureau ("GCAB")
貴陽城市管理局

Anhui Fuyang Construction
Committee ("AFCC")
阜陽建設委員會

Qujing City Water General
Company ("QCWG")
曲靖供排水總公司

TSC: ("Tianjin Sewage Company is a state owned enterprise under supervisory control of Tianjin Municipal Engineering Bureau").

排水公司：天津市排水公司是在中國成立的國有企業，並受天津市政局監控。

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

Dong Jiao

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

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

Ji Zhuang Zi and Xian Yang Lu

Based on the supplementary agreement reached with TSC, the Company is entitled to sewage processing fee at Rmb1.93 per cubic meter from the completion date of construction to the completion date of inspection of Ji Zhuang Zi and Xian Yang Lu plants. Processing fee after the completion of inspection of these two plants will be collected from TSC using the same principle as for Dong Jiao plant.

The construction of these plants was completed on 1 January 2006 and inspection is expected to be finalised around the end of 2006.

Guiyang

Initial sewage water processing price is Rmb0.84 per cubic meter for 2005 and 2006, thereafter

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

相關協議訂明的主要計價公式如下所述：

東郊：

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

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

紀莊子及咸陽路：

根據與排水公司達成的臨時協議，本公司將於紀莊子污水處理廠工程及咸陽路污水處理廠工程處理污水水質達標後至竣工驗收日的期間內，按照1.93元／噸的單價收取污水處理費。竣工驗收日後本公司將向排水公司按照與東郊污水處理廠等同的原則收取污水處理費。

上述兩個工程處理污水水質於2006年1月份達標並且竣工驗收預計將於2006年底完成。

貴陽：

協議規定以0.84元／立方米的價格作為2005年及2006年的污水處理服務費單價，據此

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

Fuyang

Sewage water processing price is Rmb0.75 per cubic meter for normal volume and Rmb0.3 for those exceeding normal volume. Normal volume is set at 90,000 cubic meter per day in 2006 and 120,000 cubic meter per day thereafter.

- (i) processing price as determined above may be adjusted based on changes to major processing costs and other significant changes of government policy.
- (ii) AFCC guarantees a minimum processing volume. If the actual volume is lower than the guaranteed volume, processing fee will be settled using the guaranteed volume

Qujing

Sewage water processing price is Rmb0.7 per cubic meter for the three years to 2008, and will increase in stage to Rmb0.75 per cubic meter by 2013. In addition:

- (i) processing price as determined above may be adjusted based on changes to major processing costs;
- (ii) QCWG guarantees a minimum processing volume. If the actual volume is lower than the guaranteed volume, processing fee will be settled using the guaranteed volume.

(b) Construction of sewage water processing plants

Construction Agreement:

Pursuant to an agreement ("Construction Agreement") between the Company and TSC on 24 September 2001, the Company is to provide construction services to TSC in respect of three plants as Xian Yang Lu, Ji Zhuang Zi and Bei Cang.

阜陽：

污水處理單價為正常水量以內0.75元/立方米，超限水量為0.3元/立方米。正常水量於2006年度為90千立方米/日，以後年度為120千立方米/日。

- (i) 上述處理費單價將視情形依據主要投入物單價的變動及政府政策的重大變化予以調整；
- (ii) 阜陽市建設委員會對本公司確保最低污水處理量，如果實際處理量低於該擔保水量，則污水處理費按照擔保水量結算。

曲靖：

從2006年1月1日起最初的三年內，污水處理費單價為0.7元/立方米，此後將分階段至2013年提高至0.75元/立方米。並且：

- (i) 上述處理費單價將視情形根據主要投入物單價的變動而進行調整。
- (ii) 曲靖供排水總公司對本公司確保最低污水處理量，如果實際處理量低於該擔保水量，則污水處理費按照擔保水量結算。

(b) 污水處理廠建設業務

建設收費協議：

根據本公司於2001年9月24日與排水公司簽訂的《污水處理(擴建)在建工程收費協議》(「建設收費協議」)，本公司向排水公司提供建設咸陽路、紀莊子和北倉等三個污水處理廠的服務。

The principal terms of the Construction Agreement are summarised below:

- a fee will be paid by TSC during the period of construction as a reward to remunerate the Company for accepting the responsibility to construct the sewage plants. The aggregate construction fees payable to the Company amount to approximately Rmb1,069 million;
- fee is payable by TSC in advance on a monthly basis according to the percentage of completion of the respective construction projects estimated by the Company. The percentage of completion of each project will be adjusted on a quarterly basis according to the certifications issued by qualified independent surveyors or engineers;
- the Company is responsible for the funding of the construction cost of these plants; and
- upon commencement of operations of the three sewage water processing plants, the rights and obligations between the Company and TSC will follow the terms as specified in the Water Processing Agreement as applicable to the Tianjin plants (Note1(a)).

Transfer Agreement:

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

Co-operative Agreement:

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

- the Company would be responsible for the overall execution of the construction of the three plants;
- TSC would be responsible for making use of the original loans from two foreign banks (the “Foreign Loans”) to fund certain property, plant and equipment used in these plants;

上述協議的主要條款如下：

- 根據協議，本公司在承擔污水處理廠在建工程建設期間，排水公司同意向本公司支付建設費用總額約人民幣10.69億元，作為鼓勵本公司承擔建設污水處理廠在建工程之報酬；
- 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；
- 本公司亦負責污水處理廠在建工程所需資金的籌集；以及
- 依據本公司與排水公司簽訂的協議，在天津三個污水處理廠開始運營後，雙方的權利與義務將按照原污水處理委託協議的具體規定執行（如附註1(a)所述）。

轉讓協議：

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

合作協議：

本公司於2003年8月25日與排水公司簽訂了一份合作協議（「合作協議」）。根據該合作協議：

- 本公司負責污水處理廠在建工程項目整體實施；
- 排水公司負責利用項目原外資貸款開展採購項下污水處理廠所需部分固定資產；

- TSC would sell to the Company these Foreign Loans funded property, plant and equipment after their installation and the issuance of verification reports, at their carrying value. The construction fee charged by the Company pursuant to the above mentioned Construction Agreement, would include the cost of these property, plant and equipment as the base; and
- the Company would be responsible for the repairs and maintenance of these property, plant and equipment during the construction period.

(c) Road toll stations

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

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

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

- 排水公司利用外資貸款採購的固定資產在完成安裝並經本公司驗收合格後一次性由排水公司以賬面價值轉讓予本公司。按照建設收費協議的規定，在確認建設費收入時應包括該等固定資產成本作為基礎；
- 於前述該等固定資產轉讓予本公司之前，在污水處理廠在建工程建設期間，本公司負責該等固定資產的維護和保養。

(c) 道路收費站業務

2003年度以前，本公司擁有於天津城市道路及入城的公路交界設立收費站的權利，並可於該等收費站向進入天津市的所有車輛（於天津登記或根據有關中國法規及條例豁免支付路費的車輛除外）收取路費，期限至2029年2月28日止。

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

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

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

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

2 ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

(a) Basis of preparation

The financial statements have been prepared in accordance with the Accounting Standards and the Accounting System for Business Enterprises promulgated by the Central Government of the People's Republic of China.

As at 30 June 2006, the Group and the Company's current liabilities exceeded its current assets by approximately Rmb298 million and Rmb537 million respectively.

Despite the forgoing, these financial statements have been prepared on a going concern basis, because the Directors of the Company believe that the undrawn bank facilities together with the continuing support of the Group's banker are sufficient to support the Group and the Company to meet their respective liabilities as and when they fall due.

(b) Financial year

The financial year is from 1 January to 31 December of each calendar year. These accounts represent the interim accounts of the year 2006 and therefore are prepared only up to the period ended 30 June.

(c) Reporting currency

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

本公司於2003年7月24日與徵收辦簽訂了《通行費委託徵收協議》。根據此協議：

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

2 會計政策、會計估計和合併會計報表的編製方法

(a) 會計報表的編製基準

本會計報表按照國家頒佈的企業會計準則和《企業會計制度》的規定編製。

截至2006年6月30日止，本集團及本公司的流動負債超過其流動資產分別為人民幣2.98億元及人民幣5.37億元。

董事們相信本集團及本公司已經獲取足夠的銀行授信額度以支持本集團及本公司償還到期債務，因此本集團及本公司仍以持續經營假設為基礎編製本期間的會計報表。

(b) 會計年度

會計年度自公曆1月1日起至12月31日止。本會計報表為2006年度半年報，因此只編製至6月30日止。

(c) 記賬本位幣

以人民幣為記賬本位幣。本會計報表的編製金額除特別說明外，單位為人民幣千元。

(d) Basis of accounting

The accrual concept is adopted as basis of accounting. Unless for special circumstance, assets are initially recorded at their acquired costs, and subsequently adjusted for impairment, if any.

(e) Cash

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

(f) Receivables and provision for doubtful debts

Receivables comprise trade and other receivables.

The Group adopts the provision method to account for potential doubtful debts. Receivables are stated in net value after deducting provision for doubtful debts.

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

(g) Inventories

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

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

Cost is determined on the weighed average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an allocation of all production overheads incurred based on normal operating capacity. Provision for declines in the values of inventories are determined on item-by-item basis when the carrying value of the inventories is higher than their net realisable value. Net realisable value is determined on the basis of anticipated sales proceeds less estimated distribution and selling expenses.

(d) 記賬基礎和計價原則

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

(e) 現金

列示於現金流量表中的現金是指庫存現金及可隨時用於支付的銀行存款。

(f) 應收款項及壞賬準備

應收款項指應收賬款及其它應收款。

本集團對可能發生的壞賬損失採用備抵法核算。應收款項以實際發生額減去壞賬準備後的淨額列示。

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

(g) 存貨

存貨包括原材料、在產品、產成品、零部件及低值易耗品。

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

原材料及產成品之成本值按加權平均法核算，在產品和產成品成本包括原材料、直接人工及按正常生產能力下適當比例分攤的所有間接生產費用。存貨跌價準備一般按單個存貨項目成本高於其可變現淨值的差額計提。可變現淨值乃按估計銷售所得款項減估計分銷及銷售開支計算。

(h) Long-term equity investments

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

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

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

(i) Fixed assets and depreciation

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

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

Depreciation of the road and amortisation of land use rights in relation to the toll stations business are calculated to write off their cost on a units-of-usage basis whereby the depreciation and amortisation are provided based on the share of estimated traffic volume for a particular period over the projected total traffic volume throughout the period of 30 years for which the right to operate the road is granted.

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

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

Machinery and equipment	10-20 years
Motor vehicles and others	5-15 years

(h) 長期股權投資

長期股權投資為準備持有超過一年的股權投資。

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

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

(i) 固定資產計價和折舊

固定資產按照成本減累計折舊／攤銷及累計減值虧損列賬。

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

道路的折舊及有關道路的土地使用權攤銷是按照交通流量法計提。根據此種方法，折舊和攤銷乃按有關期間的預計交通流量佔該道路獲授經營權利30年期間的預計交通總流量的比例計提。

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

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

機器設備	10至20年
運輸車輛及其它	5至15年

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

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

Repair and maintenance expenses are charged to the income statement as incurred.

(j) Construction in progress

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

(k) Long-term prepaid expenses

Long-term prepaid expenses include 30-year asset operating right and other prepayments that should be amortized over more than one year (excluding one year). Long-term prepaid expenses are amortized on the straight-line basis over the expected beneficial periods and are presented at cost net of accumulated amortization.

Expenses incurred during the Company's pre-operating period are recorded as long-term prepaid expenses and will be expensed in the first month of commercial operations.

(l) Impairment of assets

In addition to the recognition of provisions for impairment loss on account receivables and inventories which have been described in their respective accounting policies, individual assets for which there are indications that the carrying values are higher than their recoverable amounts, arising from the occurrence of events or changes in circumstances, are reviewed for impairment. If the carrying value of such assets is higher than the recoverable amount, the excess is recognized as an impairment loss.

The recoverable amount of an individual asset is the higher of its net selling price and its value in use. The net selling price is the amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable and willing parties, after deducting any incremental direct disposal costs. Value in use is the present value of estimated future cash flows expected to be derived from continuing use of the asset and from its disposal at the end of its useful life.

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

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

維修及保養費用按其實際發生額計入利潤表。

(j) 在建工程

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

(k) 長期待攤費用

長期待攤費用包括預付30年資產運營權轉讓金及已經支出但攤銷期限在1年以上(不含1年)的各項費用，按預計受益期限分期平均攤銷，並以實際支出減去累計攤銷後的淨額列示。

籌建期間發生的費用，先在長期待攤費用歸集，於開始生產經營當月一次計入損益。

(l) 資產減值

除應收賬款壞賬準備及存貨跌價準備的計提方法已在相關的會計政策中說明外，其餘資產項目如果有跡象或環境變化顯示其單項資產賬面價值可能超過其可收回金額時，將對該項資產進行減值測試。若該單項資產的賬面價值超過其可收回金額，其差額確認為減值損失。

單項資產的可收回金額是指其銷售淨價與其使用價值兩者之中的較高者。銷售淨價是指在熟悉交易情況的交易各方之間自願進行的公平交易中，通過銷售該項資產而取得的收入扣除處置費用後的金額。使用價值指預期從資產的持續使用和使用壽命結束時的處置中形成的預計未來現金流量的現值。

When there is an indication that the need for an impairment provision recorded in a prior period no longer exists or has been decreased, the provision for impairment loss is reversed. The increased carrying amount of the assets should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

(m) Borrowing costs

Except the issuance expense (Note 2(p)) of convertible bonds, interest cost, ancillary costs, and exchange differences incurred in connection with specific borrowings obtained for the acquisition or construction of fixed assets are capitalised as costs of the assets beginning when the capital expenditures and borrowing costs have been incurred and the activities to enable the assets to reach their expected usable condition have commenced. The capitalisation of borrowing costs ceases when the construction in progress has reached the asset's expected usable condition. Borrowing costs incurred thereafter are recognised as expenses in the period in which they are incurred.

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

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

(n) Provisions

Provisions for product warranties, external guarantees and pending litigation are recognized when the Company has a present obligation as a result of past transactions or events, and it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are determined using best estimates based on historical experience.

(o) Research and development expenses

Research and development expenses are charged to the income statement as incurred.

如果有跡象表明以前期間據以計提資產減值的各種因素發生變化，使得該資產的可收回金額大於其賬面價值，以前年度已確認的減值準備予以轉回，轉回後該資產的賬面價值不超過不考慮減值因素情況下計算的資產賬面淨值。

(m) 借款費用

除下述附註2(p)有關可轉換公司債券的發行費用外，為購建固定資產而發生專門借款所產生的利息、輔助費用及外幣滙兌差額等借款費用，在資產支出及借款費用已經發生、並且為使資產達到預定可使用狀態所必要的購建活動已經開始時，開始資本化，計入該資產的成本。當購建的固定資產達到預定可使用狀態時停止資本化，以後發生的借款費用計入當期損益。

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

其它借款發生的借款費用，於發生時確認為當期財務費用。

(n) 預計負債

因產品質量保證、對外提供擔保、未決訴訟等事項而形成的某些現時義務，且該義務的履行很可能會導致經濟利益的流出，在該支出金額能夠可靠計量時，確認為預計負債。

預計負債按照以前年度的相關經驗以最佳估計金額入賬。

(o) 研究及開發費用

研究及開發費用按其實際發生額計入利潤表。

(p) Convertible bonds

Convertible bonds are classified as liabilities and are stated at principal amount.

The difference between issuing cost of the bonds and the interest income derived during the issuing period is amortised over the bonds' issue period on a straight line basis. Interest expense for the bonds is accrued periodically. Interest and issuance cost are capitalized or expensed according to the purpose/use of the issuance proceeds. Upon conversion into the Company's share, the converted quantity of share times par value is recognized as share capital whilst difference between share capital converted and par value of the bonds is recorded in capital surplus. If redeemed or repurchased in advance, bond payable will be offset in proportion whilst corresponding issuance cost will be charged to profit and loss accounts.

(q) Employee social security and benefits

The Group contributes on a monthly basis to various defined contribution retirement benefit plans organized by relevant municipal and provincial governments in the PRC. The municipal and provincial governments undertake to assume the retirement benefit obligation of all existing and future retired employees payable under these plans. Contributions to these plans are expensed as incurred.

The Group provides housing fund based on certain percentage of the wages. The housing fund is paid to social security organisation, and the corresponding expenses are expensed or included in the cost of sales for the current year.

