

Financial accounting report 財務會計報告

詳見天津創業環保有限公司2006年度會計報表及審計報告。

For details, please refer to the accounting statements and audited reports for 2006 of Tianjin Capital Environmental Protection Company Limited.



普華永道中天審字(2007)第 10043 號

PwC Zhong Tian Shen Zi (2007) No.10043

天津創業環保股份有限公司全體股東：

TO THE SHAREHOLDERS OF
TIANJIN CAPITAL ENVIRONMENTAL PROTECTION COMPANY LIMITED

我們審計了後附的天津創業環保股份有限公司(以下簡稱「貴公司」)及其合併子公司(以下簡稱「貴集團」)會計報表,包括 2006 年 12 月 31 日的合併及母公司資產負債表,2006 年度的合併及母公司利潤表、合併及母公司利潤分配表及合併及母公司現金流量表。

We have audited the accompanying financial statements of Tianjin Capital Environmental Protection Company Limited (“the Company”) and its consolidated subsidiaries (collectively “the Group”), including the balance sheet as at 31 December 2006, the related income, profit appropriation and cash flow statements for the year 2006.

一、管理層對會計報表的責任

按照企業會計準則和《企業會計制度》的規定編製會計報表是貴公司和貴集團管理層的責任。這種責任包括：

- (1) 設計、實施和維護與會計報表編製相關的內部控制,以使會計報表不存在由於舞弊或錯誤而導致的重大錯報;
- (2) 選擇和運用恰當的會計政策;
- (3) 作出合理的會計估計。

二、註冊會計師的責任

我們的責任是在實施審計工作的基礎上對會計報表發表審計意見。我們按照中國註冊會計師審計準則的規定執行了審計工作。中國註冊會計師審計準則要求我們遵守職業道德規範,計劃和實施審計工作以對會計報表是否不存在重大錯報獲取合理保證。

1. Management’s responsibility for the financial statements

The management of the Company and the Group are responsible for preparing the financial statements in accordance with the Accounting Standards for Business Enterprises and the Accounting System for Business Enterprises. This responsibility includes:

- (1) designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- (2) selecting and applying appropriate accounting policies;
- (3) making accounting estimates that are reasonable in the circumstances.

2. Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Auditing Standards. Those Standards require that we comply with professional ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

審計工作涉及實施審計程序，以獲取有關會計報表金額和披露的審計證據。選擇的審計程序取決於註冊會計師的判斷，包括對由於舞弊或錯誤導致的會計報表重大錯報風險的評估。在進行風險評估時，我們考慮與會計報表編製相關的內部控制，以設計恰當的審計程序，但目的並非對內部控制的有效性發表意見。審計工作還包括評價管理層選用會計政策的恰當性和作出會計估計的合理性，以及評價會計報表的總體列報。

我們相信，我們獲取的審計證據是充分、適當的，為發表審計意見提供了基礎。

三、審計意見

我們認為，貴集團和貴公司上述會計報表已經按照企業會計準則和《企業會計制度》的規定編製，在所有重大方面公允反映了貴集團和貴公司2006年12月31日的財務狀況以及2006年度的經營成果和現金流量。

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider the internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies adopted by the management and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3. Audit opinion

In our opinion, the above financial statements present fairly, in all material respects, the financial position of the Group and the Company as of 31 December 2006, and of their financial performance and their cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises and the Accounting System for Business Enterprises.

普華永道中天
會計師事務所有限公司

塗益
註冊會計師

PricewaterhouseCoopers Zhong Tian
Certified Public Accountants Limited Company

Tu Yi
Certified Public Accountant

中國·上海市
2007年4月18日

李軍
註冊會計師

Shanghai, the People's Republic of China
18 April 2007

Li Jun
Certified Public Accountant

資產負債表 Balance Sheets

於 2006 年 12 月 31 日 (根據中國會計規則編製)
As at 31 December 2006 (Prepared in accordance with PRC Accounting Regulations)

		Notes	合併 Group		公司 Company	
			於 2006 年 12 月 31 日 31 December 2006 人民幣千元 Rmb'000	於 2005 年 12 月 31 日 31 December 2005 人民幣千元 Rmb'000	於 2006 年 12 月 31 日 31 December 2006 人民幣千元 Rmb'000	於 2005 年 12 月 31 日 31 December 2005 人民幣千元 Rmb'000
資產	ASSETS					
流動資產	CURRENT ASSETS					
貨幣資金	Cash and bank balances	3	780,744	800,294	654,136	544,462
短期投資	Short-term investments		—	16,000	—	16,000
應收賬款	Accounts receivable	4	43,210	67,820	16,473	61,867
其它應收款	Other receivables	5	12,150	5,466	83,583	2,914
預付賬款	Prepayments to suppliers		11,125	4,016	253	1,467
應收補貼款	Subsidies receivables		4,780	—	—	—
存貨	Inventories	6	7,839	11,828	2,699	2,614
待攤費用	Prepaid expenses		305	406	283	219
			<u>860,153</u>	<u>905,830</u>	<u>757,427</u>	<u>629,543</u>
長期投資	LONG-TERM INVESTMENTS					
長期股權投資	Long-term equity investments	7	67,660	6,000	685,454	441,036
固定資產及 在建工程	FIXED ASSETS AND CONSTRUCTION IN PROGRESS					
固定資產原值	Fixed assets - cost		4,473,287	2,210,064	3,203,510	1,898,212
減：累計折舊	Less: Accumulated depreciation		(777,706)	(644,875)	(716,904)	(617,171)
固定資產淨值	Fixed assets - net	8	3,695,581	1,565,189	2,486,606	1,281,041
固定資產減值準備	Provision for impairment of fixed assets	9	(3,760)	—	—	—
固定資產淨額	Fixed assets - net book value		3,691,821	1,565,189	2,486,606	1,281,041
在建工程	Construction in progress		415,418	1,554,674	302,519	1,475,279
			<u>4,107,239</u>	<u>3,119,863</u>	<u>2,789,125</u>	<u>2,756,320</u>
長期應收款	LONG-TERM RECEIVABLES	4	749,973	466,185	749,973	466,185
長期待攤費用	LONG-TERM PREPAID EXPENSES	10	107,502	14,766	5,423	7,593
長期預付款	LONG-TERM PREPAYMENTS	11	—	40,802	—	—
資產總計	TOTAL ASSETS		<u>5,892,527</u>	<u>4,553,446</u>	<u>4,987,402</u>	<u>4,300,677</u>

