

## (一) 報告期內本公司經營情況的回顧

### 1. 概述本公司報告期內總體經營情況

2006年，是國家「十一五」規劃的開局之年，中央政府將「建設資源節約型，環境友好型社會」作為基本國策，提出「大力發展循環經濟」和「加大環境保護力度」，並進一步推進水務行業的市場化進程。面對行業的發展機遇，本公司及其子公司（「本集團」）圍繞市場化的各個要素，繼續狠抓服務質量和科技研發。經國家人事部和全國博士後管理委員會批准，2006年5月，公司正式成立博士後科研工作站。報告期內公司獲得發明專利1項、實用新型專利3項、外觀設計專利1項、軟件著作權1項。在扎實做好現有項目建設運營工作的同時，不斷強化內部管理。通過集團化管理體系的搭建，制度和標準化流程的建設，有效控制內部風險，降低成本，充分發揮和繼續培育公司專業優勢。

## (1) Review of Operations of the Company during the reporting period

### 1. An overview of the overall operations of the Company during the reporting period

Year 2006 was the opening year of the state's "Eleventh Five Year Plan". The Central Government has adopted "construction of a resources saving and environmental friendly society" as the basic national strategy, and at the same time uphold "development of recycling economy" and "enhancement of environmental protection" and further drove the progress of the marketization of the water supply industry. Facing development opportunities in the industry, the Company and its subsidiaries (the "Group") continued to step up its efforts in service quality and technological research and development with a focus on various elements of marketization. Upon approval by the State Ministry of Personnel and the National Post-doctorate Management Commission, the Company officially established a post-doctorate research station in May 2006. During the reporting period, the Company obtained one registration of patent for invention, three registrations of patent for utility model, one registration of patent for design and one software copyright. While doing a solid job on the construction and operation of existing projects, the Company has continued to strengthen its internal management. Through the establishment of the group administration system and the construction of systems and a standardized flow, the Company has effectively controlled its internal risks and reduced its cost, thus bringing the Company's professional edge into full play while continuing to strengthen this edge.

在經營工作中，本集團一方面積極推進天津地區污水處理業務的市場化進程，一方面在 2005 年開發項目的首年度商業運營中，嚴格遵照相關協議的要求，以保證質量為首要目標，合理控制成本，發揮技術優勢，挖掘人員潛能，努力協調有關方面的關係，實現了滿意的運營效果。鞏固了雲貴、中南、江浙、天津周邊四個重點開發區域的以點帶面的市場開發戰略格局，擴大了市場知名度和行業認可度。

2006 年，隨著曲靖創業水務公司自來水廠的商業運營，本集團成功進入自來水供水行業，形成了自來水供水、污水處理運營、建設、設計諮詢，再生水生產和銷售以及環保設備製造的產業鏈。

2006 年，本集團生產能力達到 261.5 萬噸/日，其中污水處理 236.5 萬噸/日，自來水 20 萬立方米/日，再生水 5 萬立方米/日；全年實際處理污水 44,502.35 萬噸，比 2005 年增加了 181.43%，自來水銷售量為 3,158 萬立方米，再生水銷售量為 181 萬立方米，比 2005 年增加了 60.2%。

In the course of operation, the Group has actively driven the progress of marketization of the sewage water processing business in the Tianjin region. During the first year of business operation of the project developed in 2005, the Group has strictly complied with the requirements of the relevant agreement and made quality assurance as the top priority objective to exert reasonable control over the cost, take advantage of its technical edge, explore the potential of staff and endeavour to coordinate the relationship among the relevant parties, thus achieving satisfactory operating results. This not only consolidated the market development strategic situation featuring “from spot to area” in the four key development regions surrounding Yunnan and Guizhou, the Middle-Southern region, Jiangsu and Zhejiang and Tianjin, but also enhanced market exposure and industry recognition.

In 2006, with the waterworks of Qujing Capital Water Co., Ltd. going into commercial operation, the Group successfully entered into the water supply industry, forming a industrial chain comprising water supply, sewage water treatment operation, construction and design consultation, recycled water production and sales and environmental protection equipment manufacturing.

In 2006, the production capacity of the Group reached 2.615 million tonnes/day of which 2.365 million tonnes/day for sewage water treatment, 200,000 cubic metres/day for water supply, and 50,000 cubic metres/day for recycled water. The actual volume of sewage water treated for the whole year was 445.0235 million tonnes, increasing 181.43% when comparing the figure of 2005. Sales of water were 31.58 million cubic metres. Sales of recycled water were 1.81 million cubic metres, increasing 60.2% when comparing the figure of 2005.

2006年，本集團實現主營業務收入人民幣80,738.1萬元，較2005年增加了31.96%；實現淨利潤人民幣17,009.1萬元，較2005年減少了3.28%。公司主營業務收入增長的原因是：

- a. 2006年，曲靖、阜陽、洪湖、寶應、杭州等項目相繼投入商業運營，報告期內，上述項目共計處理污水13,847.35萬立方米，大幅提高了集團的主營業務收入。
- b. 2005年年底，紀莊子污水處理廠老廠改造工程完成並整體投入運營，咸陽路污水處理廠、北倉污水處理廠於2006年年內投入使用，均對公司的主營業務收入增長給予一定的貢獻。

In 2006, the Group recorded income from principal operations of RMB807.381 million, increasing 31.96% when comparing the figure of 2005, and recorded net profit of RMB170.091 million, decreasing 3.28% when comparing the figure of 2005. The factors of the increase in income from principal operations were as follows:

- a. In 2006, projects such as Qujing, Fuyang, Honghu, Baoying and Hangzhou continued to come into commercial operation. During the reporting period, the above projects in aggregate processed sewage water of 138.473 million cubic metres, which significantly increased the income from principal operations of the Group.
- b. In late 2005, the renovation works of the old plant of Jizhuangzi Sewage Water Treatment Plant was completed and the plant went into full operation. Xianyanglu Sewage Water Plant and Beicang Sewage Water Plant went into operation in 2006, making certain contributions to the growth of the income from principal operations of the Company.

導致公司淨利潤減少的原因是：

- a. 報告期內，對天津市紀莊子污水處理廠擴建、咸陽路污水處理廠、東南郊廠外管網和北倉污水處理廠四個工程中已達到可使用狀態的資產進行了轉固，導致折舊費同比大幅增加，同時該部分資產的轉固也導致更多的利息計入期間費用；另外紀莊子、咸陽路、北倉三個污水廠及外埠幾廠於2006年開始正式運營，導致公司的主營業務成本大幅增加。
- b. 2006年，由於外埠項目的資金需求較大，集團相應地增加了長、短期借款，使得整體財務費用增加。
- c. 報告期內公司管理費用增長較多，主要是由於本期曲靖、阜陽、寶應、杭州、洪湖等子公司開始進入運營期故而產生相應的日常經營管理費用，造成較上年增幅較大。

Reasons leading to the reduction of the Company's net profits

- a. During the reporting period, consolidation was done on the assets (which have reached their working conditions) for the four projects, namely the expansion of Jizhuangzi Sewage Water Treatment Plant in Tianjin, Xianyanglu Sewage Water Treatment Plant, the external pipeline network in southeastern rural areas and Beicang Sewage Water Treatment Plant, leading to a substantial increase in the depreciation charges as compared over with the corresponding period of last year. At the same time, consolidation of part of the assets also led to more interests accounted as expenses for the period. In addition, the three sewage water treatment plants of Jizhuangzi, Xianyanglu and Beicang as well as several plants in other cities have been put into operation officially in 2006, which resulted in a substantial increase in costs arising from principal operations.
- b. In 2006, because of the greater funding needs of projects in other cities, the Group correspondingly increased both short-term and long-term loans which resulted in an overall increase in the financial charges.
- c. During the reporting period, the Company's management expenses increased, which was mainly due to the Qujing, Fuyang, Baoying, Hangzhou, Honghu subsidiaries started to enter operating periods, thereby incurring corresponding daily operation management expenses, causing the significant increase over last year.

## 2. 分析本公司主營業務及其經營狀況

本公司的主營業務是：污水處理廠及相關的配套設施的建設、設計、管理、經營、技術諮詢及配套服務；天津市中環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、技術諮詢及配套服務；環保科技及環保產品的開發經營。

### (1) 本公司主營業務經營情況的說明

#### a. 污水處理及污水處理廠建設業務

於報告期內，在天津地區，本公司依照與天津市排水公司簽署的《污水處理委託協議》和《污水處理臨時服務協議》，提供污水處理服務。全年共處理污水 30,655 萬噸，實現污水處理服務收入人民幣 59,166.3 萬元。其中東郊污水處理廠、紀莊子污水處理廠、咸陽路污水處理廠均為全年水量，分別為 12,445 萬立方米、10,302 萬立方米、7,283 萬立方米。北倉污水處理廠從 2006 年 6 月 1 日開始達標出水，處理水量為 625 萬立方米。

## 2. Analysis of the Company's principal businesses and its operating conditions

The principal businesses of the Company 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, 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) Description of the principal businesses of the Company

#### a. Sewage water processing and sewage water treatment plant construction business

During the reporting period, the Company has provided sewage water treatment services in the Tianjin region pursuant to the "Sewage Water Processing Agreement" and "Sewage Water Processing Interim Service Agreement" entered into with Tianjin Sewage Company. The Company processed 306.55 million tonnes sewage water for the whole year and recorded an income of RMB591.663 million. The volume of water processed by Dongjiao Sewage Water Treatment Plant, Jizhuangzi Sewage Water Treatment Plant and Xianyanglu Sewage Water Treatment Plant for the whole year was 124.45 million cubic metres, 103.02 million cubic metres and 72.83 million cubic metres. Beicang Sewage Water Treatment Plant commenced production of standard-level water from 1 June 2006 and the volume of water processed was 6.25 million cubic metres.