(r) Deferred taxation

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

(s) Foreign currency transaction

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

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

(p) 可轉換公司債券

發行的可轉換公司債券（「債券」）按實際發行價格總額確認為負債。

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

(q) 職工社會保障及福利

本集團職工參加由中國各省市政府機構設立及管理的職工養老計劃並按月繳納保險金。各省市政府承擔納入職工養老計劃內的所有目前和將來退休職工的退休福利。集團繳納的保險金在發生時確認為費用。

本集團按工資總額的一定比例提取住房公積金，並向社會保障機構繳納，相應的支出計入當期成本或費用。

(r) 遞延稅項

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

(s) 外幣交易

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

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

(t) Revenue recognition

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

(u) Leases

A finance lease is a lease that transfers in substance all the risks and rewards incident to ownership of a leased asset. An operating lease is a lease other than a finance lease.

(i) Finance lease

At the inception of a lease, the leased assets are recorded at an amount equal to the lower of the carrying amount of the leased asset originally recorded in the books of the lessor and the present value of the minimum lease payments, and recognise a long-term liability at an amount equal to the gross amount of the minimum lease payments. The difference between the recorded amount of the leased asset and the liability is recognised as unrecognised finance charges and amortised during the lease term on a straight line basis. Depreciation policy for leased assets are consistent with that for depreciable assets which are owned by the group.

(ii) Operating lease

Lease payments under an operating lease should be recognised as an expense in the income statement on a straight-line basis over the lease term.

(t) 收入確認原則

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

(u) 租賃

融資租賃是指實質上轉移了與出租資產所有權有關的全部風險和報酬的租賃。經營租賃是指除融資租賃以外的其它租賃。

(i) 融資租賃

在租賃開始日，將租賃資產原賬面價值與最低租賃付款額的現值兩者中較低者作為租入資產的入賬價值，將最低租賃付款額作為長期應付款的入賬價值，並將兩者的差額記錄為未確認融資費用，在融資租賃期限內按直線法攤銷。融資租入的固定資產按本集團固定資產的折舊政策計提折舊。

(ii) 經營租賃

經營租賃的租金在租賃期內的各個期間按直線法確認為費用。

(v) Taxation

(i) Income tax

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

(ii) Business tax

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

(iii) Value added tax

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

(iv) Government surcharges

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

(w) Related parties

Related parties refer to state-owned companies or other companies under the supervisory control of TMEB (Note 28).

(x) Basis of preparation of consolidated financial statements

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

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

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

(v) 稅項

(i) 所得稅

所得稅的會計處理方法為納稅影響會計法中的負債法，稅率為33%。

(ii) 營業稅

按業務收入的5%計提營業稅。

(iii) 增值稅

按銷售產品應納稅銷售額的17%扣除當期允許抵扣的進項稅後的餘額計繳。

(iv) 政府附加稅

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

(w) 關聯方

關聯方指受天津市政局監控的國有企業或其它公司(詳見附註28)。

(x) 合併會計報表的編製方法

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

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

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

3 CASH AND BANK BALANCES

3 貨幣資金

		Group 合併		Company 公司	
		30 June 2006	31 December 2005	30 June 2006	31 December 2005
		於2006年 6月30日 Rmb'000 人民幣千元	於2005年 12月31日 Rmb'000 人民幣千元	於2006年 6月30日 Rmb'000 人民幣千元	於2005年 12月31日 Rmb'000 人民幣千元
Cash on hand	現金	152	234	17	2
Cash in bank	銀行存款	827,011	800,060	452,744	544,460
Including	其中：				
– Special funds for construction in progress (note (a))	– 在建工程專用資金 (註釋(a))	207,691	281,742	189,608	266,329
– Bank deposits (note (b))	– 保證金 (註釋(b))	53,182	56,182	53,000	56,000
		<u>827,163</u>	<u>800,294</u>	<u>452,761</u>	<u>544,462</u>

Notes:

- (a) The special funds for construction in progress represent the unutilised balances of the special loans for sewage water processing projects (Note 1 (b)).
- (b) Balance as at 30 June 2006 includes the deposit of Rmb47 million (2005: Rmb47 million) in Construction Bank of China, Tianjin Branch held as guarantee for the issuance of the Company's convertible bonds. The remaining balance of Rmb6.18 million (2005: Rmb9.18 million) mainly represented deposit for project bids.

註釋：

- (a) 在建工程專用資金為污水處理廠建設專有借款賬戶尚未使用的銀行存款餘額(附註1(b))。
- (b) 於2006年6月30日，保證金餘額主要包括本公司存放於中國建設銀行天津市分行作為該分行為本公司提供可轉換債券擔保的保證金計人民幣47,000千元(2005年：47,000千元)；其餘款項主要為項目投標保證金存款共計人民幣6,182千元(2005年：9,182千元)。

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

列示於現金流量表的現金包括：

		Group 合併		Company 公司	
		30 June 2006	31 December 2005	30 June 2006	31 December 2005
		於2006年 6月30日 Rmb'000 人民幣千元	於2005年 12月31日 Rmb'000 人民幣千元	於2006年 6月30日 Rmb'000 人民幣千元	於2005年 12月31日 Rmb'000 人民幣千元
Cash and bank balances	貨幣資金	827,163	800,294	452,761	544,462
Less: Restricted deposits	減：存於銀行的保證金	(53,182)	(56,182)	(53,000)	(56,000)
Cash shown on the cash flow statement	列示於現金流量表的現金	<u>773,981</u>	<u>744,112</u>	<u>399,761</u>	<u>488,462</u>

4 ACCOUNTS RECEIVABLE

Ageing analysis of accounts receivable is as follows:

4 應收賬款

應收賬款賬齡分析如下：

		Group 合併		Company 公司	
		30th June 2006	31st December 2005	30th June 2006	31st December 2005
		於 2006 年 6 月 30 日	於 2005 年 12 月 31 日	於 2006 年 6 月 30 日	於 2005 年 12 月 31 日
		Rmb'000 人民幣千元	Rmb'000 人民幣千元	Rmb'000 人民幣千元	Rmb'000 人民幣千元
Within 1 year	1 年以內	320,881	346,810	297,489	340,857
Between 1 and 2 years	1-2 年	156,467	187,195	156,467	187,195
2 to 3 years	2-3 年	148,997	—	148,997	—
Net accounts receivable	應收賬款淨值	<u>626,345</u>	<u>534,005</u>	<u>602,953</u>	<u>528,052</u>
Details of the trade receivables are set out as follows:	應收賬款明細 如下：				
Due from TSC	應收排水公司				
– Revenue from sewage water processing services	– 污水處理收入	120,295	45,544	120,295	45,544
– Revenue from sewage water processing plants construction services	– 污水處理廠建設費收入	466,185	466,185	466,185	466,185
Due from Tolls Collection Office	應收天津市車輛通行費 徵收辦公室				
– Tolls	– 車輛通行費收入	16,473	16,323	16,473	16,323
Due from GCAB	應收貴陽城市管理局				
– Revenue from sewage water processing service	– 污水處理收入	11,413	5,953	—	—
Due from AFCC	應收阜陽市建設委員會				
– Revenue from sewage water processing service	– 污水處理收入	2,678	—	—	—
Due from QCWG	應收曲靖市供排水總公司				
– Revenue from sewage water processing service	– 污水處理收入	1,814	—	—	—
– Revenue from tap water processing service	– 自來水服務收入	6,487	—	—	—
Others	其他	1,000	—	—	—
		<u>626,345</u>	<u>534,005</u>	<u>602,953</u>	<u>528,052</u>
Less: Receivables of construction fee to be settled with fixed assets of TSC (note (a))	減：擬進行資產 置換的污水處理廠 建設費收入 (註釋(a))	(466,185)	(466,185)	(466,185)	(466,185)
		<u>160,160</u>	<u>67,820</u>	<u>136,768</u>	<u>61,867</u>

As at 30 June 2006, there were no accounts receivables from any shareholder who holds 5% or more of the Company's voting shares.

期末應收賬款中無持有本公司5% (含5%) 以上表決權股份的股東的欠款。

Note:

- (a) Under the Co-operative Agreement, TSC would sell certain of its assets to the Company upon completion and verification (Note 1(b)). Accordingly, in April 2006, the Company reached an agreement with TSC on a repayment plan, whereby TSC will use the above mentioned assets to settle the balance owed to the Company for construction fees. As at 30 June 2006, these assets amount to about Rmb655 million. As such, the Directors believe that the amount due from TSC is fully recoverable.

Following the repayment plan, the balance of Rmb466 million representing construction fee income has been reclassified to long-term receivables.

註釋：

- (a) 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(附註1(b))。於2006年4月，本公司與排水公司就還款計劃達成協議，排水公司會用上述資產置換積欠本公司的建設費收入。截止2006年6月30日，這些資產的金額約為人民幣6.55億元。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。

5 OTHER RECEIVABLES

As at 30 June 2006, the ageing of majority of other receivables are aged within one year and there were no other receivables from any shareholder who holds 5% or more of the Company's voting shares.

5 其它應收款

其它應收款賬齡主要在一年以內，期末餘額中無持有本公司5%(含5%)以上表決權股份的股東的欠款。

6 INVENTORIES

6 存貨

		Group 合併		Company 公司	
		30th June 2006	31st December 2005	30th June 2006	31st December 2005
		於2006年 6月30日	於2005年 12月31日	於2006年 6月30日	於2005年 12月31日
		Rmb'000	Rmb'000	Rmb'000	Rmb'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Raw materials	原材料	3,329	2,918	2,095	2,510
Finished goods	產成品	5,179	6,423	—	—
Spare parts and consumables	零部件和低值易耗品	1,975	2,487	71	104
		<u>10,483</u>	<u>11,828</u>	<u>2,166</u>	<u>2,614</u>

7 LONG-TERM EQUITY INVESTMENTS

7 長期股權投資

		Group 合併		Company 公司	
		30th June 2006	31st December 2005	30th June 2006	31st December 2005
		於2006年 6月30日	於2005年 12月31日	於2006年 6月30日	於2005年 12月31日
		Rmb'000	Rmb'000	Rmb'000	Rmb'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Investment in subsidiaries (note (a))	子公司投資 (註釋(a))	—	—	675,906	437,036
Other long-term equity investments (note (b))	其它長期股權投資 (註釋(b))	63,186	6,000	4,000	4,000
		<u>63,186</u>	<u>6,000</u>	<u>679,906</u>	<u>441,036</u>

The movement of equity investment in subsidiaries for the six months ended 30 June 2006 is set out below:

子公司投資本期間變動情況如下：

31 December 2005 2005年 12月31日 Rmb'000 人民幣千元	Initial cost 原始成本	30 June 2006 2006年 6月30日 Rmb'000 人民幣千元	Accumulated changes in equity 權益累計變動			Book value 帳面價值	
	Addition		31 December 2005	Share loss for the period	30 June 2006	31 December 2005	30 June 2006
	本期增加		2005年 12月31日	本期應佔 投資損失	2006年 6月30日	2005年 12月31日	2006年 6月30日
	Rmb'000 人民幣千元	Rmb'000 人民幣千元	Rmb'000 人民幣千元	Rmb'000 人民幣千元	Rmb'000 人民幣千元	Rmb'000 人民幣千元	Rmb'000 人民幣千元
450,380	243,614	693,994	(13,344)	(4,744)	(18,088)	437,036	675,906

(a) Investment in subsidiaries

(a) 子公司投資

The Company's subsidiaries are registered and established in China other than Tianjin Capital Environmental Protection (Hong Kong) Co., Ltd. which is registered in Hong Kong.

除天津創業環保(香港)有限公司在香港註冊外，本公司其它子公司均在中國境內註冊設立。

	Registered capital 註冊資本 Rmb'million 人民幣百萬元	Interest held 所佔權益 % 百分比	Principal activities 主要業務	Company Investment cost 本公司 投資成本 Rmb'million 人民幣百萬元
Qujing Capital Water Co., Ltd. 曲靖創業水務有限公司	120	90	Municipal sewage water processing and water plant construction operation and management 市政污水處理和自來水配套設施開發、經營、管理	108
Guizhou Capital Water Co., Ltd. 貴州創業水務有限公司	100	95	Construction of municipal sewage water plants and provision of related consulting services for water processing facilities 市政污水處理廠和自來水廠等設施開發建設及相關水處理設施的諮詢	95
Tianjin Water Recycling Co., Ltd. 天津中水有限責任公司	100	98	Production and sales of recycled water and technical consulting for water recycling business. 中水生產銷售、中水設施開發建設、中水技術諮詢	98
Tianjin Capital New Materials Co., Ltd. (note (i)) 天津創業建材有限公司(註釋i)	38	71	Production and sales of new types of construction materials 新型建築材料的製造及銷售	27
Fuyang Capital Water Co., Ltd. 阜陽創業水務有限公司	45	98	Municipal sewage water processing and water plant construction operation and management 市政污水處理和自來水配套設施開發、經營、管理	44

	Registered capital	Interest held	Principal activities	Company Investment cost
	註冊資本 Rmb'million 人民幣百萬元	所佔權益 % 百分比	主要業務	本公司 投資成本 Rmb'million 人民幣百萬元
Baoying Capital Water Co.,Ltd. (note (ii)) 寶應創業水務有限責任公司 (註釋 ii)	38	70	Municipal sewage water processing and water plant construction operation and management 市政污水處理和自來水配套設施開發、經營、管理	27
Chibi Capital Water Co., Ltd. (note (ii)) 赤壁創業水務有限公司 (註釋 ii)	35	95	Municipal sewage water processing and water plant construction operation and management. 市政污水處理和自來水配套設施開發、經營、管理	34
Honghu Capital Water Co.,Ltd. (note (ii)) 洪湖市創業水務有限公司 (註釋 ii)	20	90	Municipal sewage water processing and water plant construction operation and management 市政污水處理和自來水配套設施開發、經營、管理	18
Tianjin Capital Environmental Protection (Hong Kong) Co., Ltd. 天津創業環保(香港)有限公司	USD7.8 million 百萬美元	100	Sewage water treatment and water recycling business 水資源污水處理項目運營服務等	63
Established during 2006: 2006年新成立：				
Hangzhou Tianchuang Water Co., Ltd. (note (ii)) 杭州天創水務有限公司 (註釋 ii)	257	70	Municipal sewage water processing and recycled water plant construction operation, maintenance and training 市政污水處理和再生水利用設施的運營維護及技術服務和培訓	180
				694

Note:

註釋：

- | | |
|---|---|
| <p>(i) At 30 June 2006, the original four shareholders of Tianjin Capital New Materials Co.,Ltd ("TCNM") reached an agreement regarding the termination of the "contract of increasing share capital". The registered capital of TCNM decreased from Rmb45.5 million to Rmb37.5 million and the Company's interest percentage resumed to 71% accordingly.</p> | <p>i) 於2006年6月30日，天津創業建材有限公司的原有四方股東簽署了關於終止《增資擴股協議書》的協議，其註冊資本由人民幣45.5百萬元減少至人民幣37.5百萬元，故本公司持有其股份比例恢復至71%。</p> |
| <p>(ii) As at 30 June 2006, these subsidiaries are still in the stage of pre-operation.</p> | <p>ii) 截至2006年6月30日止，該等子公司尚處於開辦期。</p> |

(b) Other long-term equity investments**(b) 其它長期股權投資**

		Group		Company	
		合併		公司	
		Percentage of interest in registered capital	Cost	Percentage of interest in registered capital	Cost
		佔被投資公司註冊資本比例	股權成本	佔被投資公司註冊資本比例	股權成本
		%	Rmb'000	%	Rmb'000
		百分比	人民幣千元	百分比	人民幣千元
Tianjin International Machinery Co., Ltd. (Note (i))	天津國際機械有限公司 (註釋(i))	45%	54,000	—	—
Tianjin Baotong Qinjiliao Co., Ltd. (Note (iii))	天津市寶通輕集料有限公司 (註釋(iii))	20%	2,000	20%	2,000
Tianjin Northern Human Resources Co., Ltd.	天津北方人才港股份有限公司	6.1%	2,000	6.1%	2,000
Tianjin Pipeline Engineering Management Co., Ltd. (Note (iii))	天津城網工程管理有限公司 (註釋(iii))	20%	2,000	—	—
Difference in long-term equity investments	長期股權投資差額		3,186		—
			<u>63,186</u>		<u>4,000</u>

Note:

- (i) Tianjin International Machinery Co., Ltd. (TIMC) is a sino-foreign joint venture registered in the Tianjin Economics and Technology Development Area, with a registered capital of Rmb120 million. The main business of TIMC includes research and development, production and sales of environment protection equipment; engineering technical consultation; trading; manufacturing and sale of general equipment.
- (ii) The Company has no significant influence on these entities.

註釋:

- (i) 天津國際機械有限公司為一家註冊於天津市經濟技術開發區的中外合資企業，註冊資本為人民幣120百萬元，其業務範圍為環保機械設備的研發製造和銷售、環保機電設備成套項目及工程技術諮詢、進出口貿易、通用設備的生產銷售等。
- (ii) 本公司對其無重大影響。

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

8 固定資產及累計折舊／攤銷

		Group 合併					Total
		Land use rights 土地使用權 Rmb'000 人民幣千元	Road 道路 Rmb'000 人民幣千元	Buildings and structures 房屋及 建築物 Rmb'000 人民幣千元	Machinery and equipment 機器設備 Rmb'000 人民幣千元	Motor vehicles and others 運輸車輛 及其它 Rmb'000 人民幣千元	合計 Rmb'000 人民幣千元
Cost	原值						
At 1 January 2006	2006年1月1日餘額	649,891	185,418	971,265	294,688	108,802	2,210,064
Additions	本期增加	—	—	977,810	64,712	7,286	1,049,808
Include: transferred from CIP	其中：在建工程轉入	—	—	748,557	2,401	1,689	752,647
Disposals	本期減少	—	—	—	(96)	—	(96)
At 30 June 2006	2006年6月30日餘額	649,891	185,418	1,949,075	359,304	116,088	3,259,776
Accumulated depreciation/ amortisation	累計折舊/ 攤銷						
At 1 January 2006	2006年1月1日餘額	(86,003)	(42,901)	(314,916)	(153,218)	(47,837)	(644,875)
Additions	本期計提	(7,353)	(1,726)	(30,655)	(9,926)	(5,101)	(54,761)
Disposals	本期減少	—	—	—	88	—	88
At 30 June 2006	2006年6月30日餘額	(93,356)	(44,627)	(345,571)	(163,056)	(52,938)	(699,548)
Net book value	淨值						
At 30 June 2006	2006年6月30日餘額	556,535	140,791	1,603,504	196,248	63,150	2,560,228
At 1 January 2006	2006年1月1日餘額	563,888	142,517	656,349	141,470	60,965	1,565,189

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

Of the Group's net book value of fixed assets as at 30 June 2006 about Rmb130 million relates to one of the Company's subsidiaries, Tianjin Water Recycling Co., Ltd., which has been incurring continuous losses since commencement of its operations. However, given the promising prospects of the water recycling industry as encouraged by the PRC government, the Directors of the Company believe there is no indication at the current stage that these assets may be permanently impaired.

本集團的所有土地、道路、房屋及建築物和廠房均位於中國境內。

於2006年6月30日，本公司之子公司天津中水有限責任公司之固定資產賬面淨值約為人民幣1.3億元。儘管該子公司持續虧損，鑒於中水業務為政府鼓勵之產業，本公司董事們認為在現階段沒有發現對此類資產計提減值準備的跡象。

		Company					
		公司					
		Land use rights		Buildings and structures	Machinery and equipment	Motor vehicles and others	Total
		土地使用權	Road	房屋及建築物	機器設備	運輸車輛及其它	合計
		<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Cost	原值						
At 1 January 2006	2006年1月1日餘額	645,804	185,418	790,879	201,625	74,486	1,898,212
Additions	本期增加	—	—	748,557	2,628	2,034	753,219
Include: transferred from CIP	其中：在建工程轉入	—	—	748,557	2,401	1,372	752,330
Disposals	本期減少	—	—	—	(96)	—	(96)
At 30 June 2006	2006年6月30日餘額	645,804	185,418	1,539,436	204,157	76,520	2,651,335
Accumulated depreciation/amortisation	累計折舊/攤銷						
At 1 January 2006	2006年1月1日餘額	(85,693)	(42,901)	(307,481)	(141,266)	(39,830)	(617,171)
Additions	本期增加	(7,311)	(1,726)	(24,732)	(4,582)	(2,991)	(41,342)
Disposals	本期減少	—	—	—	88	—	88
At 30 June 2006	2006年6月30日餘額	(93,004)	(44,627)	(332,213)	(145,760)	(42,821)	(658,425)
Net book value	淨值						
At 30 June 2006	2006年6月30日餘額	552,800	140,791	1,207,223	58,397	33,699	1,992,910
At 1 January 2006	2006年1月1日餘額	560,111	142,517	483,398	60,359	34,656	1,281,041

Transfer of the ownership of the building acquired in 2005 is in process. Based on the legal advice from the Group's legal counsel, the Directors of the Company believe that the title will be received in due course without additional significant cost to the Group, if any.

2005年度新增辦公樓之產權轉讓手續正在辦理中。根據本集團法律顧問的意見，董事們確信最終能取得相關的產權而不會產生任何額外的重大成本。

9 CONSTRUCTION IN PROGRESS

9 在建工程

Project Name 工程項目名稱	Budget costs 預算數 Rmb'000 人民幣千元	As at 1 January 2006	Additions 本期增加 Rmb'000 人民幣千元	Transferred out 本期轉出 Rmb'000 人民幣千元	As at 30 June 2006	Source of funds 資金來源	Incurred costs to budget costs ratio 工程投入佔 預算的比例 (%)
		於2006年 1月1日 Rmb'000 人民幣千元			於2006年 6月30日 Rmb'000 人民幣千元		
Ji Zhuang Zi (Expansion) (Note 1(a)) 紀莊子污水處理廠(擴建) (註釋1(a))	1,054,722	674,112	26,815	(272,198)	428,729	Bank loans and self-raised fund 自籌及銀行貸款	66
Bei Cang 北倉污水處理廠	366,327	131,824	10,423	—	142,247	Bank loans and self-raised fund 自籌及銀行貸款	39
Xian Yang Lu (Note 1(a)) 咸陽路污水處理廠 (註釋1(a))	1,199,720	597,110	21,185	(476,359)	141,936	Bank loans and self-raised fund 自籌及銀行貸款	52
Ji Zhuang Zi (Reconstruction) 紀莊子污水處理廠(改建)	58,990	58,421	400	(1,629)	57,192	Self-raised fund 自籌	99
Research and Development Center 研發中心	16,546	7,206	—	(162)	7,044	Self-raised fund 自籌	43
Staff Dormitory 員工宿舍樓項目	8,907	5,977	—	—	5,977	Self-raised fund 自籌	67
Others 其它	—	629	3,090	(1,982)	1,737	Self-raised fund 自籌	
Total (Company) 公司合計	2,705,212	1,475,279	61,913	(752,330)	784,862		
Baoying 寶應污水處理廠	93,400	47,982	18,152	—	66,134	Self-raised fund 自籌	71
Xian Yang Lu Water Recycling Project 咸陽路污水回用工程	140,000	4,584	35,309	(317)	39,576	Specific bank loans and self-raised fund 自籌、銀行貸款及專項貸款	28
Chibi 赤壁污水處理廠	95,000	26,585	4,598	—	31,183	Self-raised fund 自籌	33
Others 其它	—	244	956	—	1,200		
Total (Group) 合併合計	3,033,612	1,554,674	120,928	(752,647)	922,955		
Including: Capitalised borrowing costs 其中：借款費用資本化金額							
– Company – 公司		73,485	17,609	—	91,904		
– Group – 合併		76,953	17,609	—	94,562		

10 LONG-TERM PREPAID EXPENSES

10 長期待攤費用

		Group 合併				30 June 2006	Unamortized period (years) 剩餘 攤銷年限
		Initial cost 原始 發生額 Rmb'000 人民幣千元	31 December 2005 於2005年 12月31日 Rmb'000 人民幣千元	Addition 本期 增加額 Rmb'000 人民幣千元	Amortisation 本期 攤銷額 Rmb'000 人民幣千元		
Operating right	阜陽30年期 資產運營權轉讓金	102,004	—	102,004	(1,983)	100,021	29.5
Others	其他		14,766	1,755	(4,076)	12,445	
			14,766	103,759	(6,059)	112,466	

Pursuant to the agreement reached between one of the Company's subsidiaries and Fuyang Construction Committee on 18 December 2005, Rmb102 million consideration is to be paid to Fuyang Construction Committee for a 30-year right to operate a sewage plant. As at 30 June 2006, about Rmb20 million remains to be settled by end 2007 (Note 21) (2005: Rmb40 million was settled as prepayment).

根據本公司之子公司阜陽創業水務有限公司(「阜陽創業」)與阜陽市建設委員會於2005年12月18日簽訂的協議，阜陽水務取得阜陽市污水處理廠30年期的資產部分權益權利，並為此需支付人民幣1.02億元的對價。截至2006年6月30日止，剩餘款項計約人民幣0.2億元將於2007年底支付(詳見附註21)(2005：預付約人民幣0.4億元)。

11 LONG-TERM PREPAYMENTS

11 長期預付款

		Group 合併		Company 公司	
		30th June 2006 於2006年 6月30日 Rmb'000 人民幣千元	31st December 2005 於2005年 12月31日 Rmb'000 人民幣千元	30th June 2006 於2006年 6月30日 Rmb'000 人民幣千元	31st December 2005 於2005年 12月31日 Rmb'000 人民幣千元
Honghu prepayment for purchase of sewage processing plant (Note (a))	洪湖預付資產所有權轉讓款項(註釋(a))	15,036	—	—	—
Operating right (Note 10)	阜陽預付資產運營權轉讓款項(附註10)	—	40,802	—	—
		15,036	40,802	—	—

note:

註釋：

(a) Pursuant to the agreement reached between one of the Company's subsidiaries and Honghu Construction Bureau on December 2005, Rmb50 million consideration is to be paid to Honghu Construction Bureau for the purchase of sewage plant. As at 30 June 2006, the Group has paid about Rmb15 million.

(a) 根據本公司之子公司洪湖市創業水務有限公司(「洪湖創業」)與洪湖市建設局於2005年12月簽訂的協議，洪湖水務取得原屬洪湖市政府所有的洪湖市污水處理廠相關資產的所有權，並為此需支付人民幣50百萬元的對價。截至2006年6月30日止，本集團已支付約人民幣15百萬元。

12 SHORT-TERM LOANS

12 短期借款

	As at 30 June 2006	As at 31 December 2005	Interest Rate Year 2006	Guarantor
	於2006年 6月30日 Rmb'000 人民幣千元	於2005年 12月31日 Rmb'000 人民幣千元	2006年度 年利率	擔保人
China Minsheng Bank 中國民生銀行	300,000	300,000	5%	Including Rmb100 million guaranteed by the Company's controlling shareholder - Tianjin Municipal Investment Company Limited ("TMICL") 1 億元借款為天津市政投資 有限公司擔保
Shen Zhen Development Bank 深圳發展銀行	50,000	100,000	5.6%	—
CITIC Industrial Bank 中信實業銀行	150,000	90,000	5%	—
Shanghai Pudong Development Bank 上海浦東發展銀行	100,000	100,000	5.6%	—
Industrial and Commercial Bank of China 中國工商銀行	190,000	—	5.6%	—
Total-Company 公司合計	790,000	590,000		
Other banks 其它銀行	—	5,000		
Total-Group 合併合計	790,000	595,000		

13 ACCOUNTS PAYABLE

As at 30 June 2006, there were no accounts payable to any shareholder which holds 5% or more of the Company's voting shares.

14 ADVANCES FROM CUSTOMERS

As at 30 June 2006, there were no advances from any shareholder which holds 5% or more of the Company's voting shares.

15 DIVIDEND PAYABLE

Pursuant to the shareholders meeting held on 30 June 2006, the Directors proposed to distribute a final dividend of Rmb0.4 (tax included) for every ten shares held by shareholders based on the total number of shares of 1,331 million as at 31 December 2005, totalling Rmb53 million (June 2005: Rmb 1 (tax included) for every ten shares held by shareholders, totalling Rmb133 million).

16 TAXES PAYABLE

Income tax 應交所得稅
Business tax and others 應交營業稅及其它

13 應付賬款

期末應付賬款中無應付持有本公司5%(含5%)以上表決權股份的股東的款項。

14 預收賬款

期末預收賬款中無預收持有本公司5%(含5%)以上表決權股份的股東的款項。

15 應付股利

本公司於2006年6月30日召開的股東大會通過決議，以截至2005年12月31日止之總股本13.3億股為基數，每10股派發現金紅利人民幣0.4元(含稅)予股東，共計人民幣0.53億元(2005年：每10股派發現金紅利人民幣1元(含稅)予股東，共計人民幣1.33億元)。

16 應交稅金

		Group 合併		Company 公司	
		30th June 2006	31st December 2005	30th June 2006	31st December 2005
		於2006年 6月30日	於2005年 12月31日	於2006年 6月30日	於2005年 12月31日
		Rmb'000	Rmb'000	Rmb'000	Rmb'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Income tax	應交所得稅	61,918	71,445	60,001	69,787
Business tax and others	應交營業稅及其它	2,893	4,962	3,322	5,666
		<u>64,811</u>	<u>76,407</u>	<u>63,323</u>	<u>75,453</u>

17 OTHER PAYABLES

Construction costs payable 應付建設成本
Payable for purchase of fixed assets 應付購買固定資產款
Others 其它

17 其它應付款

		Group 合併		Company 公司	
		30th June 2006	31st December 2005	30th June 2006	31st December 2005
		於2006年 6月30日	於2005年 12月31日	於2006年 6月30日	於2005年 12月31日
		Rmb'000	Rmb'000	Rmb'000	Rmb'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Construction costs payable	應付建設成本	70,852	70,547	47,022	70,547
Payable for purchase of fixed assets	應付購買固定資產款	6,589	50,512	6,589	36,589
Others	其它	38,933	17,083	43,532	13,258
		<u>116,374</u>	<u>138,142</u>	<u>97,143</u>	<u>120,394</u>

As at 30 June 2006, there were no other payables to any shareholder which holds 5% or more of the Company's voting shares.

期末其它應付款中無應付持有本公司5%(含5%)以上表決權股份的股東的款項。

18 LONG-TERM LOANS

The loans mature as follows:

18 長期借款

長期借款具體還款期如下：

		Group		Company	
		合併		公司	
		30 June 2006	31 December 2005	30 June 2006	31 December 2005
		於2006年 6月30日	於2005年 12月31日	於2006年 6月30日	於2005年 12月31日
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Payable within one year	一年以內支付	113,250	62,500	97,000	60,000
Payable in the second year	第二年內支付	230,959	136,500	135,000	134,000
Payable in the third year to fifth year	第三年至第五年內支付	380,000	448,500	343,000	391,000
Payable after the fifth year	五年以後支付	228,000	57,500	50,000	50,000
Sub-total	小計	952,209	705,000	625,000	635,000
Less: Portion of long-term liabilities due within one year	減：已列入流動負債的 一年內到期金額	(113,250)	(62,500)	(97,000)	(60,000)
Total	合計	838,959	642,500	528,000	575,000
Loans from:	其中包括：				
State Development Bank (note (a))	國家開發銀行 (註釋(a))	575,000	585,000	575,000	585,000
China Everbright Bank (note (b))	中國光大銀行 (註釋(b))	100,000	100,000	50,000	50,000
China Construction Bank (note (c))	中國建設銀行 (註釋(c))	237,209	20,000	—	—
Bank of China (note (d))	中國銀行 (註釋(d))	40,000	—	—	—
		952,209	705,000	625,000	635,000

Note:

註釋：

- | | |
|---|---|
| <p>(a) The borrowing is secured by TMEB's guarantee together with certain of its fee collection rights, and bears an interest floating in accordance with the rates for long-term loans as promulgated by the People's Bank of China. The average prevailing interest rate is 6.1% (2005: 5.8% to 6.1%) per annum.</p> <p>(b) The borrowing is secured by the right to receive sewage water processing fees of TSC together with guarantee from TMICL and bears interest rate ranging from 5% to 5.8% (2005: 5% to 5.8%) per annum.</p> <p>(c) The borrowing of one of the Group's subsidiaries of about Rmb190 million is secured by the right to receive the water supply fees and sewage water processing fees, the borrowing of about Rmb46 million is secured by the Company's guarantee. These borrowings bear average prevailing interest rate of 6.1% to 6.4% (2005: 6.1%) per annum.</p> <p>(d) The borrowing is guaranteed by the Company and bears average prevailing interest rate of 6.1% (2005: nil) per annum.</p> | <p>(a) 該借款由天津市政局提供保證擔保及以其擁有業務中的部分收費權作為質押。該銀行貸款利率依據中國人民銀行頒佈的長期借款利率而變動，現時年利率為6.1% (2005年：5.8%到6.1%)。</p> <p>(b) 該借款由排水公司提供污水處理費收費權作為質押以及由本公司控股股東提供保證擔保，年利率為5%到5.8% (2005年：5%到5.8%)。</p> <p>(c) 其中約人民幣190百萬元的貸款以集團子公司之一的自來水收入權和污水處理收入權作為質押；另外約人民幣46萬元貸款由本公司提供保證擔保。借款利率為中國人民銀行長期借款利率，現時平均年利率為6.1%到6.4% (2005年：6.1%)。</p> <p>(d) 該借款由本公司提供保證擔保。借款利率為中國人民銀行長期借款利率，現時年利率為6.1% (2005年：無)。</p> |
|---|---|

19 CONVERTIBLE BONDS

19 應付債券

			31 December	Portion of	30 June
		Issuance	2005年	redemption	2006
		發行	12月31日	贖回與	2006年
				轉股部分	6月30日
No. of bonds (unit)	債券數量 (張)	12,000,000	3,720,970	(290)	3,720,680
Value of bonds (Rmb '000)	債券金額 (千元)	1,200,000	372,097	(29)	372,068

On 1 July 2004, the Company issued 12 million "A share" convertible bonds certificates at face value of Rmb100 each ("Bonds"), which was listed on Shanghai Stock Exchange. The aggregate amount of the Bonds issued was Rmb1,200 million. The net cash received from issuance of bonds is about Rmb1,165 million after deducting the issuance expenses of about Rmb35 million.