2006年5月，經本公司股東大會批准，同意從2006年1月1日起，終止本公司與天津市排水公司之間的《在建工程收費協議》，紀莊子污水處理廠改擴建項目（包括東、南郊一帶排水工程）、咸陽路污水處理廠項目和北倉污水處理廠項目剩餘在建工程量不再確認在建工程管理費。截至2006年12月31日，上述項目累計完成投資人民幣24,064萬元。目前各項工程的結算及主要的竣工質量驗收工作已經基本完成，正在進行竣工決算工作。

In May 2006, upon approval by the general meeting of the Company, it was agreed that effective from 1 January 2006, the "Sewage Water Plants Fee Agreement" entered into between the Company and Tianjin Sewage Company would be terminated. Management fees for construction in progress would no longer be recognized for the remaining works of the renovation and expansion project of Jizhuangzi Sewage Water Treatment Plant (including sewage water discharge project around the south-eastern rural areas), the Xianyanglu Sewage Water Treatment Plant project and the Beicang Sewage Water Treatment Plant project. As at 31 December 2006, the total investment amount for the above projects is RMB240.64 million. At present, settlement and major completion quality inspection for the above projects have been basically completed and the preparation of the final accounts of the projects is in progress.

於報告期內，本公司所屬子公司污水處理業務均按照與當地政府或公司簽署的污水處理特許經營協議和污水處理服務協議，貴陽小河污水處理廠、曲靖兩江口污水處理廠、阜陽第一污水處理廠、寶應仙荷污水處理廠、洪湖污水處理廠、杭州七格污水處理廠等6個污水處理廠共處理污水13,847.35萬立方米，實現污水處理服務收入人民幣9,278萬元。赤壁污水處理廠建設完成投資人民幣5,637萬元。

於報告期內，本公司繼續做好2005年承接的天津港保稅區等5個污水處理運營服務項目，努力培育污水處理運營服務市場。2007年1月，貴州創業水務有限公司又成功承接了六盤水污水處理廠運營服務項目。

During the reporting period, the sewage water processing business of the Company's subsidiaries were operated pursuant to the sewage water processing licence agreements and sewage water processing service agreements entered into with local governments or companies. The six sewage water treatment plants, namely Guiyang Xiaohe Sewage Water Treatment Plant, Qujing Lianjiangkou Sewage Water Treatment Plant, Fuyang No.1 Sewage Water Treatment Plant, Baoying Xianhe Sewage Water Treatment Plant, Honghu Sewage Water Treatment Plant and Hangzhou Qige Sewage Water Treatment Plant, in aggregate processed sewage water of 138.4735 million cubic metres and received an income of RMB92.78 million from processing sewage water. RMB56.37 million has been invested for the construction of Chibi Sewage Water Treatment Plant.

During the reporting period, the Company will continue to work on the five sewage water treatment operation service projects undertaken in 2005, including Tianjin Port Bonded Area, and endeavour to cultivate the sewage water treatment operation service market. In January 2007, Guizhou Capital Company Limited successfully took up the operation service projects for the Liu Pan Shui Sewage Water Treatment Plant.

b. 道路收費業務情況

根據本公司與天津市貸款道路建設車輛通行費徵收辦公室簽訂的《委託收費協議》，收費辦公室為本公司提供收費服務並負責收費站的運營、管理、維修、養護等。2006年1月1日至2006年12月31日，本公司道路收費業務實現收入人民幣6,589萬元，較2005年的收入6,529萬元基本持平。從2003年7月1日本公司道路收費模式轉變為委託收費以來，收入情況基本平穩，未發生重大變化。

b. Operations of toll collection business

Pursuant to the “subcontracting toll collection agreement” entered into between the Company and Tianjin City Indebted Road Construction for Vehicle-passage Toll Collection Office, the toll collection office will provide toll collection service to the Company and is responsible for the operation, management, repair and maintenance of toll stations. From 1 January 2006 to 31 December 2006, the Company recorded an income of RMB65.89 million from the toll collection business, remaining basically flat from income of RMB65.29 million for 2005. Since the change of toll collection arrangement to subcontracting toll collection on 1 July 2003, income has been stable, and there have been no major changes.



## (2) 主營業務分行業情況表

## (2) Principal businesses by industry

單位：千元 幣種：人民幣  
Unit: '000 Currency: RMB

分行業或分產品行業	By industry or by product	主營業務收入 Income from the principal businesses	主營業務成本 Cost of the principal businesses	主營業務利潤率 Profit margin of the principal businesses (%)	主營業務收入	主營業務成本	主營業務利潤率
					比上年增減 Increase/decrease of income from the principal businesses as compared with the previous year (%)	比上年增減 Increase/decrease of cost of the principal businesses as compared with the previous year (%)	比上年增減 Increase/decrease of profit margin of the principal businesses as compared with the previous year (%)
污水處理及污水處理廠建設業務	Sewage water processing and sewage water treatment plant construction business	684,446	273,840	59.99	28.73	78	-5.97
道路及收費站業務	Road and toll collection business	65,890	15,596	76.33	0.92	3.49	4.91
建材業務	Construction material business	2,154	1,983	7.94	21.22	6.61	12.68
中水及管道接駁	Recycled water and pipeline connection	23,763	14,478	39.07	81.99	-7.91	63.88
自來水供水業務	Drinking water supplies business	31,128	24,541	21.16			

## (3) 主營業務分地區情況表

## (3) Principal businesses by region

單位：千元 幣種：人民幣  
Unit: '000 Currency: RMB

地區	Region	主營業務收入 Income from the principal businesses	主營業務收入
			比上年增減 Increase/decrease of income from the principal businesses as compared with the previous year (%)
天津	Tianjin	683,470	16.61
貴州	Guizhou	26,347	2.48
曲靖	Qujing	41,514	
阜陽	Fuyang	17,063	
寶應	Baoying	4,284	
杭州	Hangzhou	29,903	
洪湖	Honghu	4,800	

3. 報告期資產構成、主要財務數據  
同比發生重大變動的說明

截至2006年12月31日，集團資產總額為5,892,527,000元，比2005年末增加1,339,081,000元，增加29.41%；負債總額為3,374,346,000元；股東權益總額為2,402,070,000元；2006年實現淨利潤為170,091,000元。現將變動較大的科目進行如下分析：

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

The following describes the Group's principal financial data based on the combined financial statements prepared under the PRC accounting standards. As at 31 December 2006, the total assets of the Group amounted to RMB5,892,527,000, representing an increase of RMB1,339,081,000 or 29.41% as compared with the year end of 2005. The total liabilities amounted to RMB3,374,346,000 and the total shareholders' equity amounted to RMB2,402,070,000. The net profit realized in 2006 amounted to RMB170,091,000. The analysis on items with greater changes is as follows:

單位：千元  
幣種：人民幣  
Unit: '000  
Currency: RMB

項目名稱 Items	期末數 Amount at the end of the period	期初數 Amount at the beginning of the period	增減額 Amount increased/ decreased	增減幅度 Percentage of increase/ decrease	變動說明 Description of changes
應收帳款 Account receivables	43,210	67,820	-24,610	-36.29%	報告期內，將應收天津市排水公司的污水處理費和建設管理費重分類至長期應收款，並且針對該長期應收款本公司已取得排水公司上級主管部門相關償還事宜的承諾。 During the reporting period, the sewage water treatment expenses and construction management expenses due from Tianjin Sewage Company was re-classified as long-term receivables, and has obtained undertaking from the senior authority of Tianjin Sewage Company in respect of the related repayments.
預付賬款 Advance payments	11,125	4,016	7,109	177.02%	報告期內，子公司中水公司新開設了咸陽路中水項目工程，故增加了預付的工程和設備款。 During the period, the Water Recycling Company, a subsidiary of the Company set up a water recycling project at Xianyanglu, thus increased engineering and equipment prepayments.
長期投資 Long-term investments	67,660	6,000	61,660	1,027.67%	新增61,660千元系報告期內子公司-天津創業環保(香港)有限公司對天津國際機械有限公司的投資成本以及權益入帳的投資收益。 The increment of RMB61,660,000 was investment costs incurred and investment gain equity-accounted for by subsidiary Tianjin Capital Environmental Protection (Hong Kong) Co., Ltd. in respect of Tianjin International Machinery Co., Ltd. during the reporting period.

單位：千元  
幣種：人民幣  
Unit: '000  
Currency: RMB

項目名稱 Items	期末數 Amount at the end of the period	期初數 Amount at the beginning of the period	增減額 Amount increased/ decreased	增減幅度 Percentage of increase/ decrease	變動說明 Description of changes
固定資產原值 Gross fixed assets value	4,473,287	2,210,064	2,263,223	102.41%	<p>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、咸陽路污水處理廠和北倉污水處理廠等三個工程中已達到可使用狀態的資產進行了轉固並相應計提了折舊；另外報告期內公司分別收購了曲靖市三個自來水廠和一個污水廠、洪湖市的一個污水處理廠以及杭州市的一個污水處理廠等資產。</p> <p>The increase was due to consolidation done on the assets (which have reached their working conditions) for the three projects, namely the expansion of Jizhuangzi Sewage Water Treatment Plant in Tianjin, Xianyanglu Sewage Water Treatment Plant and Beicang Sewage Water Treatment Plant and the depreciation provided accordingly. In addition, during the reporting period, the Company acquired assets comprising three water supply plants and one sewage water plant in Qujing, one sewage water treatment plant in Honghu and one sewage water plant in Hangzhou.</p>
在建工程 Constructions-in progress	415,418	1,554,674	-1,139,256	-73.28%	<p>本報告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、咸陽路污水處理廠、東南郊廠外管網和北倉污水處理廠四個工程中已達到可使用狀態的資產進行了轉固造成。</p> <p>The decrease in constructions-in-progress during the reporting period was due to consolidation done on the assets (which have reached their working conditions) for the four projects, namely the expansion of Jizhuangzi Sewage Water Treatment Plant in Tianjin, Xianyanglu Sewage Water Treatment Plant, the external pipeline network in southeastern rural areas and Beicang Sewage Water Treatment Plant</p>
長期待攤費用 Long-term prepaid expense	107,502	14,766	92,736	628.04%	<p>本報告期新增是由於阜陽創業水務公司購買原屬阜陽市政府所有的阜陽市污水處理廠30年期的資產部分權益權利，須支付相應的對價1.02億元造成。</p> <p>The increase during the reporting period was attributable to the corresponding consideration of RMB102 million paid by Fuyang Sewage Water Treatment Plant for acquiring part of the asset interests and rights in respect of Fuyang Sewage Water Treatment Plant for a term of 30 years from the Fuyang Municipal Government</p>