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

• *Principal terms of bonds:*

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

These Bonds bear interest ranging from 1.7% to 2.7%. The actual interest payable to the bond holders will be based on the carrying bond interest rate and adjusted according to the five-year fixed deposit rate published by the State. As at 30 June 2006, the Company accrued the related bonds interest of about Rmb4.64 million (2005: Rmb19 million).

• *主要條款*

- (i) 此可轉換公司債券由中國建設銀行天津市分行(「擔保人」)提供全額擔保，並由本公司控股股東向該擔保人提供反擔保。轉股期自發行之日(2004年7月1日)12個月後的第一個交易日(2005年7月1日)起(含當日)，至可轉換公司債券到期日(2009年6月30日)前的一個交易日止(含當日)，持有人可在轉股期內申請轉股，本公司可轉換債券的初始轉股價格為每股人民幣7.7元。在轉股期內，本公司董事會有權根據公司股票市場價格修正轉股價格。如果轉股期間沒有贖回、轉股、回售或者中止交易行為的發生，在公司可轉債到期之後的5個交易日內，本公司除全額償還到期未轉股的債券的本金及第五年的利息外，還將補償支付到期債券持有人在5年持有期間內實際所獲利息和其5年法定利息之間的差額。

本公司發行的債券的票面年利率為1.7%至2.7%，實際支付予債券持有人的利息將在票面利率的基礎上根據國家法定五年期存款利率的當時水平予以調整。截至2006年6月30日止6個月，本公司計提了債券利息約為人民幣464萬元(2005年度：人民幣1,900萬元)。

The Company has the option to redeem the bonds one year after its issuance through its maturity in whole or in part at 102% of par value plus current year's interest, provided that during conversion period, the closing prices of the A shares for any 20 days in 30 consecutive trading days are more than 130% of the conversion price.

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

(ii) Pursuant to the provision relating to the downward adjustment to the conversion price in the prospectus, the conversion price has been revised downward from the initial Rmb7.7 to Rmb3.9 as at 30 June 2006.

- *Redemption:*

About Rmb824 million of Bonds were redeemed during August 2005. The premium for the redemption is Rmb16.5 million.

- *Conversion:*

Till the end of 30 June 2006, Bonds with aggregate value of about Rmb4 million were converted into the Company's A shares at Rmb6.08 per share, Rmb4.87 per share and Rmb3.9 per share respectively. As a result of conversion, the Company's share capital and capital reserve increased by Rmb664,468 and Rmb3,365,532 respectively.

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

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

(ii) 根據可轉債募集說明書有關轉股價格調整的條款，截至2006年6月30日止，轉股價格由初始人民幣7.7元累計下調至人民幣3.9元。

- *回售*

2005年8月期間可轉換債券持有人向本公司回售了約人民幣8.24億元的可轉債，同時本公司支付了約人民幣1650萬元的回售補償金。

- *轉股*

截至2006年6月30日止，累計約有4百萬元可轉換公司債券轉換成了本公司A股股票，轉股價格分別為人民幣6.08元每股、4.87元每股及3.90元每股。轉股後，本公司的股本和股本溢價分別增加人民幣664,468元和人民幣3,365,532元。

20 LONG-TERM LIABILITIES DUE WITHIN ONE YEAR

Specific payables mainly include specific fund totalling Rmb81 million, granted by TMEB to one of the Company's subsidiaries for the construction of Tianjin Ji Zhuang Zi Sewage Water Recycling Project. The remaining balance of about Rmb10.83 million was obtained from other authorities of Tianjin Municipal Government. These specific payables are interest free during the borrowing date to the end of this period, and the method and date of repayment will only be determined after the completion of the construction project.

The repayment scheme for the long-term liabilities mentioned above is still under negotiation. As the terms are uncertain, these payables have been reclassified to current liabilities

21 LONG-TERM PAYABLES

Tianjin Municipal Engineering Bureau (note (a))	天津市政局專項資金 (註釋(a))
Fuyang Construction Committee (Note (10))	安徽阜陽建設委員會 (註釋(10))

Note:

- (a) The Rmb180 million loan from TMEB taken during 2005 is specifically for construction of sewage water processing plants. The loan is repayable in equal instalments over twelve years from 2006. The loan bears interest at 5% per annual for the first six years. From the seventh year to maturity, the interest will be based on the one-year deposit plus 0.3% premium.

The portion due within one year amounting to Rmb15 million has been transferred to long-term liabilities due within one year.

20 一年內到期的長期負債

一年內到期的長期負債主要包括本公司之子公司從天津市政局獲得的專項資金，共計人民幣8,100萬元，用於紀莊子污水回用工程建設。其餘應付款項中約人民幣1,083萬元，為從天津市政府其它部門獲得。以上專項應付款自其各自取得之日起至本期末不計息，並只需在具體項目完成後才商議確定還款日期和方法。

上述長期負債的還款計劃尚在商討中。由於相關條款尚未確定，上述應付款項已轉入流動負債。

21 長期應付款

Group 合併		Company 公司	
30 June 2006	31 December 2005	30 June 2006	31 December 2005
於2006年 6月30日	於2005年 12月31日	於2006年 6月30日	於2005年 12月31日
Rmb'000	Rmb'000	Rmb'000	Rmb'000
人民幣千元	人民幣千元	人民幣千元	人民幣千元
165,000	180,000	165,000	180,000
20,401	—	—	—
<u>185,401</u>	<u>180,000</u>	<u>165,000</u>	<u>180,000</u>

註釋：

- (a) 於2005年度本公司自天津市政局獲得轉貸國債資金人民幣1.8億元，用於污水處理廠建設。該貸款自2006年起分12年等額償還。貸款年利率前6年為5%，從第七年起利率為當年起息日中國人民銀行公佈的一年期存款年利率加0.3%。

一年內到期的部分計人民幣15百萬元已轉至一年內到期的長期負債。

22 SHARE CAPITAL

22 股本

		Company 公司		
		30 June 2006	31 December 2005	
		於2006年 6月30日	於2005年 12月31日	
		<i>'1,000</i> 千股	<i>RMB'000</i> 人民幣千元	
		No. of shares		
Issued and paid up capital:	已發行及繳足股本			
(1) A shares with per value Rmb1:	每股面值為人民幣1元之A股			
Non circulating shares	尚未流通股份			
State shares	國家股	—	—	839,020
Legal person shares	境內法人股	—	—	38,485
Circulating shares	已流通股份			
Restricted circulating shares	限制性流通股	835,638	835,638	—
Social public shares	社會公眾股	155,026	155,026	113,153
		<u>990,664</u>	<u>990,664</u>	<u>990,658</u>
(2) H shares with per value Rmb1:	每股面值為人民幣1元之H股			
Circulating shares outside China	已流通境外外資股份			
Social public shares	社會公眾股	340,000	340,000	340,000
		<u>1,330,664</u>	<u>1,330,664</u>	<u>1,330,658</u>

All the A and H shares rank pari passu in all respects. The changes in shares are set out below (in share):

所有A股及H股在各方面均享有同等權益。股本變動情況如下(單位:股):

Share classification 股份類別		As at 31 December 2005	Increase in this period (Note 19)	Reduce in this period	As at 30 June 2006	% of total shares capital 佔總股本 比例(%)
		2005年 12月31日	本期增加 附註(19)	本期減少	2006年 6月30日	
Non-circulating shares	非流通股	877,505,000	—	(877,505,000)	—	—
Restricted circulating shares	限制性流通股	—	835,637,609	—	835,637,609	62.80
Circulating A shares						
– social public shares	流通A股	113,153,058	41,873,801	—	155,026,859	11.65
Circulating H shares						
– social public shares	流通H股	340,000,000	—	—	340,000,000	25.55
Total shares	總股份數	<u>1,330,658,058</u>	<u>877,511,410</u>	<u>(877,505,000)</u>	<u>1,330,664,468</u>	<u>100</u>

On 20 March 2006, the revised Stock Reform Plan proposed by the Company's controlling shareholder, TMICL, was approved by the Company's shareholders of A share. According to the stock reform plan, TMICL will pay to the Company's shareholders of A share as registered as at 8 March 2006, 3.7 shares for each 10 shares held and total payment is 41,867,391 shares. After the stock reform, equity interest in the Company held by TMICL reduced from 63.05% to 59.91%. After the Company's stock reform, all of the non-circulating shares were converted into restricted circulating shares except for the 41,867,391 shares paid to the Company's A share holders which became non-restricted circulating shares. The restriction is in respect of sales of the shares held by TMICL, to the extent that within 3 years after the stock reform, TMICL can only sell a maximum of 10% of its total shares.

23 CAPITAL RESERVE FUND AND GENERAL RESERVES

At 31 December 2005
Contributed surplus
Adjustment for the period

2005年12月31日餘額
資本公積本期增加數
本期調整

At 30 June 2006

2006年6月30日餘額

Note:

(a) Capital reserve fund comprises share premium arising from the issuance of shares, and it can be utilised to offset prior years' losses or for issuance of bonus shares.

(b) The statutory common reserve and the statutory provident fund.

According to the Company's Articles of Association, it is required to transfer 10% and 5% to 10% of the net profit of the Company as shown in the accounts prepared under PRC accounting regulations to the statutory common reserve (until the reserve reaches 50% of the registered capital). The transfers to these reserves must be made before the distribution of dividends to shareholders.

The statutory common reserve shall only be used to make up losses; to expand the Company's production operation; or to increase the capital of the Company.

Upon approval by a resolution of shareholders' general meeting, the Company may convert its statutory common reserve into share capital. When converting the Company's statutory common reserve into capital, the amount of such reserve remaining unconverted must not be less than 25% of the registered capital.

In accordance with No.67 of Caiqi [2006] issued by Ministry of Finance, the opening balance of statutory provident fund amounting to Rmb66.91 million has been transferred to statutory common reserve.

本公司A股股東於2006年3月20日批准了本公司控股股東天津市政投資有限公司提出的經修訂的股權分置改革方案。根據該股權分置改革方案，天津市政投資有限公司將向本公司截至於2006年3月8日註冊的A股股東支付每10股3.7股的股份，共計41,867,391股。股權分制改革後，本公司股本中天津市政投資有限公司所持有的股份從63.05%下降為59.91%。同時除了支付給A股股東41,867,391的股份變為非限制性流通股外，其餘所有非流通股轉換為限制性流通股。此限制性系針對控股股東對其持有股份的出售行為，即控股股東在股權改置完成後三年內最多可出售其所持有股份的10%。

23 資本公積及盈餘公積

Group and Company

合併及公司

Capital Statutory (note (a)) 資本公積 (註釋a) Rmb'000 人民幣千元	reserve fund provident fund (note (b)) 法定盈餘公積金 (註釋b) Rmb'000 人民幣千元	Statutory common reserve (note (b)) 法定公益金 (註釋b) Rmb'000 人民幣千元
75,182	133,813	66,908
23	—	—
—	66,908	(66,908)
<u>75,205</u>	<u>200,721</u>	<u>—</u>

註釋：

(a) 資本公積期末餘額為發行股份的股本溢價，可用於彌補以前年度虧損或增加股本。

(b) 法定盈餘公積金和法定公益金

根據本公司章程，應按中國會計制度計算的淨利潤的10%計提法定盈餘公積金（直至此項公積金結餘達註冊資本的50%為止）。此等金額須在派發股息之前計提。

法定盈餘公積金用途限於：彌補虧損，擴充本公司生產設備或轉為股本。

如經本公司股東在股東大會通過決議將法定盈餘公積金轉為股本，所留存的該項法定盈餘公積金數額須不低於註冊資本的25%。

根據財政部財企[2006] 67號文件的規定，期初法定公益金餘額計人民幣66,908千元已轉入法定盈餘公積金。

24 UNDISTRIBUTED PROFITS

24 未分配利潤

		For the six months ended 30 June 2006	
		截至2006年6月30日止6個月	
		Group	Company
		合併	公司
		<i>Rmb'000</i>	<i>Rmb'000</i>
		人民幣千元	人民幣千元
Original amount of undistributed profit at the beginning of the period	期初未分配利潤	678,610	678,568
Add: Profit for the period	加：本期淨利潤	96,225	96,178
		<u>774,835</u>	<u>774,746</u>
Less: Cash dividend distribution by general shareholder meeting	減：應付普通股股利—股東大會批准的上年度現金股利	(53,226)	(53,226)
Undistributed profit at the end of the period	期末未分配利潤	<u>721,609</u>	<u>721,520</u>

25 INCOME FROM PRINCIPAL OPERATIONS AND SEGMENT INFORMATION

25 主營業務收入及分業務資料

(a) Income from principal operations

(a) 主營業務收入

		Group	
		合併	
		Six months Ended 30 June 2006	Six months Ended 30 June 2005
		截至2006年 6月30日止6個月	截至2005年 6月30日止6個月
		<i>Rmb'000</i>	<i>Rmb'000</i>
		人民幣千元	人民幣千元
Sewage water processing services	污水處理收入	310,219	147,811
Sewage water processing plants construction services	污水處理廠建設費收入	—	92,280
		<u>310,219</u>	<u>240,091</u>
Tolls income	路費收入	32,945	32,645
Recycled water and others	中水及其他收入	19,654	3,721
		<u>362,818</u>	<u>276,457</u>

(b) Segment information**(b) 分業務資料**

		Sewage water processing and sewage water plant construction 污水處理及 污水處理廠建設	Road and toll stations 及收費站	Construction materials 建材業務	Recycled water and others 中水及 其他業務	Group 合併
Six months ended 30 June 2006 截至2006年6月30日止6個月						
		<i>Rmb'000</i> 人民幣千元	<i>Rmb'000</i> 人民幣千元	<i>Rmb'000</i> 人民幣千元	<i>Rmb'000</i> 人民幣千元	<i>Rmb'000</i> 人民幣千元
Income from principal operations	主營業務收入	310,219	32,945	2,137	17,517	362,818
Costs for principal operations	主營業務成本	(105,339)	(4,215)	(1,969)	(18,581)	(130,104)
Business tax and surcharges	主營業務稅金及附加	(15,745)	(1,812)	—	(84)	(17,641)
Profit from principal operations	主營業務利潤	189,135	26,918	168	(1,148)	215,073
Less: Administrative expenses	減：管理費用	(26,282)	(3,969)	(2,866)	(4,392)	(37,509)
Financial expense – net	減：財務費用	(30,048)	(3,324)	2	(1,961)	(35,331)
Other gains	其它收入	974	—	—	4,145	5,119
Total profit/(loss)	利潤/(虧損) 總額	133,779	19,625	(2,696)	(3,356)	147,352
Less: Income taxes	減：所得稅	(44,058)	(7,046)	—	(726)	(51,830)
Net profit/(loss) before minority interests	淨利潤/(虧損) – 少數股東損益以前	89,721	12,579	(2,696)	(4,082)	95,522
Minority interests	少數股東損益	(263)	—	791	175	703
Net profit/(loss)	淨利潤/(淨虧損)	89,458	12,579	(1,905)	(3,907)	96,225
Six months ended 30 June 2005 截至2005年6月30日止6個月						
Income from principal operations	主營業務收入	240,091	32,645	3,193	528	276,457
Costs for principal operations	主營業務成本	(62,054)	(8,893)	(2,678)	(4,466)	(78,091)
Business tax and surcharges	主營業務稅金及附加	(12,891)	(1,795)	—	(3)	(14,689)
Profit from principal operations	主營業務利潤	165,146	21,957	515	(3,941)	183,677
Less: Administrative expenses	減：管理費用	(19,527)	(5,380)	(2,017)	(1,931)	(28,855)
Financial expense – net	財務費用	(16,696)	(2,538)	(314)	(1,741)	(21,289)
Other (loss)/gains	其它	(403)	5,859	(354)	3,081	8,183
Total profit/(loss)	利潤/(虧損) 總額	128,520	19,898	(2,170)	(4,532)	141,716
Less: Income taxes	減：所得稅	(43,130)	(5,847)	—	—	(48,977)
Net profit/(loss) before minority interests	淨利潤/(虧損) – 少數股東損益以前	85,390	14,051	(2,170)	(4,532)	92,739
Minority interests	少數股東損益	(39)	—	636	453	1,050
Net profit/(loss)	淨利潤/(虧損)	85,351	14,051	(1,534)	(4,079)	93,789

26 FINANCIAL EXPENSES – NET

26 財務費用 – 淨額

		Group		Company	
		合併		公司	
		Six months ended 30 June 2006	Six months ended 30 June 2005	Six months ended 30 June 2006	Six months ended 30 June 2005
		截至2006年6月30日	截至2005年6月30日	截至2006年6月30日	截至2005年6月30日
		止6個月	止6個月	止6個月	止6個月
		Rmb'000	Rmb'000	Rmb'000	Rmb'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Interest expense of bank borrowings and convertible bonds	銀行貸款及可轉換公司債券利息支出	(53,498)	(35,554)	(49,204)	(33,447)
Less: Interest capitalised	減：資本化利息	17,609	14,329	17,609	14,329
Interest expense – net	利息支出淨額	(35,889)	(21,225)	(31,595)	(19,118)
Less: Interest income	減：利息收入	1,761	5,560	798	5,252
Others	其它	(1,203)	(5,624)	(1,177)	(5,622)
		<u>(35,331)</u>	<u>(21,289)</u>	<u>(31,974)</u>	<u>(19,488)</u>

27 INVESTMENT LOSS

27 投資損失

		Group		Company	
		合併		公司	
		Six months ended 30 June 2006	Six months ended 30 June 2005	Six months ended 30 June 2006	Six months ended 30 June 2005
		截至2006年6月30日	截至2005年6月30日	截至2006年6月30日	截至2005年6月30日
		止6個月	止6個月	止6個月	止6個月
		Rmb'000	Rmb'000	Rmb'000	Rmb'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Share of loss of subsidiary based on equity accounting	按權益法應佔子公司虧損	—	—	(3,916)	(4,862)
		<u>—</u>	<u>—</u>	<u>(3,916)</u>	<u>(4,862)</u>

28 RELATED PARTIES

(a) Related parties that have controlling relationship

Name of related party 關聯方名稱	Place of registration 註冊地點	Principal businesses: 主要業務	Relationship with the Company: 與本公司關係	Type of enterprise: 經濟性質	Legal representative 法定代表人
TMICL	Tianjin, the PRC	Development, construction and management of municipal infrastructures	Controlling shareholder of the Company	Limited company	Ma Bai Yu
天津市政投資有限公司	中國天津	市政基礎設施的開發建設及經營管理	控股股東	有限公司	馬白玉
TMEB	Tianjin, the PRC	Supervisory management of the infrastructure and road construction in Tianjin	Supervisory controller of the Group's businesses	Government authority	Sun Zeng Yin
天津市市政工程局	中國天津	主管天津市市政、公路的建設和管理	業務受其監控	國家機關	孫增印
Qu Jing Capital	Note: These companies are subsidiaries of the Company and their principal businesses are detailed in note 7(a). 註：此等公司為本公司控股子公司，詳見附註7(a)。			Limited company	Zhang Wen Hui
曲靖創業水務有限公司				有限公司	張文輝
Guizhou Capital				Limited company	Gu Qi Feng
貴州創業水務有限公司				有限公司	顧啟峰
Water Recycling				Limited company	Zhang Wen Hui
天津中水有限責任公司				有限公司	張文輝
New Materials				Limited company	Luo Lian Fang
天津創業建材有限公司				有限公司	羅連芳
Fu Yang Capital				Limited company	Zhang Wen Hui
阜陽創業水務有限公司				有限公司	張文輝
Bao Ying Capital				Limited company	Lin Wen Bo
寶應創業水務有限責任公司				有限公司	林文波
Chi Bi Capital				Limited company	Zhang Wen Hui
赤壁創業水務有限公司				有限公司	張文輝
Hong Hu Capital				Limited company	Zhang Wen Hui
洪湖市創業水務有限公司				有限公司	張文輝
Hong Kong Capital				Limited company	Gu Qi Feng
天津創業環保(香港)有限公司				有限公司	顧啟峰
Hang Zhou Capital				Limited company	Gu Qi Feng
杭州天創水務有限公司				有限公司	顧啟峰

28 關聯方關係

(a) 存在控制關係的關聯方

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

(b) 存在控制關係的關聯方的註冊資本及其變化

		As at 31 December 2005	Additions/ (decrease)	As at 30 June 2006
		於2005年 12月31日 <i>Rmb'000</i> 人民幣千元	本年增加 /(減少)數 <i>Rmb'000</i> 人民幣千元	於2006年 6月30日 <i>Rmb'000</i> 人民幣千元
TMICL	天津市政投資有限公司	1,820,000	—	1,820,000
Qu Jing Capital	曲靖創業水務有限公司	120,000	—	120,000
Guizhou Capital	貴州創業水務有限公司	100,000	—	100,000
Water Recycling	天津中水有限責任公司	100,000	—	100,000
TCNM	天津創業建材有限公司	45,500	(8,000)	37,500
Fu Yang Capital	阜陽創業水務有限公司	45,000	—	45,000
Bao Ying Capital	寶應創業水務有限責任公司	38,000	—	38,000
Chi Bi Capital	赤壁創業水務有限公司	35,000	—	35,000
Hong Hu Capital	洪湖市創業水務有限公司	20,000	—	20,000
Hang Zhou Capital	杭州天創水務有限公司	—	257,445	257,445
		<u>USD'000</u> 美元千元	<u>USD'000</u> 美元千元	<u>USD'000</u> 美元千元
Hong Kong Capital	天津創業環保(香港)有限公司	7,840	—	7,840

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

(c) 存在控制關係的關聯方所持本公司股份或權益及其變化

		As at 31 December 2005		Reduction		As at 30 June 2006	
		於2005年12月31日 <i>Rmb'000</i> 人民幣千元	%	本年減少數 <i>Rmb'000</i> 人民幣千元	%	於2006年6月30日 <i>Rmb'000</i> 人民幣千元	%
		人民幣千元	百分比	人民幣千元	百分比	人民幣千元	百分比
TMICL	天津市政投資有限公司	839,020	63.08	(41,867)	-3.17	797,153	59.91

(d) Major related parties that have no controlling relationship

(d) 不存在控制關係的主要關聯方

**Relationship with the Group
與本集團關係**

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

29 RELATED PARTY TRANSACTIONS

The following is a summary of significant transactions with related companies during the first half of 2006, which were carried out in the normal course of operations of the Group.

Related parties 關聯方的名稱	Nature of transaction 交易性質	Six months ended 30 June 2006 截至2006年 6月30日 止6個月 Rmb'000 人民幣千元	Six months ended 30 June 2005 截至2005年 6月30日 止6個月 Rmb'000 人民幣千元
Income			
收入：			
TSC 天津市排水公司	Revenue from sewage water processing services (note (a)) 污水處理服務費收入 (註釋(a))	284,152	136,516
TSC 天津市排水公司	Revenue from construction of sewage water processing plants (note (b)) 承建污水處理廠工程收入 (註釋(b))	—	92,280
Others			
其它：			
Related contractors 污水處理廠建設：	Amounts payable for sewage water processing plants construction costs 應支付污水處理廠建設成本		
	– Tianjin Sewage Engineering Company – 天津市排水工程公司	—	949
	– Tianjin Sewage Management Bureau – 天津市排水管理處	—	1,494
Related parties			
關聯方的名稱			
	Nature of transactions 交易性質	As at 30 June 2006 於2006年 6月30日 Unit in '000 千張	As at 31 December 2005 於2005年 12月31日 Unit in '000 千張
TMICL 天津市政投資有限公司	Holding of convertible bonds 持有可轉換公司債券	209	209

Note:

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

29 關聯交易

於本期間內，本集團與若干關聯方在日常營運中進行的重大交易如下：

註釋：

- (a) 此乃本公司按照一份《污水處理委託協議》提供污水處理服務予天津市排水公司所應取得的收入，詳見附註1(a)。
- (b) 此乃本公司根據與天津市排水公司簽訂的《污水處理(擴建)在建工程收費協議》而承建三個污水處理廠工程所應取得的收入，詳見附註1(b)。

30 CAPITAL COMMITMENTS

30 資本承擔

		Contracted but not provided for 已簽約未撥備		Authorised but not contracted for 已批准未簽約	
		30 June 2006 截至2006年 6月30日止 Rmb' million 人民幣百萬元	31 December 2005 截至2005年 12月31日止 Rmb' million 人民幣百萬元	30 June 2006 截至2006年 6月30日止 Rmb' million 人民幣百萬元	31 December 2005 截至2005年 12月31日止 Rmb' million 人民幣百萬元
Water processing plants in:	污水處理廠項目：				
- Ji Zhuang Zi (note (a))	- 紀莊子見 (註釋(a))	6	5	—	—
- Xian Yang Lu (note (a))	- 咸陽路 (註釋(a))	15	56	—	—
- Bei Cang (note (a))	- 北倉 (註釋(a))	15	18	—	—
- Chi Bi	- 赤壁	64	—	—	—
- Fu Yang	- 阜陽	41	61	—	—
- Bao Ying	- 寶應	27	—	—	—
- Qu Jing	- 曲靖	—	290	—	—
- Hang Zhou	- 杭州	—	—	858	180
Zhongshui	中水	12	—	52	—
TCEP (HK)	香港公司	—	62	—	—
Total-Group	合併	180	492	910	180

Note:

(a) The other commitments for these plants are as described in Note 4(a).

註釋：

(a) 關於三個污水處理廠之資本承擔事項詳見附註4(a)。

31 DIRECTORS' REMUNERATION

The Company and its subsidiaries have paid an aggregate remuneration (including salaries, housing allowance and other allowance) of Rmb902,000 to the Company's directors (2005: Rmb949,000). The total amount includes director fees of Rmb312,000 (2005: Rmb319,000) paid to independent non-executive directors for the period ended 30 June 2006.

31 董事酬金

截至2006年6月30日止6個月，本集團向本公司董事支付了酬金(包括薪金、房屋津貼及其它津貼)人民幣902千元(2005年：人民幣949千元)，其中包括向獨立非執行董事支付之酬金人民幣312千元(2005年：人民幣319千元)。

32 AUTHORISATION FOR THE ISSUE OF THE ACCOUNTS

The accounts were authorized for issue by the Directors on 29 August 2006.

32 會計報表的核准發出

本會計報表於2006年8月29日經由本公司董事會核准發出。

(II) Accounts Prepared in Accordance with Hong Kong Financial Reporting Standards (“HKFRS”)

(二) 根據香港財務報告準則編製的賬目

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2006

(All amounts in Rmb thousand unless otherwise stated)

綜合資產負債表

於2006年6月30日

(除非特別指明所有金額單位均為人民幣千元)

	Note	As at	
		30 June 2006 Unaudited	31 December 2005 Audited
	附註	於2006年 6月30日 未經審計	於2005年 12月31日 已經審計
ASSETS			
		資產	
Non-current assets		非流動資產	
Property, plant and equipment	5	物業、機器及設備	2,802,881
Investment property		投資物業	92,275
Land use rights		土地使用權	588,028
Available-for-sale financial assets		可供出售財務資產	6,000
Investment in an associate	6	聯營企業投資	57,186
Trade receivables due after one year	7	長期貿易應收款	466,185
Other non-current assets	8	其他長期資產	167,994
			<u>4,180,549</u>
Current assets		流動資產	
Inventories		存貨	10,483
Trade receivables	7	貿易應收款	160,160
Other receivables and prepayments		其他應收款及預付款項	22,040
Loan receivable		應收貸款	—
Cash and bank balances		現金及銀行結餘	780,163
			<u>972,846</u>
Total assets		總資產	<u><u>5,153,395</u></u>
			<u><u>4,545,853</u></u>

		Note	As at	
			30 June 2006 Unaudited	31 December 2005 Audited
		附註	於2006年 6月30日 未經審計	於2005年 12月31日 已經審計
EQUITY	權益			
Capital and reserves attributable to the Company's equity holders	本公司權益持有人應佔資本及儲備			
Share capital	股本	9	1,330,664	1,330,658
Reserves	儲備		990,530	950,703
			<u>2,321,194</u>	<u>2,281,361</u>
Minority interests	少數股東權益		116,949	49,132
Total equity	總權益		<u>2,438,143</u>	<u>2,330,493</u>
LIABILITIES	負債			
Non-current liabilities	非流動負債			
Borrowings	貸款	10	1,392,807	1,185,123
Deferred income tax liabilities	遞延所得稅負債		4,118	5,691
			<u>1,396,925</u>	<u>1,190,814</u>
Current liabilities	流動負債			
Trade and other payables	貿易及其它應付款	11	246,235	203,773
Income tax payable	當期所得稅負債		61,918	71,445
Borrowings	貸款	10	1,010,174	749,328
			<u>1,318,327</u>	<u>1,024,546</u>
Total liabilities	總負債		<u>2,715,252</u>	<u>2,215,360</u>
Total equity and liabilities	總權益及負債		<u>5,153,395</u>	<u>4,545,853</u>
Net current liabilities	流動負債淨值		<u>(345,481)</u>	<u>(165,716)</u>
Total assets less current liabilities	總資產減流動負債		<u>3,835,068</u>	<u>3,521,307</u>

Ma Baiyu

Director
馬白玉
董事

Gu Qifeng

Director
顧啟峰
董事

The notes on page 102 to 122 form an integral part of this condensed interim financial information.

載於第102頁至第122頁的會計報表附註為簡明中期財務資訊的組成部分。

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2006

(All amounts in RMB thousand unless otherwise stated)

綜合損益表

截至2006年6月30日止六個月

(除非特別指明所有金額單位均為人民幣千元)

		Note	Unaudited	
			Six months ended 30 June	
			未經審計	
			截至6月30日止六個月	
			2006	2005
		附註	2006年	2005年
Revenue	銷售	4	345,177	261,768
Cost of sales	銷售成本		(130,104)	(78,091)
Gross profit	毛利		215,073	183,677
Other gains, net	其他收益—淨值	4(a)	6,880	13,790
Selling and marketing costs	銷售及推廣成本		(129)	(355)
Administrative costs	行政費用		(37,416)	(28,612)
Operating profit	經營盈利	12	184,408	168,500
Finance costs	融資成本	13	(41,824)	(43,363)
Profit before income tax	除所得稅前盈利		142,584	125,137
Income tax expense	所得稅	14	(50,257)	(43,506)
Profit for the period	期間盈利		92,327	81,631
Attributable to:	應佔：			
Equity holders of the Company	本公司權益持有人		93,030	82,681
Minority interests	少數股東權益		(703)	(1,050)
			92,327	81,631
Earnings per share for profit attributable to the equity holders of the Company during the period	期間內本公司權益持有人應佔盈利的每股盈利(以每股人民幣元計)			
— basic and diluted	— 基本及攤薄	15	Rmb0.07	Rmb0.06
Dividend	股息	16	—	—

The notes on page 102 to 122 form an integral part of this condensed interim financial information.