單位：千元  
幣種：人民幣  
Unit: '000  
Currency: RMB

項目名稱 Items	期末數 Amount at the end of the period	期初數 Amount at the beginning of the period	增減額 Amount increased/ decreased	增減幅度 Percentage of increase/ decrease	變動說明 Description of changes
長期預付款 Long-term advance payments	0	40,802	-40,802	-100%	<p>期初數 40,802 千元，系阜陽創業水務公司購買原屬阜陽市政府所有的阜陽市污水處理廠 30 年期的資產部分權益權利的款項於本年度內轉入長期待攤費用核算。</p> <p>The opening amount of RMB40,802,000 was the payment made by Fuyang Capital Water Co., Ltd. for purchasing part of the interests in the assets with a term of 30 years of Fuyang Municipal Sewage Treatment Plant originally owned by the Fuyang Municipal Government and was accounted for as long-term prepaid expenses in this year.</p>
短期借款 Short-term borrowings	691,000	595,000	96,000	16.13%	<p>公司報告期內以自有資金對外投資導致公司經營性資金緊張，從而導致短期借款的增加。</p> <p>The increase in the Company's investment from its internal funds during the reporting period resulted in a shortage in working capital, which has led to the increase of short-term loans.</p>
長期借款 Long-term loans	1,619,500	642,500	977,000	152.06%	<p>報告期內曲靖、杭州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，同時公司也將部分短期負債變更為長期負債。</p> <p>During the reporting period, due to acquisitions of sewage water treatment plants and drinking water plants by Qujing and Hangzhou subsidiaries has increased demands for long-term capital. At the same time, the Company will also change some short-term liabilities into long-term liabilities.</p>

單位：千元  
幣種：人民幣  
Unit: '000  
Currency: RMB

項目名稱 Items	期末數 Amount at the end of the period	期初數 Amount at the beginning of the period	增減額 Amount increased/ decreased	增減幅度 Percentage of increase/ decrease	變動說明 Description of changes
主營業務收入 Income from principal operations	807,381	611,835	195,546	31.96%	<p>報告期內，由於紀莊子污水處理廠改、擴建工程、咸陽路污水處理廠工程和北倉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、寶應、洪湖、阜陽、杭州等子公司本年度進入運營期，開始實現收入，上述原因造成本期收入的增幅較大。</p> <p>During the reporting period, since the water quality of the expansion project of the Jizhuangzi Sewage Water Treatment Plant, the project of the Xianyanglu Sewage Water Treatment Plant and the project of the Beicang Sewage Water Treatment Plant has reached the required standards, the "Sewage Water Processing Interim Service Agreement" entered into between the Company and Tianjin Sewage Company on 20 March 2006 was implemented and sewage water processing fee was charged according to the actual volume of sewage water processed. In addition, subsidiaries in Qujing, Baoying, Honghu, Fuyang and Hangzhou were in operation this year and began to generate revenue. The above reasons resulted in a greater increase in revenue for this period.</p>
主營業務成本 Costs for principal operations	330,438	186,494	143,944	77.18%	<p>報告期內由於對天津市紀莊子污水處理廠擴建、咸陽路污水處理廠和北倉污水處理廠等三個工程中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、北倉三個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、阜陽、寶應、杭州、洪湖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。</p> <p>During the reporting period, consolidation was done on the assets (which have reached their working conditions) for the three projects, namely the expansion of Jizhuangzi Sewage Water Treatment Plant in Tianjin, Xianyanglu Sewage Water Treatment Plant, and Beicang Sewage Water Treatment Plant, resulting in a substantial increase in depreciation charges year on year. In addition, the three sewage water treatment plants of Jizhuangzi, Xianyanglu and Beicang have been put into operation officially, which resulted 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, Fuyang, Baoying, Hangzhou and Honghu were in operation in this year which resulted in a growth in revenue as well as an increase in costs.</p>

單位：千元  
幣種：人民幣  
Unit: '000  
Currency: RMB

項目名稱 Items	期末數 Amount at the end of the period	期初數 Amount at the beginning of the period	增減額 Amount increased/ decreased	增減幅度 Percentage of increase/ decrease	變動說明 Description of changes
財務費用 Finance costs	108,030	79,301	28,729	36.23%	<p>報告期內由於對上述三個工程中已達到可使用狀態的資產進行了轉固，導致計入期間費用的利息支出增加，同時集團債務的增加也導致財務費用的上漲。</p> <p>During the reporting period, consolidation has been made to the assets in the above three projects which have attained usable conditions, resulting in the corresponding increase in interest expenses during the period. At the same time, increase in the Group's debts also resulted in the increase of financial expenses.</p>
投資收益 Investment gain	4,474	0	4,474	100%	<p>系本報告期子公司-天津創業環保(香港)有限公司對天津國際機械有限公司權益入帳的投資收益。</p> <p>Investment gain equity-accounted for by subsidiary Tianjin Capital Environmental Protection (Hong Kong) Co., Ltd. in respect of Tianjin International Machinery Co., Ltd. during the reporting period.</p>
補貼收入 Subsidy income	8,000	1,000	7,000	700%	<p>系本期寶應、赤壁兩家子公司的政府補貼收入，上期尚未進入運營期，故而增長較大。</p> <p>Subsidy income granted by the government to the two subsidiaries Baoying and Chibi during the period. As the subsidiaries had not commenced operation during the previous period, the growth was relatively high.</p>
管理費用 Management costs	89,264	55,627	33,637	60.47%	<p>報告期內公司管理費用增長較多，主要是由於本期曲靖、阜陽、寶應、杭州、洪湖等子公司開始進入運營期故而產生相應的日常經營管理費用，造成較上年增幅較大。</p> <p>During the reporting period, the Company's management expenses increased significantly, which was mainly due to the Qujing, Fuyang, Baoying, Hangzhou, Honghu subsidiaries had commenced operation, thereby causing the corresponding daily operation management expenses, and resulting in the substantial increase compared with last year.</p>

## 4. 於報告期內本公司現金流量構成情況、同比發生重大變動的說明：

## 4. 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:

 單位：千元 幣種：人民幣  
 Unit: '000 Currency: RMB

項目名稱 Items	2006	2005	增減額 Amount increased/ decreased	增減幅度 (%)	變動說明 Description of changes
經營活動產生的 現金流量淨額 Net cash flows from operation activities	197,462	97,180	100,282	103.19%	<p>報告期內，紀莊子、咸陽路、北倉三個污水處理廠以及曲靖、阜陽、寶應、杭州、洪湖等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。</p> <p>During the reporting period, the Jizhuangzi Sewage Water Treatment Plant, the Xianyanglu Sewage Water Treatment Plant and the Beicang Sewage Water Treatment Plant as well as the Company's subsidiaries such as Qujing, Fuyang, Baoying, Hangzhou and Honghu 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 which was sufficient to make up the corresponding expenses, thus forming a net growth in cashflow.</p>
投資活動產生的 現金流量淨額 Net cash flows from investing activities	-1,219,883	70,735	-1,290,618	-1,824.58%	<p>報告期內，公司對外投資、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，故而造成淨額降幅較大。</p> <p>During the reporting period, the increase of the Company's external 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, resulting in a relatively large decrease in the net amount.</p>
籌資活動產生的 現金流量淨額 Net cash flows from fund raising activities	997,053	-342,470	1,339,523	391.14%	<p>由於報告期內公司對外投資、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。</p> <p>During the reporting period, the increase of the fund raising activities 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.</p>
現金及現金等價物 淨增加額 Increase in cash and cash equivalents	-25,368	-174,555	149,187	85.47%	<p>上述三大項業務的現金流動情況，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。</p> <p>The cash flows status of the above three cash equivalents 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.</p>

5. 主要控股公司及參股公司的經營情況及業績

(1) 主要控股公司的經營情況及業績

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

(1) Operations and results of the companies in which the Company has controlling interests

單位：萬元  
幣種：人民幣  
Unit: \$10,000  
Currency: RMB

公司名稱 Company names	主要產品或服務	Major products or services	註冊資本 Registered capital	成立及經營地點 Business place of incorporation	法人類別 Kind of legal entity	本公司所佔權益比例 Percentage of the Company's interest	資產規模 Scale of assets	淨利潤 Net profit
天津中水有限責任公司 Tianjin Water Recycling Company Limited	中水生產、銷售； 中水設施的開發、建設； 中水設備製造、安裝、 調試、運行等	Production and sales of recycled water, development and construction of facilities for re-used water; manufacture, installation, commissioning and operation of equipment for recycled water	10,000	天津 Tianjin	有限公司 Limited Company	98%	29,689.1	61.5
貴州創業水務有限公司 Guizhou Capital Company Limited	市政污水處理廠和 自來水廠及其配套設施、 固體廢棄物處理設施的 開發、建設、經營、管理； 環保技術的研發和推廣； 水處理設施、環境工程等 的項目諮詢服務	Development, construction, operation and management of urban sewage water treatment plants, drinking water treatment plants and their facilities and solid waste treatment facilities; research, development and marketing of environmental conservation technology; consultancy services of water treatment facilities and environmental conservation project	10,000	貴州貴陽 Guiyang, Guizhou	有限公司 Limited Company	95%	16,879.7	453.5
湖北赤壁創業水務有限公司 Chibi Capital Water Company Limited	市政污水處理廠和 自來水廠及其配套設施、 固體廢棄物處理、 中水回用設施的開發、 建設、經營、管理。 環保技術的研發和推廣。 水處理設施、環境工程、 市政工程、公路工程、 交通工程的項目諮詢服務	Development, construction, operation and management of urban sewage processing plant, drinking water treatment plants and the facilities, solid waste processing and waste water recycling facilities; research and development and marketing of environmental technology, consultation services related to projects such as water processing facilities, environmental projects, urban projects, highway projects and transportation projects.	3,500	湖北赤壁 Chibi, Hubei	有限公司 Limited Company	95%	4,252.8	350.1



單位：萬元  
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Unit: \$10,000  
Currency: RMB

公司名稱 Company names	主要產品或服務	Major products or services	註冊資本 Registered capital	成立及 經營地點 Business place of incorporation	法人類別 Kind of legal entity	本公司所佔 權益比例 Percentage of the Company's interest	資產規模 Scale of assets	淨利潤 Net profit
天津創業建材 有限公司 Tianjin Capital New Materials Company Limited	建築材料、新型複合材料 製品、高分子材料製品 製造、銷售；新型給 排水管材的技術諮詢等	Manufacture and sales of construction materials, new compound material products and polymer material products; technical consultation on new piping materials.	3,750	天津 Tianjin	有限公司 Limited Company	71%	3,384.5	-1,284.6
江蘇寶應創業水務 有限公司 Baoying Capital Water Company Limited	市政污水處理廠和自來水及 其配套設施、固體廢棄物處理 設施的開發、建設、經營、 管理；環保技術的研發和 推廣；水處理設施、環境 工程、市政工程、公路工程、 交通工程項目諮詢服務	Development, construction, operation and management of urban sewage processing plant and drinking water plant and accessory facilities, solid waste processing facilities; research and development and marketing of environmental technology, consultation services related to projects such as water processing facilities, environmental projects, urban projects, highway projects and transportation projects.	3,800	江蘇揚州 Yangzhou, Jiangsu	有限公司 Limited Company	70%	8,674.7	186.9
湖北洪湖創業 水務有限公司 Hubei Honghu Capital Water Company Limited	市政污水處理廠和自來 水廠及其配套設施、 固體廢棄物處理設施的開發、 建設、經營、管理； 環保技術的研發和推廣。 水處理設施、環境工程、 市政工程、公路工程、 交通工程項目諮詢服務	Development, construction, operation and management of urban sewage processing plant and drinking water plant and accessory facilities, solid waste processing facilities; research and development and marketing of environmental technology, consultation services related to projects such as water processing facilities, environmental projects, urban projects, highway projects and transportation projects.	2,000	湖北洪湖 Chibi, Hubei	有限公司 Limited Company	90.1%	5,508.2	-159.6
雲南曲靖創業 水務有限公司 Yunnan Qujing Capital Water Company Limited	市政污水處理廠和自來 水廠及其配套設施、 固體廢棄物處理設施的開發、 建設、經營、管理； 環保技術的研發和推廣； 水處理設施、環境工程、 市政工程、公路工程、 交通工程項目諮詢服務	Development, construction, operation and management of urban sewage processing plant and drinking water plant and accessory facilities, solid waste processing facilities; research and development and marketing of environmental technology, consultation services related to projects such as water processing facilities, environmental projects, urban projects, highway projects and transportation projects.	12,000	雲南曲靖 Qujing, Yunnan	有限公司 Limited Company	90.07%	30,708.7	-472.6

單位：萬元  
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Unit: \$10,000  
Currency: RMB

公司名稱 Company names	主要產品或服務	Major products or services	註冊資本 Registered capital	成立及 經營地點 Business place of incorporation	法人類別 Kind of legal entity	本公司所佔 權益比例 Percentage of the Company's interest	資產規模 Scale of assets	淨利潤 Net profit
安徽阜陽創業 水務有限公司 Anhui Fuyang Capital Water Company Limited	市政污水處理廠和 自來水廠及其配套設施、 固體廢棄物處理設施的開發、 建設、經營、管理； 環保技術的研發和推廣。 水處理設施、環境工程、 市政工程、公路工程、 交通工程的項目諮詢服務	Development, construction, operation and management of urban sewage processing plant and drinking water plant and accessory facilities, solid waste processing facilities, research and development and marketing of environmental technology, consultation services related to projects such as water processing facilities, environmental projects, urban projects, highway projects and transportation projects.	4,500	安徽阜陽 Fuyang, Anhui	有限公司 Limited Company	98%	10,931.9	260.1
杭州天創水務 有限公司 Hangzhou Tianchuang Water Co., Ltd.	污水處理和再生水利用設施 的運營維護及其技術服務， 技術培訓等配套服務。	Sewage water processing and recycled water plant operation, and maintenance and technical services, ancillary services such as technology and training	25,745	浙江杭州 Hangzhou, Zhejiang	有限公司 Limited Company	70%	54,468.1	420.6
天津創業環保（香港） 有限公司 Tianjin Capital Environmental Protection (Hong Kong) Company Limited	水資源污染處理項目 運營服務、污水處理廠建設、 城市中水處理系統開發建設、 海水淡化系統開發建設、 污水處理設備銷售、 環保設備製造等	Water resource pollution treatment project operation services, sewage treatment plant construction, urban recycled water treatment system development and construction, sea water desalination system development and construction, sales of sewage treatment facilities and manufacture of environmental protection equipment etc.	US\$100,000 +HK\$ 60,000,000 10萬美元 +6000萬元 港幣	香港 Hong Kong	有限公司 Limited Company	100%	6,524.7	158.8

(2) 主要參股公司的經營情況及業績

截至報告期末，本公司投資天津北方人才港股份有限公司的總投資額為人民幣200萬元，佔其註冊資本的6.1%，該公司主營業務範圍為：高級人才保障業務；高級人才服務業務（人才流動中介服務，金融擔保諮詢服務，個人資信評估）；企業人才援助工程；科技項目成果的開發、經營；房地產開發與經營業務。

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

(2) Operations and results of the major companies which the Company has invested

As at the end of the reporting period, the Company invested RMB2,000,000 in Tianjin Beifang Rencaigang Company Limited, representing 6.1% of its registered capital. The principal activities of Beifang comprise senior executive insurance services, senior executive personnel services (employment agent service, financial guarantee consultation service, personal creditworthiness assessment), enterprise talent assistance project; development and operation of technological project achievements and real estate development and operation.

As at the end of the reporting period, the Company invested RMB2,000,000 in Tianjin Baotong Light Mass Materials Company Limited, representing 20% of its registered capital. The principal activities of this company are the production and sales of high resistance and light mass materials and its products.

6. 主要供應商、客戶情況

6. Major suppliers and customers

			單位：千元 幣種：人民幣 Unit: '000 Currency: RMB
前五名供應商採購金額合計 Total purchase amount of the top five suppliers	102,000	佔採購總額比重 Percentage of total purchases	47.13%
前五名銷售客戶銷售金額合計 Total sales amount of the top five sales customers	740,817	佔銷售總額比重 Percentage of total sales	94.26%
最大供應商採購金額 Purchase amount of the largest supplier	95,634	佔採購總額比重 Percentage of total purchases	44.19%
最大銷售客戶銷售金額 Sales amount of the largest sales customers	591,663	佔銷售總額比重 Percentage of total sales	75.28%

本公司並無任何董事、監事及其聯繫人或任何股東在主要的供應商和客戶中佔有權益。

None of our Directors, supervisors and their associates and our shareholders have any interests in major suppliers and customers.

## (二) 對本公司未來發展的展望

### 1. 所處行業發展趨勢及本公司面臨的市場競爭格局

我國水資源人均佔有量少，空間分佈不平衡。隨著中國城市化、工業化的加速，水資源的需求缺口日益增大，水資源環境污染問題越發受到廣泛關注。2006年3月通過的第十一個五年規劃綱要，進一步強調了科學發展觀和可持續發展戰略，提出加快經濟增長方式的轉變，構建資源節約型社會。這些都為中國水務行業的發展明確了發展基調，也為水務行業提供了前所未有的快速發展機遇。

目前，中國水務市場，雖然資本推動和行政因素特徵仍然比較顯著，但是市場化的改革方向不可逆轉。隨著中國公用事業體制改革的深入，水務行業的市場化程度將不斷提高，進而為行業整合與跨區域發展提供了動力，把握機會的優勢企業將進一步鞏固其行業地位。水價改革帶來的價格上漲的動力將進一步助推水務企業成長，同時也將引致更多行業競爭對手。

中國的水務行業還處於成長期，市場集中度偏低，缺少行業領導者，地域壟斷特徵明顯。依據行業吸引力和技術關聯度向產業鏈縱向延伸，以及水務一體化成為主要發展方向。運營管理能力、資本運作能力、市場開拓能力、技術應用與開發能力和風險控制能力已經成為水務行業企業的關鍵成功要素。尋求市場份額與投資收益的平衡是現階段中國水務企業成長過程中關注的焦點。

## (2) An outlook to the Company's future development

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

The water resources per capita have been maintained at a low level in our country with unbalanced distribution of space. With the acceleration of urbanization and industrialization in the PRC, the demand for water resources has even kept rising. Issues such as water resources and environmental protection have increasingly aroused extensive concerns. The "Eleventh Five Year Plan" planning outline approved in March 2006 has further emphasized the scientific development concept and sustainable development strategy and put forward accelerating the change in the mode of economic growth and the construction of a resources saving society. All these have defined the development keynote for the development of the water supply industry in the PRC and created opportunities for the unprecedented rapid development of the water supply industry.

At present, despite the prominence of the striking capital drive and administration features in the China water market, the reform direction of marketization cannot be reversed. With the reform in public utilities system in the PRC, the marketization level of the water supply industry will continue to rise, which in turn will provide momentum to industry integration and cross-regional development. Superior enterprises which are able to capture the opportunities will further consolidate their position in the industry. The force driving increases in prices brought about by the water price reform will further facilitate the growth of water supply enterprises and at the same time, will lead to more competitors in the industry.

The China water market is still at the stage of growth with low market concentration. There is a shortage of industry leaders and the feature of regional monopoly is remarkable. Vertical extension to industry chain according to industry attractiveness and technical relevance and integrated management of water affairs have become the main direction. Operation management capability, capital operation capability, market exploration capability, technical application and development capability as well as risk control capability have become essential elements for the success of enterprises in the water supply industry. Seeking a balance between market share and investment return is the focus attracting attention during the current growth stage of water supply enterprises in the PRC.

## 2. 本公司未來的發展機遇、發展戰略和新年度的經營計劃

第十一個五年規劃期間，水務公司面臨著行業的發展機遇與挑戰，本公司將繼續秉承淨化人類生活的水環境，提高用水品質的組織使命，努力實現國內領先、國際知名的專業水務投資運營商的戰略目標。

在主營業務方面，本公司將繼續大力發展污水處理設施建設、運營管理和再生水利用業務，加快供水業務的發展，並在環保設備領域和工業廢水領域拓展業務。市場開發工作將進一步突出本公司技術和運營管理專長，立足天津，輻射周邊，關注天津濱海新區業務機會；以華東、華北、華南和西南為主要擴展區域，實施「以點帶面」的開發策略，形成區域服務優勢。

在資金、人力和科技研發方面，本公司將儘快解決天津地區的特許經營權問題，實現資本市場直接融資，引進戰略投資者和財務投資者，改善資本結構和收入結構。加快急需專業人才的培養和引進，完善績效考核體系和激勵機制。實施科技發展規劃，加強科研成果和技術經驗的總結、推廣和轉化，全程優化設計、建設、運營各環節，降低生產成本。

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

During the period of the Eleventh Five Year Plan, water supply companies faced both development opportunities and challenges in the industry. The Company will persist in its organizational mission of purifying the water environment in which human lives and increasing the water quality to strive to achieve the strategic objective of becoming a leading domestic and a world-renowned professional water supply investment operator.