載於第102頁至第122頁的會計報表附註為簡明中期財務資訊的組成部分。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2006

(All amounts in Rmb thousand unless otherwise stated)

綜合權益變動報表

截至2006年6月30日止六個月期間

(除非特別指明所有金額單位均為人民幣千元)

Unaudited

未經審計

**Equity holders
of the Company**

本公司權益持有人

		Note	Share capital	Reserves	Minority interests	Total
		附註	股本	其他儲備	少數股東權益	總權益
Balance at 1 January 2005	2005年1月1日結餘		1,330,000	974,461	16,581	2,321,042
Profit for the period	當期盈利		—	82,681	—	82,681
Profit attributable to minority interest for the period	當期少數股東權益		—	—	(1,050)	(1,050)
Dividends	股息		—	(133,000)	—	(133,000)
Balance at 30 June 2005	2005年6月30日結餘		<u>1,330,000</u>	<u>924,142</u>	<u>15,531</u>	<u>2,269,673</u>
Balance at 1 January 2006	2006年1月1日結餘		1,330,658	950,703	49,132	2,330,493
Conversion of convertible bonds	行使轉換權利 的可轉換債券		6	23	—	29
Profit for the period	當期盈利		—	93,030	—	93,030
Profit attributable to minority interest for the period	當期少數股東損益		—	—	(703)	(703)
Dividends	股息	16	—	(53,226)	—	(53,226)
Increase in minority interests	少數股東對 附屬公司的投資		—	—	68,520	68,520
Balance at 30 June 2006	2006年6月30日結餘		<u>1,330,664</u>	<u>990,530</u>	<u>116,949</u>	<u>2,438,143</u>

The notes on page 102 to 122 form an integral part of this condensed interim financial information.

載於第102頁至第122頁的會計報表附註為簡明中期財務資訊的組成部分。

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2006

(All amounts in Rmb thousand unless otherwise stated)

簡明綜合現金流量表

截至2006年6月30日止六個月期間

(除非特別指明所有金額單位均為人民幣千元)

		Unaudited	
		Six months ended 30 June	
		未經審計	
		截至6月30日止六個月	
		2006	2005
		2006年	2005年
Net cash generated from/ (used in)	現金產生／（支用）之淨額		
– operating activities	– 營運活動	118,181	(23,111)
– investing activities	– 投資活動	(551,925)	262,020
– financing activities	– 融資活動	463,613	64,394
		<hr/>	<hr/>
Net increase in cash and bank balances	現金及銀行結餘之增加淨額	29,869	303,303
Cash and bank balances at beginning of the period	期初現金及銀行結餘	744,112	918,667
		<hr/>	<hr/>
Cash and bank balances at end of the period*	期終現金及銀行結餘*	<u>773,981</u>	<u>1,221,970</u>

* Excluding restricted cash and bank balances of about Rmb6 million for 2006, mainly representing collateral deposit as guarantee for project bidding (2005: Rmb22 million).

* 不含受限制之銀行結餘約人民幣600萬元，此受限制銀行結餘主要為項目投標保證金（2005年：人民幣2,200萬元）。

The notes on page 102 to 122 form an integral part of this condensed interim financial information.

載於第102頁至第122頁的會計報表附註為簡明中期財務資訊的組成部分。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in Rmb thousand unless otherwise stated)

1 Company profile and principal activities

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

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

(a) Sewage water processing

Sewage Water Processing Agreements:

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

Plant Location 位置	Contract commencement date 合同簽訂日期	Customer 客戶
Dong Jiao, Tianjin 天津 東郊	10 October 2000 2000年10月10日	Tianjin Sewage Company ("TSC") 排水公司
Ji Zhuang Zi, Tianjin 天津 紀莊子	10 October 2000 2000年10月10日	TSC 排水公司
Xian Yang Lu, Tianjin 天津 咸陽路	10 October 2000 2000年10月10日	TSC 排水公司
Guiyang, Guizhou 貴州 貴陽	16 September 2004 2004年9月16日	Guiyang City Administration Bureau ("GCAB") 貴陽市城市管理局 (貴陽城管局)
Fuyang, Anhui 安徽 阜陽	18 December 2005 2005年12月18日	Anhui Fuyang Construction Committee ("AFCC") 安徽省阜陽市建設委員會 (阜陽建委)
Qujing, Yunnan 雲南 曲靖	25 December 2005 2005年12月25日	Qujing City Water General Company ("QCWG") 曲靖市城市供排水總公司 (曲靖供排水公司)

TSC is a state owned enterprise under supervisory control of Tianjin Municipal Engineering Bureau ("TMEB").

簡明綜合財務報表附註

(除非特別指明所有金額單位均為人民幣千元)

1 公司簡介及主要業務的經營模式

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

以下是本集團主要業務的經營模式：

(a) 污水處理業務

污水處理委託協議：

依照相關協議(「《污水處理委託協議》」)，本集團通過以下六家污水處理廠提供污水處理服務：

排水公司—天津市排水公司，為國有企業，並受天津市市政工程局(「天津市政局」)監控。

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

Dong Jiao

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

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

Ji Zhuang Zi and Xian Yang Lu

Based on the supplementary agreement reached with TSC, the Company is entitled to sewage processing fee at Rmb1.93 per cubic meter from the completion date of construction to the completion date of inspection of Ji Zhuang Zi and Xian Yang Lu plants. Processing fee after the completion of inspection of these two plants will be collected from TSC using the same principle as for Dong Jiao plant.

The construction of these plants was completed on 1 January 2006 and inspection is expected to be finalised around the end of 2006.

Guiyang

Initial sewage water processing price is Rmb0.84 per cubic meter for 2005 and 2006, thereafter

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

相關協議訂明的主要計價公式如下所述：

東郊：

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

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

紀莊子及咸陽路：

根據與排水公司達成的臨時協議，本公司將於紀莊子及咸陽路污水處理廠處理污水水質達標後至竣工驗收日的期間內，按照1.93元／噸的單價收取污水處理費。竣工驗收日後本公司將向排水公司按照與東郊污水處理廠等同的原則收取污水處理費。

上述兩項工程處理污水水質於2006年1月達標並且竣工驗收預計於2006年底完成。

貴陽：

協議規定以0.84元／立方米的價格作為2005年及2006年的污水處理服務費單價，據此

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

Fuyang

Sewage water processing price is Rmb0.75 per cubic meter for normal volume and Rmb0.3 for those exceeding normal volume. Normal volume is set at 90,000 cubic meter per day in 2006 and 120,000 cubic meter per day thereafter.

- (i) processing price as determined above may be adjusted based on changes to major processing costs and other significant changes of government policy.
- (ii) AFCC guarantees a minimum processing volume. If the actual volume is lower than the guaranteed volume, processing fee will be settled using the guaranteed volume

Qijing

Sewage water processing price is Rmb0.7 per cubic meter for three years to 2008, and will increase in stages to Rmb0.75 per cubic meter by 2013. In addition:

- (i) processing price as determined above may be adjusted based on changes to major processing costs;
- (ii) QCWG guarantees a minimum processing volume. If the actual volume is lower than the guaranteed volume, processing fee will be settled using the guaranteed volume.

(b) Construction of sewage water processing plants

Construction Agreement:

Pursuant to an agreement ("Construction Agreement") between the Company and TSC dated 24 September 2001, the Company is to provide construction services to TSC in respect of three plants of Xian Yang Lu, Ji Zhuang Zi and Bei Cang.

The principal terms of the Construction Agreement are summarised below:

- a fee will be paid by TSC during the period of construction as a reward to remunerate the Company for accepting the responsibility to construct the sewage water processing plants. The aggregate construction fees payable to the Company amount to approximately Rmb1,069 million;
- fee is payable by TSC in advance on a monthly basis according to the percentage of completion of the respective construction projects estimated by the Company. The percentage of completion of each project will be adjusted on a quarterly basis according to the certifications issued by qualified independent surveyors or engineers;

卓陽：

污水處理單價為正常水量以內0.75元／立方米，超限水量為0.3元／立方米。正常水量於2006年度為90千立方米／日，以後年度為120千立方米／日。

- (i) 上述處理費單價將視情形依據主要投入物單價的變動及政府政策的重大變化予以調整。
- (ii) 阜陽市建設委員會對本公司確保最低污水處理量，如果實際處理量低於該擔保水量，則污水處理費按照擔保水量結算。

曲靖：

從2006年1月1日起最初的三年內，污水處理費單價為0.7元／立方米，此後將分階段至2013年提高至0.75元／立方米。並且：

- (i) 上述處理費單價將視情形根據主要投入物單價的變動予以調整；
- (ii) 曲靖供排水總公司對本公司確保最低污水處理量，如果實際處理量低於該擔保水量，則污水處理費按照擔保水量結算。

(b) 污水處理廠建設業務

建設收費協議：

根據本公司於2001年9月24日與排水公司簽訂之《污水處理(擴建)在建工程收費協議》(「建設收費協議」)，本公司向排水公司提供建設咸陽路、紀莊子和北倉等三個污水處理廠的服務。

上述建設收費協議的主要條款如下：

- 根據協議，本公司在承擔污水處理廠在建工程建設期間，排水公司同意向本公司支付建設費用總額約為人民幣10.69億元，作為鼓勵本公司承擔建設污水處理廠在建工程之報酬；
- 按照建設收費協議，排水公司應每月根據本公司編撰之有關各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；

- the Company is responsible for the funding of the construction cost of these plants; and
- upon commencement of operations of the three sewage water processing plants, the rights and obligations between the Company and TSC will follow the terms as specified in the Sewage Water Processing Agreement as applicable to the Tianjin plants (Note1(a)).

Transfer Agreement:

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

Co-operative Agreement:

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

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

- 本公司亦負責污水處理廠在建工程所需資金之籌集；以及
- 依據本公司與排水公司簽訂之協議，在天津三個污水處理廠開始運營後，雙方之權利與義務將按照原污水處理委託協議之具體規定執行（如附註1(a)所述）。

轉讓協議：

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

合作協議：

本公司於2003年8月25日與排水公司簽訂了一份合作協議（「合作協議」）。根據該合作協議：

- 本公司負責污水處理廠在建工程項目整體實施；
- 排水公司負責利用項目原有外資貸款開展採購項下污水處理廠所需之部分固定資產；
- 排水公司利用外資貸款採購之固定資產在完成安裝並經本公司驗收合格後性由排水公司以賬面價值轉讓予本公司。按照上述建設收費協議之規定，在確認建設費收入時應包括該等固定資產成本作為基礎；同時
- 在工程建設期間，本公司負責該等固定資產之維護和保養。

(c) Road toll stations

Prior to 2003, the Company owned the right, to set up toll stations at the junctions between the Tianjin city roads and expressways leading to the city, and to collect tolls generally from non-Tianjin registered motor vehicles (other than those exempted by law) passing these toll stations. The right was for a term expiring on 28 February 2029.

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

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

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

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

(c) 道路及收費站業務

2003年度以前，本公司擁有於天津城市道路及入城之公路交界設立收費站之權利，並可於該等收費站向進入天津城市之外埠車輛(根據有關中國法規及規例獲豁免支付路費的車輛除外)收取路費。該權利期限至2029年2月28日止。

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

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

同時，本公司於2003年7月24日與徵收辦簽訂了通行費委託徵收協定(「委託徵收協定」)，主要條款如下：

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

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2006 has been prepared in accordance with HKAS 34, "Interim financial reporting". The interim condensed financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2005.

As at 30 June 2006, the Group's current liabilities exceeded its current assets by approximately Rmb345 million.

Despite the foregoing, these financial statements have been prepared on a going concern basis, because the Directors of the Group believe that the undrawn bank facilities together with the continuing supports of the Group's bankers are sufficient to support the Group to meet its liabilities as and when they fall due.

3 Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2005, as described in the annual financial statements for the year ended 31 December 2005 except that the Group adopted the following new standards, amendments to standards and interpretations, which are effective 1 January 2006:

HKAS 19 (Amendment)	Employee Benefits
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 and HKFRS 4 (Amendment)	Financial Guarantee Contracts
HKFRS-Int 4	Determining whether an Arrangement Contains a Lease

The adoption of these new standards, amendments and interpretations did not have a significant impact on the Group's results and financial position.

2 編制基準

本未經審計簡明中期財務報表系依據香港財務報告準則(財務準則)34號中期財務報告編製。簡明中期財務報表應與截止於2005年12月31日之年度財務報表一併閱讀。

截至2006年6月30日止，本集團流動負債超過其流動資產約人民幣3.45億元。

董事會相信本集團已經獲取之未使用銀行授信額度以及集團之關係銀行之持續支持已足夠支持本集團償還到期債務，因此本集團仍以持續經營假設為基礎編製本期間的財務報表。

3 會計政策

除下述於2006年1月1日生效之新訂／經修訂準則及詮釋外，本期間所應用之會計政策與截止於2005年12月31日之年度財務報表中所述之會計政策保持一致：

會計準則19(修訂)	員工福利
會計準則39(修訂)	期權的公允價值
會計準則39和財務 報告準則4(修訂)	財務保證合同
財務報告準則－ 詮釋4	釐定特定合約是否 包含租賃

採納上述新訂／經修訂準則及詮釋對本集團經營業績及財務狀況無任何重大影響。

4 Revenue and segment information

The Group is organised into three main business segments:

- (i) Sewage water processing;
- (ii) Road toll;
- (iii) Others, mainly including recycling water.

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

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

Turnover	營業額
Other gains, net	其他收入，淨額
– Rental income from investment property	– 投資物業租金收入
– Interest income	– 利息收入
– Others	– 其他

4 營業額及分部資料

截至2006年6月30日止，本集團業務主要分為三部分：

- a) 污水處理業務；
- b) 道路收費業務；
- c) 其他業務，主要包括中水處理。

以下為按主要業務劃分之除營業稅後營業額及業績分析：

(a) 本集團的營業額及其他收入分析：

Unaudited	
For the six months ended	
未經審計	
截至6月30日止六個月	
30 June 2006	30 June 2005
2006年	2005年
345,177	261,768
2,050	5,896
1,761	5,561
3,069	2,333
6,880	13,790
352,057	275,558

(b) Business segment analysis**(b) 業務分部分析**

		Unaudited	
		For the six months ended	
		未經審計	
		截至 6 月 30 日止六個月	
		30 June 2006	30 June 2005
		2006 年	2005 年
Turnover	營業額		
Sewage water processing and construction of sewage plants	污水處理及 污水處理廠建設	292,578	227,200
Tolls	道路及收費站	32,945	30,850
Water recycling and others	中水處理及其他	19,654	3,718
		<u>345,177</u>	<u>261,768</u>
Segment result	分部業績		
Sewage water processing and construction of sewage plants	污水處理及 污水處理廠建設	175,904	145,216
Tolls	道路及收費站	16,301	27,931
Water recycling and others	中水處理及其他	(7,797)	(4,647)
		<u>184,408</u>	<u>168,500</u>
Finance costs	融資成本	(41,824)	(43,363)
Profit before income tax	除所得稅前盈利	142,584	125,137
Income tax expense	所得稅	(50,257)	(43,506)
Profit for the period	期間盈利	<u>92,327</u>	<u>81,631</u>

The segment assets and liabilities as at 30 June 2006 and capital expenditure for the six months then ended are as follows:

於6月30日之分部資產和負債以及截至該日止六個月期間之資本開支如下：

		As at	
		30 June 2006	31 December 2005
		Unaudited	Audited
		於 2006 年 6 月 30 日 未經審計	於 2005 年 12 月 31 日 已經審計
Total assets	總資產		
Sewage water processing and construction of sewage plants	污水處理及 污水處理廠建設	4,055,975	3,723,959
Tolls	道路及收費站	327,230	398,482
Water recycling and others	中水處理及其他	522,853	285,277
Unallocated	未分部	247,337	138,135
		<u>5,153,395</u>	<u>4,545,853</u>
Total liabilities	總負債		
Sewage water processing and construction of sewage plants	污水處理及 污水處理廠建設	2,371,594	2,016,300
Tolls	道路及收費站	7,830	7,948
Water recycling and others	中水處理及其他	329,114	164,985
Unallocated	未分部	6,714	26,127
		<u>2,715,252</u>	<u>2,215,360</u>
		Unaudited	
		For the six months ended	
		未經審計	
		截至 6 月 30 日止六個月	
		30 June 2006	30 June 2005
		2006 年	2005 年
Capital expenditure	資本開支		
Sewage water processing and construction of sewage plants	污水處理及 污水處理廠建設	381,521	104,152
Water recycling and others	中水處理及其他	36,567	27,764
		<u>418,088</u>	<u>131,916</u>

No geographical segment analysis is presented since all of the Group's assets, operations and customers are located in the PRC.