As for the principal operations, the Company will continue to devote great efforts to develop the businesses of sewage water treatment facility construction, operation management and recycled water utilization. Besides, it will speed up the development of the water supply business and expand businesses in the aspects of environmental protection equipment and industrial sewage water. Market development will further emphasize the Company's expertise in technology and operation management. With Tianjin as the base, the scope of business will be extended to surrounding areas. Attention will also be paid to business opportunities in the Tianjin Binhai new district. Besides, the Company will implement the development strategy of "from spot to area" with East China, North China, South China and Southwest China as the major regions for expansion to create a regional service edge.

As for capital, manpower and scientific research and development, the Company will solve the issue of licence rights in the Tianjin region as soon as possible to realize direct financing in the capital market, introduce strategic investors and financial investors, refine the capital structure and the revenue structure. It will also speed up the nurturing and recruitment of professionals and improve the performance appraisal system and incentive mechanism. It will implement the science and technology development planning, strengthen the summary, promotion and transformation of scientific research achievements and technical experience, and optimize all segments comprising design, construction and operation to reduce the production cost.

在內部管理方面，本公司將推行2007-2011年五年戰略發展規劃。進一步明確本公司的使命、願景和價值觀；建立高效、合理的組織架構和治理結構；以標準化管理手冊為核心，完善內部管理體系和風險控制體系；實施目標管理和全面預算管理；健全集團化管理和考核體系；開展信息化建設，實施主動的品牌營銷，建立先進企業文化；形成可複製的高效管理模式。

2007年本公司的工作重點：

- (1) 實現天津地區污水處理業務的特許經營，依照特許經營的要求做好主營業務

2007年，本公司要在相關政府部門的要求和指導下，儘快實現天津市污水處理業務的特許經營。為了實現這一目標，本公司一方面要全力以赴做好協議談判和價格制定工作，另一方面要保證各污水處理廠安全、平穩運行，保證水質、提高水量，同時加大對運營質量的監督、控制，使本公司的污水處理設施最大程度地發揮功用。

此外，本公司及各子公司都需要嚴格依照實行特許經營的要求和相關協議的約定，對建設、運營、維護、質量技術支持的各個環節進行管理和控制，紮實做好主營業務。

As for internal management, the Company will implement the strategic development planning for the five years from 2007 to 2011, further clarify the mission, vision and values of the Company to establish a highly effective, rational organizational structure and governance structure. The Company will also improve the internal management system and risk control system with the standardized management guide as the core. It will implement target management and comprehensive budget management and strengthen group administration and the evaluation system and will undertake information construction, implement proactive brand marketing and establish an advanced corporate culture. It will create a highly effective management model that can be reproduced.

The Company's key tasks in 2007:

- (1) Realize licensed operations of the sewage water processing business in the Tianjin region and conduct the principal operations in accordance with the requirements of the licence.

In 2007, under the requirements and guidance of the relevant government departments, the Company shall realize licensed operations of the sewage water processing business in the Tianjin region as soon as possible. To achieve this objective, the Company will do its best to proceed with agreement negotiations and price setting. On the other hand, it has to ensure the safety and stable operation of all sewage water treatment plants and guarantee the water quality and increase the water volume. At the same time, the Company will strengthen the supervision of and control over the operation quality so that the Company's sewage water treatment plants can operate with maximum efficiency.

In addition, the Company and all subsidiaries are required to manage and control all segments comprising construction, operation, maintenance and quality and technical support pursuant to the requirements of the licence and the terms of the relevant agreements so as to do a solid work on the principal operations.

## (2) 市場開發工作

- a. 將污水處理運營服務項目作為下一步市場開發工作的重點，實現本公司戰略規劃中擴大本公司名義水量的市場佔有率的目標。
- b. 在提高污水處理業務規模的同時，把發展自來水業務作為一項重點工作，提高自來水業務在本公司整體業務中的比重。
- c. 以技術及管理優勢吸引國內外戰略合作夥伴或財務投資者，通過強強聯合加速實現本公司的擴張計劃。

## (3) 繼續推動管理創新工作

建立以標準化管理手冊為核心的內部管理體系，並開始向子公司進行管理體系的複製；健全母子公司的集團化管理和權益投資管理體系，通過內部審計和運營審計等手段對子公司實施財務和成本控制，實施對子公司更加全面的考核和激勵管理；進一步開展信息化工作，構建本公司內部網絡平台，固化制度與流程，整合IT資源，提高基於IT的管理和溝通穩定性與效率。

## (2) Market development

- a. Make the sewage water processing operation service project as the focus for further market development and achieve the objective of expanding the market share of the Company's nominal water volume under the strategic planning of the Company.
- b. While increasing the scale of the sewage water processing business, make the development of the tap water business as a focus, increase the weighting of the tap water business in the overall operations of the Company.
- c. Attract domestic and overseas strategic partners or financial investors with the Company's technical and management advantages, accelerate the realization of the Company's expansion plan through win-win combination.

## (3) Driving management innovation on a continued basis

Establish an internal management system with the standardized management guide as the core and start to reproduce the management system in subsidiaries; strengthen group management and the equity investment management system of the parent company and subsidiaries, implement financial and cost control in subsidiaries through means such as internal audit and operation audit, implement more comprehensive appraisal and incentive management in subsidiaries; further undertake information tasks, construct the Company's internal network platform, solidify the system and flow, integrate the IT resources, improve IT-based management and the stability and efficiency of communication.

**3. 資金需求和使用計劃**

於報告期內，截至2006年12月31日，本公司的資產負債比率為57.26%，為實現公司發展戰略目標，本公司將綜合考慮資金投向，需求額度及融資成本等因素，積極開展多種渠道的融資方式。2007年融資方式計劃主要是通過銀行貸款，並在條件成熟時實施證券市場的再融資。

**4. 本公司面臨的風險因素及對策分析**

*(1) 宏觀政策風險*

本公司的主營業務為污水處理建設及運營和道路收費業務，其中天津地區目前的污水處理業務按照市政投資與天津市排水公司於2000年10月10日簽訂的《污水處理委託協議》（該協議其後由市政投資於2000年12月20日轉讓予本公司）及本公司與天津市排水公司於2006年3月20日簽署《污水處理臨時服務協議》獲取收益。根據《污水處理委託協議》及《污水處理臨時服務協議》規定的計價公式、污水處理服務費單價及相關條款確定本公司從事天津地區的污水處理業務的收益。

**3. Capital demands and application plans**

During the reporting period, as at 31 December 2006, the gearing ratio of the Company was 57.26%. To realize the Company's strategic objective for development, the Company will consider various factors such as where the funds shall be invested in, the amount required and financing costs and actively develop various channels for financing. It is planned in 2007, funds will be mainly raised through bank loans and the re-financing in the stock market when conditions allow to do so.

**4. Analysis on risk factors faced by the Company**

*(1) Risks associated with macro policy*

The key business of the Company is the construction and operation of sewage water treatment and toll road business. The current sewage water treatment business in Tianjin district has obtained revenue pursuant to the "Sewage Water Processing Agreement" entered into between TMICL and Tianjin Sewage Company on 10 October 2000 (TMICL was subsequently transferred the interest in the agreement to the Company on 20 December 2000) and "Sewage Water Processing Interim Service Agreement" entered into between the Company and Tianjin Sewage Company on 20 March 2006. According to the calculation formula under the "Sewage Water Processing Agreement" and "Sewage Water Processing Interim Service Agreement", the revenue earned by the Company from being engaged in the sewage water processing business in the Tianjin region shall be determined pursuant to the unit price of the sewage water processing service fees and the relevant terms.



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

- a. 新建項目的特許經營者通過公開招標方式確定；
- b. 授權市建設行政主管部門負責市政公用事業特許經營的組織實施；
- c. 特許經營者應當執行國家和天津市市政公用事業產品價格和服務收費標準；
- d. 特許經營期限最長不得超過 30 年；
- e. 現有市政公用事業項目，經市建設行政主管部門審核並報市人民政府批准後，可以直接授予原經營者特許經營權，由市建設行政主管部門與經營者簽訂特許經營協議。

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

- a. Licensed operators of new projects shall be ascertained by tendering;
- b. The municipal construction administration authorities shall be authorized to take charge of organizing of licensed operations of municipal public utilities;
- c. The licensed operators shall implement the municipal public utility product prices and service charge standards of the State and the city.
- d. The term of the licensed operation shall not exceed 30 years.
- e. Having been reviewed by the municipal construction administrative authorities and approved by the People’s Government, the existing municipal public utility projects can be directly granted to the existing operators for licensed operations, and licensed operation agreements shall be entered into between the municipal construction administrative authorities with the operators.

依照上述管理辦法規定，2005年本公司經向天津市建設行政管理部門申請了本公司所屬天津市四座污水處理廠的特許經營權，2006年，本公司仍在積極推動該項工作。目前本公司在天津已經擁有了四座污水處理廠，總污水處理能力達到了149萬立方米/日，天津地區的污水處理率也達到75%，成功獲得天津地區的污水處理特許經營權能夠進一步從法律和政策角度保障本公司在天津地區的污水處理事業的健康發展。一旦條件達成，本公司將會及時發佈相關公告。

Pursuant to the above management measures, the Company applied to the construction administration department in Tianjin in 2005 for the licence for operating its four sewage water treatment plants in Tianjin. In 2006, the Company was still making positive efforts in this respect. Currently, the Company has four sewage water treatment plants in Tianjin with a sewage water treatment capacity of 1.49 million cubic metres per day. The sewage water treatment rate in the Tianjin region has also reached 75%. Successfully obtaining the sewage water treatment licence in the Tianjin region can further safeguard the healthy development of the sewage water treatment business of the Company in the Tianjin region from the legal and policy angles. Once the conditions are fulfilled, the Company will issue an announcement in a timely manner.

(2) 市場或業務經營風險

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

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

During the reporting period, due to the intensifying competitions in domestic water supply market and the continuing increase in the prices of raw materials and power the operating costs of the Company's sewage water treatment plants have been affected. The Company will make efforts in cost control through centralized management, centralized purchasing, exploit for resources and saving expenditures, so as to minimize the impact. Besides, it will leverage on its core capability in sewage treatment operation management and technology research and development to minimize the impact.

**(三) 本公司投資情況**

報告期內公司投資額為123,742萬元人民幣，比上年增加79,121萬元，變化的比例為177.32%。

**1、 募集資金使用情況**

公司於2004年通過發行A股可轉債券募集資金人民幣116,539萬元，2005年回售人民幣82,390.2萬元。截至2006年12月31日，已累計使用人民幣24,064萬元，其中本年度已使用人民幣7,654萬元，尚未使用人民幣10,085萬元，尚未使用募集資金將繼續投入三個在建工程。

**(3) The Company's investments**

During the reporting period, the amount of investment made by the Company was RMB1,237,420,000, up RMB791,210,000 from the previous year, representing a change of 177.32%.

**1. Utilisation of proceeds**

Proceeds raised from the issue of the A Share Convertible Bonds by the Company in 2004 amounted to RMB1,165,390,000. In 2005, sale back accumulated to RMB823,902,000. As at 31 December 2006, an aggregate of proceeds of RMB240,640,000 has been utilised, of which RMB76,540,000 was utilised during this year. The unutilised amount of RMB100,850,000 will continue to be invested in the three projects under construction.

2、承諾項目使用情況

2. Projects committed

單位：萬元 幣種：人民幣  
Unit: \$10,000 Currency: RMB

承諾項目名稱	Committed project names	咸陽路污水處理廠工程項目 The construction project of Xiayanglu Sewage Water Treatment Plant	紀莊子污水處理廠(擴建)工程 (含東南第一帶排水工程) The expansion project of Jizhuangzi Sewage Water Treatment Plant (including sewage water discharge project around the south-eastern rural areas)	北倉污水處理廠工程項目 The construction project of Beicang Sewage Water Treatment Plant	合計 Total
擬投入金額	Intended investment amount	62,000	32,100	14,900	109,000
是否變更項目	Will the actual investment amount be changed?	否 No	否 No	否 No	
實際投入金額	Actual investment	11,319	6,440	6,305	24,064
項目進度	Progress of the project	<p>全廠土建及設備安裝工程已完工，廠內管道工程已全部完工，出水達標，目前正在進行全廠工藝試運行。廠外管道敷設及泵站建設已全部完工。目前各項工程的結算及主要的竣工質量驗收工作已經基本完成，正在進行竣工決算工作。</p> <p>The civil engineering and equipment installation works at the whole plant have been completed. All pipeline works inside the plant have been completed, with the treated water meeting standards. The whole plant is currently undergoing the process trial run. All pipeline installation and pumping station construction works outside the plant have been completed. Currently, the settlement and major completion quality inspection of all works have been basically completed. The preparation of the final accounts of the projects is in progress.</p>	<p>全廠土建及設備安裝工程已完工，廠內管道工程全部完工，出水達標，目前正在進行全廠工藝試運行。廠外完成管道敷設約50公里，昆侖路泵站完工，沙柳路、躍進路、張貴莊泵站工程完工。目前各項工程的結算及主要的竣工質量驗收工作已經基本完成，正在進行竣工決算工作。</p> <p>The civil engineering and equipment installation works at the whole plant have been completed. All pipeline works inside the plant have been completed, with the treated water meeting standards. The whole plant is currently undergoing the process trial run. The installation of approximately 50-km pipelines outside the plant has been completed. The Kunlun Road pumping station has been completed. The construction of Shaliu Road, Yaojin Road, Zhangguizhuang pumping stations has been completed. Currently, the settlement and major completion quality inspection of all works have been basically completed. The preparation of the final accounts of the projects is in progress.</p>	<p>廠內建、構築物土建及設備安裝工程基本完工，完成廠內管道鋪設，出水達標，目前正在進行全廠工藝試運行。廠外泵站基本完工，完成13公里管道鋪設。目前各項工程的結算及主要的竣工質量驗收工作已經基本完成，正在進行竣工決算工作。</p> <p>The civil engineering and equipment installation works at building and structures within the whole plant have been basically completed. Pipeline works inside the plant have been completed, with the treated water meeting standards. The whole plant is currently undergoing the process trial run. The pumping station outside the plant has been basically completed and the installation of 13-km pipelines has been completed. Currently, the settlement and major completion quality inspection of all works have been basically completed. The preparation of the final accounts of the projects is in progress.</p>	
是否符合計劃進度	Does the project carry out as scheduled	否 No	否 No	是 Yes	
未達到計劃進度說明	Reasons for project behind schedule	<p>由於嚴重急性呼吸道症候群（即非典型肺炎）的爆發及外資銀行採購程序複雜等原因，以上兩個在建工程的建設進度比募集說明書的計劃進度相應順延，其後工程順利進行沒有新的拖延。</p> <p>Because of the explosion of Severe Acute Respiratory Syndrome (i.e. SARS) and the complicated purchasing procedures for the foreign banks, the construction of the above two projects has lagged behind the planned schedule as set out in the Prospectus. The projects subsequently progressed smoothly without further delay.</p>			

### 3、非募集資金項目情況

於報告期內，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，杭州天創已經與城資公司、杭州市城管辦、杭州市排水有限公司分別簽署了《資產轉讓協議》、《特許經營協議》及《污水處理服務協議》，收購並特許經營杭州市七格污水處理廠一、二期工程。收購總代價為人民幣85,815萬元，於報告期內，杭州天創已經支付58,000萬元資產轉讓款。目前一期工程40萬立方米／日，已經開始運營，二期工程20萬立方米／日，正在調試運行過程中。於報告期內，共處理污水6,171.79萬立方米。

本公司控股子公司曲靖創業水務有限公司（「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%。於報告期內，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價款人民幣2.9億元。曲靖水務從2006年上半年開始運營，於報告期內，共生產自來水3,158萬立方米，處理污水1,470萬立方米。

### 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 Tianjin Capital Water Company Limited (“Hangzhou Tianjin Capital”) with Hangzhou City Construction Property Operation Company Limited (“HCPO”). The registered capital of Hangzhou Tianjin Capital is RMB257,445,000. 70% shares of Hangzhou Tianjin Capital is held by the Company while 30% is held by HCPO. Currently, Hangzhou Tianjin Capital has entered into the “Assets Transfer Agreement”, “Licensed Operation Agreement” and “Sewage Water Processing Service Agreement” with HCPO, City Management Office of the People’s Government of Hangzhou City and Hangzhou Sewage Water Company Limited to acquire and operate with exclusive licence phase 1 and 2 of the Hangzhou Qige Sewage Water Treatment Plant. The total consideration for the acquisition was RMB858,150,000. During the period, Hangzhou Tianjin Capital has paid RMB580,000,000 for the asset transfer. Phase 1 with designated capacity of 400,000 cubic meters per day is in operation and phase 2 with designated capacity of 200,000 cubic meters per day is in the course of debugging and operation. During the reporting period, a total of 61,717,900 cubic metres of sewage water were processed.

Qijing Capital Water Company Limited (“Qijing Capital”), a holding subsidiary of the Company, 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, Qijing Capital acquired three water plants and one sewage water treatment plants at the consideration of RMB290,000,000. Qijing Capital has commenced operation in the first half year, and has produced drinking water of 31,580,000 cubic meters of drinking water, and processed 14,700,000 cubic meters of sewage water during the reporting period.

本公司控股子公司阜陽創業水務有限公司（「阜陽水務」）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%。於報告期內，阜陽水務支付阜陽污水處理廠特許經營權轉讓款人民幣5,100萬元。阜陽水務等從2006年上半年開始運營，於報告期內共處理污水2,275萬立方米。

於報告期內，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（「香港公司」）增資港幣6,000萬元。

Fuyang Capital Water Company Limited (“Fuyang Capital”) a holding 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 RMB51,000,000 in respect of the transfer of licensed operation right of Fuyang Sewage Water Treatment Plant. Fuyang Capital commenced its formal operations in the first half year of 2006, and during the period, has processed 22,750,000 cubic meters of sewage water.

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.

#### (四) 本公司會計政策、會計估計變更或重大會計差錯更正的原因及影響

於報告期內，本公司無會計政策、會計估計變更或重大會計差錯。

#### (4) Reasons and impacts of changes in the accounting policy, accounting estimates or the correction of major accounting errors of the Company

During the reporting period, there were no changes in the accounting policy, accounting estimates or the correction of major accounting errors of the Company.

#### (五) 董事會日常工作情況

##### 1、 董事會會議情況及決議內容

(1) 本公司於2006年1月13日召開第三屆董事會第二十三次會議，審議通過了關於對寶應創業水務有限公司貸款進行擔保的議案。決議公告刊登在2006年3月13日的《上海證券報》、香港《文匯報》、《The Standard》。

#### (5) Review of Board Activities

##### 1. The Board meetings and resolutions passed

(1) The 23rd meeting of the 3rd Board was convened on 13th January, 2006 and considered and approved the resolution on the provision of a guarantee for a loan granted to Baoying Capital Water Co., Ltd. The announcement of the resolution(s) was published on Shanghai Securities, Wen Wei Po and The Standard on 13th March, 2006.