由於本集團所有的資產、業務及客戶均在中國存在或發生，故未編製分地區業績報告。

5 Capital expenditure

Net book value, at beginning of period	期初淨值	2,430,690	2,030,530
Additions in construction in progress in respect of:	在建工程增加：		
– sewage plant construction projects	– 污水處理廠建設工程	81,574	66,850
– sewage water recycling project of the subsidiary	– 子公司中水處理工程	35,309	—
– others	– 其他	4,046	27,764
Additions of other fixed assets	其他固定資產增加	297,159	37,302
Disposals for the period	本期報廢	(8)	(153)
Depreciation for the period	本期折舊	(45,889)	(23,441)
Net book value, at end of period	期末淨值	<u>2,802,881</u>	<u>2,138,852</u>

6 Investment in an associate

Pursuant to an agreement dated 17 January 2006, a wholly owned subsidiary of the Group acquired 45% equity interest in Tianjin International Machinery Co., Ltd. (TIMC) for a consideration of about Rmb57 million. TIMC is a sino-foreign joint venture whose principal activities include research and development, production and sale of environment protection equipment; engineering technical consultation; trading; manufacturing and sale of general equipment.

The acquisition of TIMC was completed on 17 January 2006 and the related goodwill on acquisition amounted to about Rmb3 million.

5 資本開支

		Unaudited	
		For the six months ended	
		未經審計	
		截至 6 月 30 日止六個月	
		30 June	30 June
		2006	2005
		2006 年	2005 年
Net book value, at beginning of period	期初淨值	2,430,690	2,030,530
Additions in construction in progress in respect of:	在建工程增加：		
– sewage plant construction projects	– 污水處理廠建設工程	81,574	66,850
– sewage water recycling project of the subsidiary	– 子公司中水處理工程	35,309	—
– others	– 其他	4,046	27,764
Additions of other fixed assets	其他固定資產增加	297,159	37,302
Disposals for the period	本期報廢	(8)	(153)
Depreciation for the period	本期折舊	(45,889)	(23,441)
Net book value, at end of period	期末淨值	<u>2,802,881</u>	<u>2,138,852</u>

6 聯營企業投資

根據於2006年1月17日簽署之協議，本公司之香港子公司通過收購的方式以約人民幣57百萬元取得了天津國際機械有限公司45%的股權。天津國際機械有限公司為一家中外合資企業，其業務範圍為環保機械設備的研發製造和銷售、環保機電設備成套專案及工程技術諮詢、進出口貿易、通用設備的生產銷售等。

上述收購已於2006年1月17日完成，相應產生的商譽約為人民幣3百萬元。

7 Trade receivables

Details of the trade receivables are as follows:

		As at	
		30 June 2006 Unaudited 於2006年 6月30日 未經審計	31 December 2005 Audited 於2005年 12月31日 已經審計
Due from TSC for :	應收排水公司 :		
– water processing services (Note 1(a))	– 污水處理收入 (附註 1(a))	120,296	45,544
– construction of plants (Note 1(b))	– 污水處理廠建設費收入 (附註 1(b))	466,185	466,185
		<u>586,481</u>	<u>511,729</u>
Due from Toll Collection Office (Note 1(c))	應收徵收辦 (附註 1(c))	16,473	16,323
Due from GCAB	應收貴陽城管局	11,413	5,953
Due from AFCC	應收阜陽建委	2,678	—
Due from QCWG	應收曲靖供排水公司	8,300	—
Others	其他	1,000	—
		<u>626,345</u>	<u>534,005</u>
Less non-current portion:	減非流動部分 :		
Due from TSC for construction of plants	應收排水公司污水處理廠建設費	(466,185)	(466,185)
Current portion	流動部分	<u>160,160</u>	<u>67,820</u>

All non-current receivables are due within five years from the balance sheet date.

The majority of the Group's sales have credit terms of 30 days. Trade receivables at 30 June 2006 are aged as follows:

		As at	
		30 June 2006 Unaudited 於2006年 6月30日 未經審計	31 December 2005 Audited 於2005年 12月31日 已經審計
Two to three years	2-3 年	148,997	—
One to two years	1-2 年	156,467	187,195
Within one year	1 年以內	320,881	346,810
		<u>626,345</u>	<u>534,005</u>

8 Other non-current assets

Other non-current assets include a prepayment of approximately Rmb100 million for a 30-year right to operate property, plant and equipment of a Fu Yang Water Processing Plant.

7 貿易應收款

貿易應收款明細如下：

		As at	
		30 June 2006 Unaudited 於2006年 6月30日 未經審計	31 December 2005 Audited 於2005年 12月31日 已經審計
Due from TSC for :	應收排水公司 :		
– water processing services (Note 1(a))	– 污水處理收入 (附註 1(a))	120,296	45,544
– construction of plants (Note 1(b))	– 污水處理廠建設費收入 (附註 1(b))	466,185	466,185
		<u>586,481</u>	<u>511,729</u>
Due from Toll Collection Office (Note 1(c))	應收徵收辦 (附註 1(c))	16,473	16,323
Due from GCAB	應收貴陽城管局	11,413	5,953
Due from AFCC	應收阜陽建委	2,678	—
Due from QCWG	應收曲靖供排水公司	8,300	—
Others	其他	1,000	—
		<u>626,345</u>	<u>534,005</u>
Less non-current portion:	減非流動部分 :		
Due from TSC for construction of plants	應收排水公司污水處理廠建設費	(466,185)	(466,185)
Current portion	流動部分	<u>160,160</u>	<u>67,820</u>

所有長期貿易應收款於結算日起5年內到期。

本集團大部分銷售的信貸期限為30天。於2006年6月30日，貿易應收款的賬齡如下：

		As at	
		30 June 2006 Unaudited 於2006年 6月30日 未經審計	31 December 2005 Audited 於2005年 12月31日 已經審計
Two to three years	2-3 年	148,997	—
One to two years	1-2 年	156,467	187,195
Within one year	1 年以內	320,881	346,810
		<u>626,345</u>	<u>534,005</u>

8 其他長期資產

其他長期資產主要為阜陽污水處理廠資產之30年期經營權預付租金共計約人民幣1億元。

9 Share capital

Issued and fully paid up capital	已發行及繳足股本
A shares with par value of Rmb1:	每股面值為人民幣 1 元之 A 股：
Non-circulating shares	尚未流通股份
– State shares	– 國家股
– Legal person shares	– 境內法人股
Circulating shares	已流通股份
– Restricted circulating shares	– 限制性流通股份
– Public shares	– 社會公眾股
– Conversion from convertible bonds	– 可轉換債券轉股

H shares with par value of Rmb1:	每股面值為人民幣 1 元之 H 股：
Circulating shares outside China	已流通境外外資股份
– Public shares	– 社會公眾股

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

On 20 March 2006, the revised stock reform plan proposed by the Company's controlling shareholder, Tianjin Municipal Investment Co., Ltd. (thereafter "TMICL"), was approved by the Company's shareholders of A shares. According to the stock reform plan, TMICL paid to the Company's shareholders of A shares as registered as at 8 March 2006, 3.7 shares for each 10 shares held resulting in total payment of 41,867,391 shares. After the stock reform, TMICL's equity interest in the Company reduced from 63.05% to 59.91%.

After the Company's stock reform, all of the non-circulating shares were converted into restricted circulating shares except for the 41,867,391 shares paid to the Company's A share holders which became non-restricted circulating shares. The restriction is in respect of sales of the shares held by TMICL, to the extent that within 3 years after the stock reform TMICL can only sell a maximum of 10% of its total shares.

9 股本

	Number of shares ('000)	Unaudited 30 June 2006	Audited 31 December 2005
	股份數 千股	未經審計 2006 年 6 月 30 日	已經審計 2005 年 12 月 31 日
Issued and fully paid up capital			
A shares with par value of Rmb1:			
Non-circulating shares			
– State shares	—	—	839,020
– Legal person shares	—	—	38,485
	—	—	877,505
Circulating shares			
– Restricted circulating shares	835,638	835,638	—
– Public shares	154,362	154,362	112,495
– Conversion from convertible bonds	664	664	658
	990,664	990,664	113,153
	990,664	990,664	990,658
H shares with par value of Rmb1:			
Circulating shares outside China			
– Public shares	340,000	340,000	340,000
	1,330,664	1,330,664	1,330,658

所有 A 股及 H 股在各方面均享有同等權益。

本公司 A 股股東於 2006 年 3 月 20 日批准了本公司控股股東(天津市政投資有限公司)提出之更新後股權分置改革方案。根據該股權分置改革方案，控股股東向本公司截止於 2006 年 3 月 8 日註冊之 A 股股東支付每 10 股 3.7 股之股份，總計支付 41,867,391 股。股權分置改革後，本公司股本中控股股東所持有之股份從 63.05% 下降至 59.91%。

本次股權分置改革後，除了支付給 A 股股東 41,867,391 之股份為非限制性流通股以外，其餘所有非流通股轉換為限制性流通股。此限制性系針對控股股東對其持有股份的出售行為，即控股股東在股權改置完成後三年內最多可出售其所持有股份之 10%。

10 Borrowings

10 貸款

		As at	
		30 June 2006	31 December 2005
		Unaudited	Audited
		於2006年 6月30日 未經審計	於2005年 12月31日 已經審計
	Note 註釋		
<i>Long-term:</i>			
Bank borrowings	(a)	838,959	642,500
Loans payable	(c)	185,401	180,000
Convertible bonds	(d)	368,447	362,623
		<u>1,392,807</u>	<u>1,185,123</u>
<i>Short-term:</i>			
Current portion of long-term bank borrowings	(a)	113,250	62,500
Short-term bank borrowings	(b)	790,000	595,000
Loans payable	(c)	106,924	91,828
		<u>1,010,174</u>	<u>749,328</u>

The carrying amounts of all borrowings approximate their fair values as at 30 June 2006 either due to their short-term maturity or because they bear interest of prevailing market rates throughout their maturity period.

Note:

- (a) Long-term bank borrowings

由於以上貸款將於一年內到期或者其利率為活躍市場利率，故其帳面價值於2006年6月30日近似於公平值。

附註：

- (a) 長期貸款

		As at	
		30 June 2006	31 December 2005
		Unaudited	Audited
		於2006年 6月30日 未經審計	於2005年 12月31日 已經審計
Borrowings from:	貸款包括：		
State Development Bank (note (i))	國家開發銀行 (註釋(i))	575,000	585,000
China Everbright Bank (note (ii))	中國光大銀行 (註釋(ii))	100,000	100,000
China Construction Bank (note (iii))	中國建設銀行 (註釋(iii))	237,209	20,000
Bank of China (note (iv))	中國銀行 (註釋(iv))	40,000	—
		<u>952,209</u>	<u>705,000</u>
Less: Repayable within one year included under current liabilities	減：已列入流動負債之一年內到期金額	(113,250)	(62,500)
		<u>838,959</u>	<u>642,500</u>

These borrowings mature as follows:

Within one year	一年以內
In the second year	第二年內
In the third to fifth year	第三年至第五年內
After the fifth year	五年以後

notes:

- (i) This borrowing is secured by TMEB's guarantee together with certain of its fee collection rights, and bears interest according to the rates for long-term loans as promulgated by the People's Bank of China. The average prevailing interest rate is ranging from 5.8% to 6.1% (2005: 5.8%) per annum.
- (ii) This borrowing is secured by TSC's right to receive sewage water processing fees together with TMICL's guarantee and bears interest rate ranging from 5% to 5.8% (2005: 5% to 5.8%) per annum.
- (iii) The borrowing of one of the Group's subsidiaries, Qujing Capital Water, of about Rmb190 million is secured by the right to receive the water supply fees and sewage water processing fees, the other borrowing of about Rmb46 million is secured by the Company's guarantee. These borrowings bear average prevailing interest rate of 6.1% to 6.4% (2005: 6.1%) per annum.
- (iv) The borrowing is guaranteed by the Company and bears average prevailing interest rate of 6.1% (2005: nil) per annum.
- (v) All long term borrowings are from state owned banking institutions.

(b) Short-term bank borrowings

Borrowings from:	貸款銀行:
Shenzhen Development Bank	深圳發展銀行
CITIC Industrial Bank	中信實業銀行
China Minsheng Bank (note (i))	中國民生銀行 (註釋(i))
Industrial Commerce Bank of China	中國工商銀行
Shanghai Pudong Development Bank	上海浦東發展銀行
Other banks (note (ii))	其他銀行 (註釋(ii))

notes:

- (i) Including Rmb100 million guaranteed by TMICL.
- (ii) Guaranteed by TMICL.
- (iii) Of the short term borrowings, only CITIC Industrial Bank and Industrial Commerce Bank of China are state owned banking institutions.

該等貸款的具體還款期如下:

As at	
30 June 2006 Unaudited	31 December 2005 Audited
於 2006 年 6 月 30 日 未經審計	於 2005 年 12 月 31 日 已經審計
113,250	62,500
230,959	136,500
380,000	448,500
228,000	57,500
<u>952,209</u>	<u>705,000</u>

註釋:

- (i) 該借款由天津市政局提供保證擔保並以其擁有業務中之部分收費權作為質押。該銀行貸款利率依據中國人民銀行頒佈之長期借款利率而變動，現時平均年利率為5.8%到6.1% (2005年：5.8%)。
- (ii) 該借款由排水公司提供污水處理費收費權作為質押以及由天津市政投資有限公司提供保證擔保，年利率為5%到5.8% (2005年：5%到5.8%)。
- (iii) 其中約人民幣190百萬元之貸款以本公司子之自來水收入權和污水處理收入權作為質押；另外約人民幣46百萬元貸款由本公司提供保證擔保。借款利率為中國人民銀行長期借款利率，現時平均年利率為6.1%到6.4% (2005年：6.1%)。
- (iv) 該借款由本公司提供保證擔保。借款利率為中國人民銀行長期借款利率，現時年利率為6.1% (2005年：無)。
- (v) 所有長期貸款皆從國有銀行機構借入。

(b) 短期銀行貸款

As at		Interest Rate
30 June 2006 Unaudited	31 December 2005 Audited	
於 2006 年 6 月 30 日 未經審計	於 2005 年 12 月 31 日 已經審計	利率
50,000	100,000	5.6%
150,000	90,000	5%
300,000	300,000	5%
190,000	—	5.58%
100,000	100,000	5.6%
—	5,000	5.1%-6.4%
<u>790,000</u>	<u>595,000</u>	

註釋:

- (i) 其中人民幣1億元由天津市政投資有限公司提供擔保。
- (ii) 由天津市政投資有限公司提供擔保。
- (iii) 短期銀行貸款中，只有中信銀行及工商銀行是屬於國有銀行機構。

(c) Loans payable:

Long-term

Due to:

- TMEB (note (ii))
- AFCC (note (v))

At cost

Short-term

Due to:

- TMEB (note (ii))
- Tianjin Municipal Government (note (iii))

notes:

- (i) The Rmb180 million from TMEB taken during 2005 is specifically for construction of sewage water processing plants. The loan is repayable in equal instalments over twelve years from 2005. The loan bears interest at 5% per annum for the first six years. From the seventh year to maturity, the interest will be based on the one-year deposit plus 0.3% premium.
- (ii) Of the total amount loaned by TMEB, Rmb81 million (2005: 81million) is specifically for the same purpose and under same terms as loan stated in note (iii) below.
- (iii) The Rmb11 million (2005: Rmb11 million) loaned by Tianjin Municipal Government was for the construction of the Group's water recycling plant. The loan is interest free and the method and date of repayment which is supposed to be determined after the completion of the said plant has yet to be finalised.
- (iv) The repayment scheme for the Rmb81 million and Rmb11 million loans mentioned in (ii) and (iii) above is still being negotiated. As the terms are uncertain, these loans have been classified as current liabilities.
- (v) Balances owed to AFCC accounts for the remaining balance payable for 30-year lease of Fu Yang Sewage Water Processing Plant.