- (2) 本公司於2006年1月20日召開第三屆董事會第二十四次會議，(a)審議通過了關於召開A股市場相關股東會議的建議(b)審議通過了關於本公司董事會徵集A股市場相關股東會議投票委託權的建議。決議公告刊登在2006年2月20日的《上海證券報》、香港《文匯報》及《The Standard》。
- (3) 本公司於2006年3月6日召開第三屆董事會第二十五次會議，(a)審議通過了關於收購並特許經營杭州七格污水處理廠一、二期工程的議案(b)審議通過了關於制訂《薪酬委員會工作細則》的議案(c)審議通過了關於制訂《審核委員會工作細則》的議案。
- (4) 本公司於2006年3月10日召開第三屆董事會第二十六次會議，(a)審議通過了關於與天津市排水公司簽署《污水處理臨時服務協議》並申請持續關聯交易豁免上限額度的議案(b)審議通過了關於召開2006年第一次臨時股東大會的建議。決議公告刊登在2006年3月21日的《上海證券報》、香港《文匯報》及《The Standard》。
- (2) The 24th meeting of the 3rd Board was convened on 20th January, 2006, (a) considered and approved the proposal of convening the general meeting for A Shares shareholders (b) considered and approved the proposal of the solicitation of voting entrustment right by the Board of the Company at the relevant shareholders' meeting of the A-Share market. The announcement of the resolution(s) was published on Shanghai Securities, Wen Wei Po and The Standard on 20th February, 2006.
- (3) The 25th meeting of the 3rd Board was convened on 6th March, 2006, (a) considered and approved the resolution on the acquisition and operation with the exclusive licence of phase 1 and 2 of the Hangzhou Qige Sewage Water Treatment Plant (b) considered and approved the resolution on the formulation of the "Articles of the Remuneration Committee" (c) considered and approved the resolution on the formulation of the "Articles of the Audit Committee".
- (4) The 26th meeting of the 3rd Board of Directors was convened on 10th March, 2006, (a) considered and approved the resolution on the "Sewage Water Processing Interim Service Agreement" entered into between the Company and Tianjin Sewage Company and the application for a waiver of the cap for continuing connected transactions (b) considered and approved the proposal of convening the 2006 first extraordinary general meeting. The announcement of the resolution(s) was published on Shanghai Securities, Wen Wei Po and The Standard on 21st March, 2006.

(5) 本公司於2006年4月20日召開第三屆董事會第二十七次會議，(a)審議通過了關於審議2005年年度報告及其摘要的議案(b)審議通過了關於審議經境內外會計師審計的2005年年度財務會計報告的議案(c)審議通過了關於審議2005年度董事會工作報告及2006年度經營發展計劃的議案(d)審議通過了關於2005年度財務決算和2006年度財務預算報告(e)審議通過了關於本公司2005年度利潤分配預案(f)審議通過了關於繼續聘請普華永道中天會計師事務所有限公司和羅兵咸永道會計師事務所為本公司中國及國際審計師的建議(g)審議通過了關於向股東大會申請授權配發及發行新股份(H股)的議案(h)審議通過了關於召開2005年年度股東大會的建議(i)審議通過了關於審議王宏仁先生辭去本公司副總經理、郭輝先生辭去本公司總經濟師、葉沛森先生

(5) The 27th meeting of the 3rd Board of Directors was convened on 20th April, 2006, (a) considered and approved the resolution on the 2005 annual report and its summary (b) considered and approved the resolution on the financial and accounting statements of the Company for 2005 (c) considered and approved the resolution on the 2005 working report of the Board and the 2006 operating development plan (d) considered and approved the 2005 final financial report and the 2006 financial budget report of the Company (e) considered and approved the 2005 profit appropriation plan of the Company (f) considered and approved the proposal of the reappointment of PricewaterhouseCoopers Zhong Tian Certified Public Accountants Limited Company and PricewaterhouseCoopers as PRC and international auditors of the Company (g) considered and approved the resolution on the grant of mandate at the general meeting for the issuance of new shares (H Shares)(h) considered and approved the resolution on convening the 2005 annual general meeting (i) considered and approved the resolution that Mr. Wang Hongren resigned as Deputy General Manager of the Company, Mr. Guo Hui resigned as Chief Economist of the Company, Mr. Ip Pui Sum resigned as the Hong Kong secretary of the Company, Ms. Chang Xiaolan was appointed as the Chief Economist of the Company, Mr. Guo Hui was appointed as Deputy General Manager of the Company and Mr. Lioe Chen Fu, Ricky was appointed as the Hong Kong secretary of the Company (j) considered and approved the resolution on the provision of a guarantee for a loan granted to Qujing Capital Water Co., Ltd.(k) considered and approved the resolution on the provision of a guarantee for a loan granted to Honghu Capital Water Co., Ltd. (l) considered and approved the



辭去本公司香港秘書職務，聘任常小蘭女士為本公司總經濟師、聘任郭輝先生為本公司副總經理、聘任劉正富律師為本公司香港秘書的議案(j)審議通過了關於對曲靖創業水務有限公司貸款進行擔保的議案(k)審議通過了關於對洪湖創業水務有限公司貸款進行擔保的議案(l)審議通過了關於向中國人民銀行申請發行本金總額不超過人民幣9億元的短期融資券的議案。決議公告刊登在2006年4月21日的《上海證券報》、香港《文匯報》及《The Standard》。

- (6) 本公司於2006年4月27日召開第三屆董事會第二十八次會議，(a)審議通過了關於在境內外公佈的2006年第一季度報告及其摘要的議案(b)審議通過了關於對阜陽創業水務有限公司貸款進行擔保的議案。
- (7) 本公司於2006年5月22日召開第三屆董事會第二十九次會議，審議通過了關於調整A股可轉債券轉股價格的建議。決議公告刊登在2006年5月23日的《上海證券報》、香港《文匯報》及《The Standard》。

resolution that the Company applied to the People's Bank of China for short-term financing notes with the total principal of not more than RMB900 million. The announcement of the resolution(s) was published on Shanghai Securities, Wen Wei Po and The Standard on 21st April, 2006.

- (6) The 28th meeting of the 3rd Board of Directors was convened on 27th April, 2006, (a) considered and approved the resolution on the announcement of the first quarterly report for 2006 and the summary of the report announced within the PRC and overseas(b) considered and approved the resolution on the provision of a guarantee for a loan granted to Fuyang Capital Water Co., Ltd.
- (7) The 29th meeting of the 3rd Board was convened on 22nd May, 2006 and considered and approved the proposal on the adjustment to the conversion price of the A Share Convertible Bonds. The announcement of the resolution(s) was published on Shanghai Securities, Wen Wei Po and The Standard on 23rd May, 2006.

- (8) 本公司於2006年6月13日召開第三屆董事會第三十次會議，審議通過了關於修訂本公司《公司章程》的議案。決議公告刊登在2006年6月15日的《上海證券報》、香港《文匯報》及《The Standard》。
- (9) 本公司於2006年6月14日召開第三屆董事會第三十一次會議，(a)審議通過了關於撤銷本公司為曲靖創業貸款提供擔保議案的建議(b)審議通過了關於推舉2005年年度股東大會主席的建議。決議公告刊登在2006年6月15日的《上海證券報》、香港《文匯報》及《The Standard》。
- (10) 本公司於2006年6月30日召開第三屆董事會第三十二次會議，(a)審議通過了關於終止天津創業建材有限公司《增資擴股協議》的議案(b)審議通過了關於選舉本公司副董事長的建議。決議公告刊登在2006年7月3日的《上海證券報》、香港《文匯報》及《The Standard》。
- (8) The 30th meeting of the 3rd Board was convened on 13th June, 2006 and considered and approved the resolution on the amendment to the "Articles of Association" of the Company. The announcement of the resolution(s) was published on Shanghai Securities, Wen Wei Po and The Standard on 15th June, 2006.
- (9) The 31st meeting of the 3rd Board was convened on 14th June, 2006, (a) considered and approved the proposal of the withdrawal of the resolution on the provision of a guarantee by the Company for a loan granted to Qujing Capital (b) considered and approved the proposal of the election of the chairman of the general meeting for 2005. The announcement of the resolution(s) was published on Shanghai Securities, Wen Wei Po and The Standard on 15th June, 2006.
- (10) The 32nd meeting of the 3rd Board was convened on 30th June, 2006, (a) considered and approved the resolution on the termination of the "Capital Increase Agreement" of Tianjin Capital New Materials Company Limited (b) considered and approved the proposal of the election of the vice-chairman of the Company. The announcement of the resolution(s) was published on Shanghai Securities, Wen Wei Po and The Standard on 3rd July, 2006.

- (11) 本公司於2006年8月29日召開第三屆董事會第三十三次會議，(a)審議通過了關於審議2006年中期報告及其摘要的議案(b)審議通過了關於聘任賈亮先生為本公司副總經理的議案。決議公告刊登在2006年8月30日的《上海證券報》、香港《文匯報》及《The Standard》。
- (12) 本公司於2006年10月25日召開第三屆董事會第三十四次會議，(a)審議通過了關於在境內外公佈2006年第三季度報告及其摘要的議案(b)審議通過了關於提名馬白玉女士等六位人士為本公司第四屆董事會董事候選人和高寶明先生等三位人士為本公司第四屆董事會獨立非執行董事候選人的議案(c)審議通過了關於本公司第四屆董事會董事薪酬的議案(d)審議通過了關於修訂本公司《董事會議事規則》的議案(e)審議通過了關於修訂本公司《股東大會議事規則》的議案(f)審議通過了關於劉正富先生辭去本公司香港秘書職務以及聘任關文輝先生為本公司新任香港秘書的議案(g)審議通過了關於召開2006年第二次臨時股東大會的議案。決議公告刊登在2006年10月26日的《上海證券報》、香港《文匯報》及《The Standard》。
- (11) The 33rd meeting of the 3rd Board was convened on 29th August, 2006,(a) considered and approved the resolution on the 2006 interim report and its summary(b) considered and approved the resolution on the appointment of Mr. Jia Liang as deputy general manager of the Company. The announcement of the resolution(s) was published on Shanghai Securities, Wen Wei Po and The Standard on 30th August, 2006.
- (12) The 34th meeting of the 3rd Board was convened on 25th October August, 2006,(a) considered and approved the resolution on the announcement of third quarterly report for 2006 and the summary of the report announced within the PRC and overseas (b) considered and approved the resolution on the election of six individuals including Ms. Ma Baiyu as candidates for directors of the Fourth Board of Directors of the Company and three individuals including Mr. Ko Poming as candidates for independent non-executive directors of the 4th Board of the Company (c) considered and approved the resolution on the remuneration of directors of the 4th Board of the Company (d) considered and approved the resolution on the amendments to the “Rules Governing the Procedures for Operating the Board Meeting of the Company” (e) considered and approved the resolution on the amendments to the “Rules Governing the Procedures for Operating the General Meeting of the Company” (f) considered and approved the resolution that Mr. Lioe Chen Fu, Ricky resigned as Hong Kong secretary of the Company and Mr. Kwan Man Fai was appointed as new Hong Kong secretary of the Company (g) considered and approved the resolution on convening the 2006 second extraordinary general meeting. The announcement of the resolution(s)s was published on Shanghai Securities, Wen Wei Po and The Standard on 26th October, 2006.

- (13) 本公司於2006年11月20日召開第三屆董事會第三十五次會議，(a)審議通過了關於杭州天創水務有限公司與杭州市排水有限公司簽署《委託運行協議》的議案(b)審議通過了關於對杭州天創水務有限公司貸款進行擔保的議案。決議公告刊登在2006年11月22日的《上海證券報》、《文匯報》、《The Standard》。
- (14) 本公司於2006年12月4日召開第三屆董事會第三十六次會議，審議通過了關於將本公司對杭州天創水務有限公司貸款進行擔保的事項提交2006年第二次臨時股東大會審議的議案。決議公告刊登在2006年12月5日的《上海證券報》、香港《文匯報》及《The Standard》。
- (15) 本公司於2006年12月8日召開第三屆董事會第三十七次會議，審議通過了關於取消在香港報紙刊發報章付費公告及註冊並使用香港聯交所新電子呈交系統的議案。
- (16) 本公司於2006年12月12日召開第三屆董事會第三十八次會議，審議通過了關於參加文登市污水處理廠項目投標的建議。
- (13) The 35th meeting of the 3rd Board was convened on 20th November, 2006,(a) considered and approved the resolution on the “Entrust Operation Agreement” entered into between Hangzhou Tianjin Capital and Hangzhou Sewage Water Co., Ltd. (b) considered and approved the resolution on the provision of a guarantee for a loan granted to Hangzhou Tianjin Capital. The announcement of the resolution(s) was published on Shanghai Securities, Wen Wei Po and The Standard on 22nd November, 2006.
- (14) The 36th meeting of the 3rd Board was convened on 4th December, 2006 and considered and approved the resolution on the submission of the matter concerning the provision of a guarantee by the Company for a loan granted to Hangzhou Tianjin Capital for consideration at the 2006 second extraordinary general meeting. The announcement of the resolution(s) was published on Shanghai Securities, Wen Wei Po and The Standard on 5th December, 2006.
- (15) The 37th meeting of the 3rd Board was convened on 8th December, 2006 and considered and approved the resolution on the cancellation of the publication of paid announcements on Hong Kong newspapers and the registration and use of Hong Kong Stock Exchange's new e-Submission System.
- (16) The 38th meeting of the 3rd Board was convened on 12th December, 2006 and considered and approved the proposal of participating in the bid for the Wendeng Municipal Sewage Water Treatment Plant project.

- (17) 本公司於2006年12月19日召開第四屆董事會第一次會議，(a)審議通過了關於選舉馬白玉女士為本公司第四屆董事會董事長、選舉顧啟峰先生為本公司第四屆董事會副董事長的議案(b)審議通過了關於聘任顧啟峰先生為公司總經理的議案(c)審議通過了關於聘任羅連芳先生等五位人士為公司副總經理、聘任鄧彪先生為公司總工程師的議案(d)審議通過了關於調整陳銀杏女士等五位高級管理人員任期的議案(e)審議通過了關於聘任付亞娜女士為本公司董事會秘書、聘任郭鳳先女士為本公司證券事務代表的議案(f)審議通過了關於成立公司第四屆董事會審核委員會、薪酬與考核委員會的議案。決議公告刊登在2006年12月20日的《上海證券報》、香港《文匯報》及《The Standard》。
- (17) The 1st meeting of the 4th Board was convened on 19th December, 2006, (a) considered and approved the resolution on the election of Ms. Ma Baiyu as Chairman of the 4th Board of the Company, Mr. Gu Qifeng as Vice-chairman of the 4th Board of the Company (b) considered and approved the resolution on the appointment of Mr. Gu Qifeng as general manager of the Company (c) considered and approved the resolution on the appointment of five individuals including Mr. Luo Lianfang as deputy general managers of the Company, Mr. Deng Biao as chief engineer of the Company (d) considered and approved the resolution on the adjustment to the term of office of five senior management members including Ms. Chen Yinxing (e) considered and approved the resolution on the appointment of Ms. Fu Yana as secretary to the Board of the Company and the appointment of Ms Ge Fengxian as the representative for securities affairs of the Company (f) considered and approved the resolution on the establishment of the audit committee, the remuneration and appraisal committee of the 4th Board of Directors of the Company. The announcement of the resolution(s) was published on Shanghai Securities, Wen Wei Po and The Standard on 20th December, 2006.

2、董事會對股東大會決議的執行情況

於報告期內，本公司董事會根據中國《公司法》、《證券法》和《公司章程》等有關規定，嚴格按照股東大會的決議和授權，認真執行股東大會通過的各項決議內容。2006年度對股東大會的決議，本公司董事會執行情況如下：

- (1) 本公司2005年度利潤分配方案已經於2006年6月30日召開的本公司2005年度股東大會審議通過，相關決議刊登於2006年7月3日的《上海證券報》、香港《文匯報》和《The Standard》，該利潤分配方案已經實施，股權登記日為2006年7月28日，除息日為2006年7月31日，紅利發放日為2006年8月4日。
- (2) 對於本公司股東大會通過的其他事項，本公司董事會已經按照股東大會的決議執行。

2. Execution of the resolutions passed at general meetings by the Board

During the reporting period, pursuant to the relevant provisions of the PRC "Company Law", "Securities Law" and the "Articles of Association", the Board of the Company seriously executed all resolutions passed at general meetings in strict compliance with the resolution and mandate of the general meeting. The execution of the resolutions passed at general meetings held in 2006 is as follows:

- (1) The profit appropriation plan for 2005 of the Company has been considered and approved by the 2005 annual general meeting held on 30th June, 2006. The relevant resolution was published on Shanghai Securities, Wen Wei Po and The Standard on 3rd July, 2006. The profit appropriation plan has been implemented. The registration date of the share rights was 28th July, 2006. The ex-dividend date was 31st July 2006. The date for the payment of dividends was 4th August 2006.
- (2) For other items passed at general meetings of the Company, the Board of Directors of the Company has executed them in accordance with the resolution of the general meeting.

## 3、董事出席會議情況

## 3. Attendance of Directors at Meetings

董事姓名 Name of Director	本年應參加 董事會次數 Number of board meeting that should be attended during the year	親自出席 (次) Present in person (times)	委託出席 (次) Present by proxy (times)	缺席 (次) Absent (times)	備註 Note
馬白玉 Ma Baiyu	17	16	1	0	第三屆第三十二次董事會因出差在外，委託董事顧啟峰先生對各項議案代為表決 on business trip during the 32nd meeting of the 3rd Board and appointed director Mr. Gu Qifeng as proxy to vote on various resolutions on her behalf.
安品東 An Pindong	17	16	1	0	第三屆第三十二次董事會因出差在外，委託董事顧啟峰先生對各項議案代為表決 on business trip during the 32nd meeting of the 3rd Board and appointed director Mr. Gu Qifeng as proxy to vote on various resolutions on his behalf.
王占英 Wang Zhanying	17	15	2	0	第三屆第三十二次董事會及第四屆第一次董事會因出差在外，均委託董事顧啟峰先生對各項議案代為表決 on business trip during the 32nd meeting of the 3rd Board and the 1st meeting of the 4th Board and appointed director Mr. Gu Qifeng as proxy to vote on various resolutions on his behalf.
譚兆甫 Tan Zhaofu	17	17	0	0	
顧啟峰 Gu Qifeng	17	17	0	0	
付亞娜 Fu Yana	17	17	0	0	
高寶明 Ko Poming	17	17	0	0	
王翔飛 Wang Xiangfei	17	17	0	0	
高宗澤 Gao Zongze	17	16	1	0	第三屆第三十三次董事會因出差在外，委託獨立非執行董事王翔飛先生對各項議案代為表決 on business trip during the 33rd meeting of the 3rd Board and appointed independent non-executive Director Mr. Wang Xiangfei as proxy to vote on various resolutions on his behalf.

**(六) 利潤分配或資本公積金轉增預案**

經普華永道中天會計師事務所進行的審計工作，本公司2006年度淨利潤為人民幣17,009萬元。根據中國《公司法》和本公司《章程》的有關規定，提取10%法定盈餘公積金人民幣1,701萬元，加上年初未分配利潤67,862萬元，減去2006年已分配的2005年度現金股利5,323萬元，本年度實際可供股東分配利潤為人民幣77,847萬元。根據2006年度利潤分配政策，向全體股東每10股派發現金股利人民幣0.40元（含稅）。該分配預案需提交2006年度股東大會審議通過後實施。

2006年度資本公積金不轉增股本。

**(VI) Proposal on the Profit appropriation or transfer of capital reserve fund**

The Company's net profit for the year 2006 as audited by PricewaterhouseCoopers Zhong Tian Certified Public Accountants Limited Company was RMB170,090,000. Pursuant to the relevant requirements of the Company Law of the PRC and the Article of Association of the Company, a 10% Statutory Common Reserve in the amount of RMB17,010,000 was taken out, adding the undistributed profit of RMB678,620,000 at the beginning of the year, and less 2005 cash dividends of RMB53,230,000 distributed in 2006, the actual distributable profits attributable to shareholders for this year was RMB778,470,000. According to the 2006 profit distribution policy, a cash dividend of RMB0.40 per ten Shares (including tax) is distributed to all shareholders. Motion for such distribution shall be implemented subject to the consideration and approval of the 2006 general meeting.

No transfer from the capital reserve fund to share capital was made for 2006.

**(七) 公司的負債情況、資信變化情況及在未來年度還債的現金安排**

本公司A股可轉債券的擔保人是中國建設銀行天津分行，報告期內擔保人盈利能力、資產狀況和信用狀況未發生重大變化。

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

The guarantor of the Company's A Share Convertible Bonds is Tianjin Branch of China Construction Bank. There had been no significant changes in the profitability, asset position and credit position of the guarantor during the reporting period.