(c) 應付貸款

As at

	30 June 2006 Unaudited	31 December 2005 Audited
	於 2006 年 6 月 30 日 未經審計	於 2005 年 12 月 31 日 已經審計
長期 應付：		
- 天津市政局 (註釋(ii))	165,000	180,000
- 阜陽建委 (註釋(v))	20,401	—
At cost	<u>185,401</u>	<u>180,000</u>
短期 應付：		
- 天津市政局 (註釋(ii))	96,311	81,215
- 天津市政府 (註釋(iii))	10,613	10,613
	<u>106,924</u>	<u>91,828</u>

註釋：

- (i) 2005年從天津市政局取得之人民幣1.8億元為污水處理廠建設專項資金。該資金從2006年起分12年均衡償付。貸款利率前6年為5%，從第7年起利率為一年期存款利率加0.3%。
- (ii) 在從天津市政局取得之全部貸款中，人民幣8,100萬元(2005年：人民幣8,100萬元)之用途及條款同如下註釋(iii)所示。
- (iii) 人民幣1,100萬元(2005年：人民幣1,100萬元)為子公司中水公司從天津市市政府部門獲得，用於本集團中水廠建設。該貸款不計息，具體還款日期和方法在中水廠完成後與貸款方商議，商議尚在進行中。
- (iv) 以上在註釋(ii)和(iii)中列示的人民幣8,100萬元和人民幣1,100萬元貸款之還款計畫尚在與貸款方商討中。因還款期限尚未確定，這些貸款被分類至流動負債。
- (v) 期末餘額為應付阜陽污水處理廠30年期運營權之剩餘款項。

(d) Convertible bonds payable:

Liability component of convertible bonds	可轉換債券—負債部分
No. of units ('000)	債券張數 (千計)

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

During this period, Rmb29,000 bonds were converted into the Company's A share at Rmb4.87 per share or Rmb3.90 per share. As a result of conversion, the Company's share capital and capital reserve increased by Rmb6,410 and Rmb22,590 respectively.

(d) 應付可轉換債券

As at	
30 June 2006 Unaudited 於2006年 6月30日 未經審計	31 December 2005 Audited 於2005年 12月31日 已經審計
368,447	362,623
3,721	3,721

列示於長期貸款之可轉換債券負債部分之價值，根據無轉換權利之類似普通公司債券之市場利率計算得出，並以攤餘價值列示，其餘部分除稅後分派為權益部分之價值。負債部分之利息費用以5.6%之折現率按實際利率法計算。

本期間內共有29,000元可轉換公司債券轉換為本公司A股股票，轉股價格分別為人民幣4.87元每股或3.90元每股。轉股後，本公司之股本和股本溢價分別增加人民幣6,410元和人民幣22,590元。

11 Trade and other payables

Dividend payable (note (a))	應付股利 (註釋(a))
Construction costs payable	應付建設成本
Payable for purchase of property, plant and equipment	應付購買物業、 機器及設備
Advances received	預收賬款
Accrued expenses	預提費用
Trade payables (note (b))	貿易應付款 (註釋(b))
Others	其他

The carrying value of trade and other payables approximates to their fair value due to their short-term maturities.

11 貿易款及其他應付款

As at	
30 June 2006 Unaudited 於2006年 6月30日 未經審計	31 December 2005 Audited 於2005年 12月31日 已經審計
54,882	1,656
70,852	70,547
43,589	50,512
45,459	38,594
11,208	7,266
6,041	8,414
14,204	26,784
246,235	203,773

由於均為短期內到期，以上應付賬款及其他應付款的賬面價值和公允價值十分接近。

Notes:

- (a) The balance as at 30 June 2006 represented Rmb53,226,000 dividend declared for the year ended 31 December 2005 and Rmb1,656,000 dividend declared in prior years.
- (b) Ageing of trade payables are as follows:

One to two years	1-2 年
Within one year	1 年以內

註釋：

- (a) 2006年6月30日之餘額包括2005年度股利人民幣53,226,000元及以前年度股利人民幣1,656,000元。
- (b) 貿易應付款賬齡如下：

As at	
30 June 2006 Unaudited 於2006年 6月30日 未經審計	31 December 2005 Audited 於2005年 12月31日 已經審計
1,881	—
4,160	8,414
<u>6,041</u>	<u>8,414</u>

12 Operating profit

Operating profit is stated after (crediting)/ charging the following:

Crediting	收入
Rental	租金收入
Interest income	利息收入
Charging	支出
Depreciation and amortisation expenses	折舊及攤銷費用
Staff costs	員工成本
Raw materials and consumables used	原材料及消耗品使用
Repair and maintenance expenses	修理費

12 經營盈利

經營盈利已(計入)/扣除下列項目：

Unaudited For the six months ended 未經審計 截至6月30日止六個月	
30 June 2006 2006年	30 June 2005 2005年
(2,050)	(5,896)
(1,761)	(5,561)
<u>54,667</u>	<u>32,515</u>
<u>16,515</u>	<u>22,983</u>
<u>6,315</u>	<u>5,807</u>
<u>8,217</u>	<u>3,441</u>

13 Finance costs

Interest expense on:
– bank borrowings
– convertible bonds wholly
repayable within three years
Less: capitalised interest

利息費用：
– 銀行貸款利息
– 須於三年內全數
償還的可轉換債券
減：資本化利息

Other ancillary borrowing costs

其他融資成本

13 融資成本

Unaudited	
For the six months ended	
未經審計	
截至6月30日止六個月	
30 June 2006	30 June 2005
2006年	2005年
48,861	21,514
9,405	30,619
(17,609)	(14,329)
<u>40,657</u>	<u>37,804</u>
1,167	5,559
<u>41,824</u>	<u>43,363</u>

14 Income tax expense

No Hong Kong profits tax has been provided as the Group has no assessable profit in Hong Kong (2005: Nil). PRC income tax has been charged at 33% on the assessable profits of the Group (2005: 33%).

14 所得稅

由於本集團截至2006年6月30日止期間並無在香港地區的應課稅盈利(2005年：無)，所以本期間無香港所得稅。中國盈利之稅款則按照本期間估計應課稅盈利按照33%的稅率計算(2005年：33%)。

Tax charge comprises:
Current PRC income tax
Deferred income tax

所得稅構成如下：
當期中國所得稅
遞延所得稅

Unaudited	
For the six months ended	
未經審計	
截至6月30日止六個月	
30 June 2006	30 June 2005
2006年	2005年
51,830	48,977
(1,573)	(5,471)
<u>50,257</u>	<u>43,506</u>

15 Earnings per share

The calculation of earnings per share is based on profit attributable to shareholders of Rmb93,030,000 (2005: Rmb82,681,000) and 1,330,664,000 shares (2005: 1,330,658,000) in issue during the period.

15 每股盈利

每股盈利根據本期間股東應佔盈利人民幣93,030,000元(2005年：人民幣82,681,000元)以及期內已發行股份1,330,664,000計算(2005年：1,330,658,000)。

16 Dividend

No dividend was proposed by the Board of Directors of the Company for the six months ended 30 June 2006 (2005: nil).

16 股息

本公司董事會於截止2006年6月30日止六個月期間並無建議派發股息(2005年：無)。

17 Commitments

Capital commitments

Capital expenditure at the balance sheet date in respect of several sewage plant construction projects and capital contribution is as follows:

Group

17 承擔事項

資本承擔

於結算日有關污水處理廠建設的資本支出及註冊資本支出如下所列：

集團

	Contracted but not provided for 已簽約未撥備		Authorised but not contracted for 已批准未簽約	
	30 June 2006 2006年 6月30日 Rmb' million 人民幣百萬元	31 December 2005 2005年 12月31日 Rmb' million 人民幣百萬元	30 June 2006 2006年 6月30日 Rmb' million 人民幣百萬元	31 December 2005 2005年 12月31日 Rmb' million 人民幣百萬元
Sewage water processing plants in:				
– Ji Zhuang Zi (note(a))	6	5	—	—
– Xian Yang Lu (note(a))	15	56	—	—
– Bei Cang (note(a))	15	18	—	—
– Chi Bi	64	—	—	—
– Bao Ying	27	—	—	—
– Qu Jing	—	290	—	—
– Fu Yang	41	61	—	—
– Hang Zhou	—	—	858	180
Zhong Shui	12	—	52	—
HK subsidiary capital contribution	—	62	—	—
	<u>180</u>	<u>492</u>	<u>910</u>	<u>180</u>

Note:

(a) Under the Co-operative Agreement, TSC would sell certain assets to the Company upon completion and verification(note 1(b)). On 17 April 2006, TSC confirmed to the Company that it would pay all the construction fees owed to the Company using the above mentioned assets within two year from end 2005 (final agreement is subject to the Company's shareholders' approval). As at 30 June 2006, the balance of these assets was about Rmb655 million (2005: Rmb618 million).

註釋：

(a) 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與本公司(註釋1(b))。於2006年4月17日，排水公司就還款作出保證，排水公司會自2005年底起兩年內用上述資產置換積欠本公司的建設費收入(最終協議尚需另定和約及經股東大會批)。於2006年6月30日，該等資產的金額約為人民幣6.55億元(2005：人民幣6.18億元)。

18 Related party transactions

The majority of the business activities of the Company and its subsidiaries are conducted with state-owned enterprises (hereafter "SOE"). The Company and its subsidiaries have established procedures to determine, to the extent possible, the identification of the ownership structures of its customers and suppliers as to whether they are SOE. Management believes that all material related party balances and transactions have been adequately disclosed.

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

(a) Transactions with TMICL and its supervisory entities:

Revenue earned from TSC for sewage water processing services and construction of sewage plant	於排水公司取得之 污水處理及污水處理廠 建設收入	284	229
Amount payable for sewage water processing plants construction costs to other related contractors	應支付關聯建築商 污水處理廠建設成本	—	2
Convertible bonds held by TMICL	天津市政投資有限公司 所持有可轉換債券	209	209
Balance with TSC as at 30 June 2006 is included under trade receivables.			

18 關聯交易

本公司及其子公司之主要商業活動都是與國有企業進行。本公司及其子公司已盡可能地通過適當之程式來識別客戶與供應商是否為國有企業。管理層相信所有重大數額之關聯方餘額及交易都已經被充分地披露。

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

(a) 與天津市政投資有限公司及其監控企業：

Unaudited For the six months ended 未經審計 截至 6 月 30 日止六個月	
30 June 2006 2006 年 Rmb'million 人民幣百萬元	30 June 2005 2005 年 Rmb'million 人民幣百萬元

與排水公司之2006年6月30日餘額包含在貿易應收款中。

(b) Transactions with other state-owned enterprises:**(b) 與其他國有企業交易發生額**

		Unaudited	
		For the six months ended	
		未經審計	
		截至6月30日止六個月	
		30 June 2006	30 June 2005
		2006年	2005年
		<i>Rmb' million</i>	<i>Rmb' million</i>
		人民幣百萬元	人民幣百萬元
Purchase of construction materials	採購工程物資	14	3
Purchase of raw materials and accessories	採購原材料及配件	1	19
Payment for plants construction	支付工程費	68	67
Drawdown of short-term loan	獲得短期貸款	260	50
Drawdown of long-term loan	獲得長期貸款	60	50
Interest expenses	利息支出	26	19
		<u> </u>	<u> </u>

The period/year end balances with other state-owned enterprises are included in the financial statements as follows:

在本賬目中，與其他國有企業交易期／年末餘額如下所示：

		As at	
		30 June 2006	31 December 2005
		Unaudited	Audited
		於2006年6月30日	於2005年12月31日
		未經審計	已經審計
		<i>Rmb' million</i>	<i>Rmb' million</i>
		人民幣百萬元	人民幣百萬元
Current assets	流動資產		
Cash and bank balances	銀行結餘及現金	667	550
		<u> </u>	<u> </u>
Current liabilities	流動負債		
Trade and other payables	應付賬款及其他應付賬款	160	166
		<u> </u>	<u> </u>

(c) Key management compensation for the period ended 30 June 2006 is summarised as follows:**(c) 核心管理層截至2006年6月30日止之報酬匯總如下：**

		Unaudited	
		For the six months ended	
		未經審計	
		截至6月30日止六個月	
		30 June 2006	30 June 2005
		2006年	2005年
Salaries and other short-term employee benefits	工資及短期員工福利	2,554	1,556
Other long-term benefits	其他長期福利	61	216
		<u> </u>	<u> </u>
		<u>2,615</u>	<u>1,772</u>

VII. Purchase, Sale or Redemption of the Company's listed securities

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

VIII. Audit Committee

On 31st July 2001, the Board approved the establishment of the Audit Committee to review and supervise the Company's financial reporting procedure and internal controls. The Audit Committee comprises the independent non-executive Directors Messrs. Ko Poming, Wang Xiangfei and Gao Zongze. The Audit Committee, together with the management of the Group have reviewed the accounting principles and practices adopted by the Group and discussed with the management of the Group the internal controls and financial reporting matters including the review of the unaudited interim results and the Interim Report. The Audit Committee agreed with the accounting principles, standards and methods adopted in the preparation of the Group's unaudited interim accounts for the six months ended 30th June 2006.

IX. Code on Corporate Governance Practices

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

X. Model Code for Securities Transactions by the Directors

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

XI. Documents Available for Inspection

1. Interim report and the interim results announcement for the six months ended 30th June 2006 signed by the Chairman;
2. Financial statements undersigned and sealed by the legal representative, officer in charge of the accounting function and the officer in charge of the accounting department of the Company;
3. Original copies of the documents and announcements of the Company which were publicly disclosed on newspapers specified by CSRC during the period covered by this report; and
4. The Articles of Association.

By order of the Board
Ma Baiyu
Chairman

Tianjin, the PRC

29th August 2006

七、購回、出售或贖回本公司上市證券

報告期內，本公司及其附屬公司概無購回，出售或贖回本公司任何上市證券。

八、審核委員會

董事會於2001年7月31日批准設立審核委員會，負責審閱及監察本公司的財務報告程序及內部監控。本公司審核委員會成員由獨立非執行董事高寶明先生、王翔飛先生及高宗澤先生組成。審核委員會已與管理層已審閱本集團所採納的會計原則及方法，並已討論內部監控及財務匯報等事宜，包括審閱未經審核中期業績及中期報告。審核委員會同意本集團截至二零零六年六月三十日止六個月的未經審計半年度賬目所採納的財務會計原則、準則及方法。

九、企業管治常規守則

董事概不知悉任何有合理跡象顯示本公司現時或在本報告期任何時間內未有遵守《上市規則》附錄14企業管治常規守則的規定。

十、董事進行證券交易的標準守則

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

十一、備查文件

- 1、經公司董事長簽署的截至2006年6月30日止六個月的中期報告及業績公告；
- 2、經公司法定代表人、主管會計工作的負責人和會計機構負責人簽名並蓋章的財務報告；
- 3、報告期內在中國證監會指定報刊上公開披露過的所有文件正本及公告原稿；及
- 4、公司章程。

承董事會命
馬白玉
董事長

中國，天津

2006年8月29日

Confirmation on the contents of the 2006 Interim Report

關於 2006 年中期報告的書面確認意見

All member of the Board and senior management of the Company warrant that the contents of the 2006 Interim Report do not contain any false record, misrepresentation or material omission, and assume individual and joint responsibility on the contents of the 2006 Interim Report is true, accurate and complete.

本公司全體董事、高級管理人員保證本公司2006年中期報告所載資料不存在任何虛假記載、誤導性陳述或者重大遺漏，並對其內容的真確性、準確性和完整性承擔個別及連帶責任。

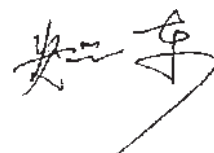
董事簽署



馬白玉



顧啟峰



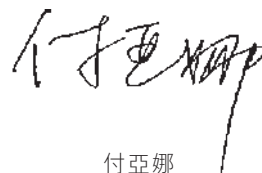
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王占英



譚兆甫



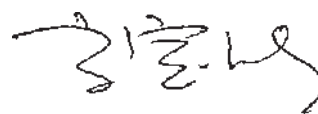
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高宗澤

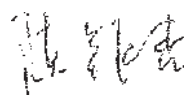


王翔飛

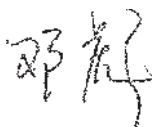


高寶明

高管簽署



陳銀杏



鄧彪



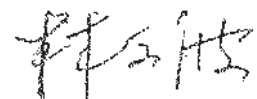
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羅連芳



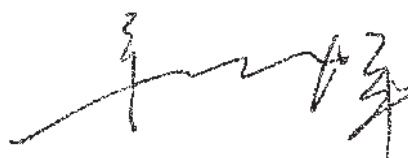
朱雁伯



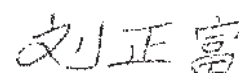
林文波



常小蘭



郭輝



劉正富