資產負債表(續) Balance Sheets (Continued)

於 2006 年 12 月 31 日 (根據中國會計規則編製)
As at 31 December 2006 (Prepared in accordance with PRC Accounting Regulations)

		Notes	合併 Group		公司 Company	
			於 2006 年 12 月 31 日 31 December 2006 人民幣千元 Rmb'000	於 2005 年 12 月 31 日 31 December 2005 人民幣千元 Rmb'000	於 2006 年 12 月 31 日 31 December 2006 人民幣千元 Rmb'000	於 2005 年 12 月 31 日 31 December 2005 人民幣千元 Rmb'000
負債及股東權益	LIABILITIES AND SHARE- HOLDERS' EQUITY					
流動負債	CURRENT LIABILITIES					
短期借款	Short-term loans	12	691,000	595,000	676,000	590,000
應付賬款	Accounts payable	13	9,852	8,414	3,563	2,774
預收賬款	Advances from customers	14	79,417	38,594	28,901	27,385
應付福利費	Welfare payable		9,541	9,099	8,138	8,500
應付股利	Dividend payable	15	1,299	1,656	1,299	1,656
應付債券利息	Bond interest payable	19	5,853	4,739	5,853	4,739
應交稅金	Taxes payable	16	71,452	76,407	67,328	75,453
預提費用	Accrued expenses		11,879	7,266	7,805	6,050
其它應付款	Other payables	17	121,141	129,043	89,383	111,894
一年內到期的長期借款	Portion of long-term borrowings due within one year	18	99,250	62,500	74,000	60,000
一年內到期的長期負債	Portion of long-term liabilities due within one year	20	118,464	91,828	16,364	—
			<u>1,219,148</u>	<u>1,024,546</u>	<u>978,634</u>	<u>888,451</u>
長期負債	LONG-TERM LIABILITIES					
長期借款	Long-term loans	18	1,619,500	642,500	1,071,000	575,000
應付債券	Convertible bonds	19	372,062	372,097	372,062	372,097
長期應付款	Long-term payables	21	163,636	180,000	163,636	180,000
			<u>2,155,198</u>	<u>1,194,597</u>	<u>1,606,698</u>	<u>1,127,097</u>
負債合計	TOTAL LIABILITIES		<u>3,374,346</u>	<u>2,219,143</u>	<u>2,585,332</u>	<u>2,015,548</u>
少數股東權益	MINORITY INTERESTS		<u>116,111</u>	<u>49,132</u>	<u>—</u>	<u>—</u>
股東權益	SHAREHOLDERS' EQUITY					
股本	Share capital	22	1,330,666	1,330,658	1,330,666	1,330,658
資本公積	Capital reserve fund	23	75,209	75,182	75,209	75,182
盈餘公積	General reserves	23	220,356	200,721	217,734	200,721
未分配利潤	Undistributed profits	24	775,839	678,610	778,461	678,568
			<u>2,402,070</u>	<u>2,285,171</u>	<u>2,402,070</u>	<u>2,285,129</u>
負債和股東權益總計	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>5,892,527</u>	<u>4,553,446</u>	<u>4,987,402</u>	<u>4,300,677</u>

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

馬白玉	顧啟峰	陳銀杏	Ma Baiyu	Gu Qifeng	Chen Yinxing
公司負責人	主管會計	會計機構負責人	Company	Person in charge of	Person in charge of
	工作的負責人		Representative	accounting function	accounting department

利潤表 Income Statements

截至 2006 年 12 月 31 日止年度 (根據中國會計規則編製)
For the year ended 31 December 2006 (Prepared in accordance with PRC Accounting Regulations)

		Notes 附註	合併 Group		公司 Company	
			2006 年度 2006 人民幣千元 Rmb'000	2005 年度 2005 人民幣千元 Rmb'000	2006 年度 2006 人民幣千元 Rmb'000	2005 年度 2005 人民幣千元 Rmb'000
主營業務收入	Income from principal operations	25	807,381	611,835	657,553	571,291
減：主營業務成本	Less: Cost for principal operations	25	(330,438)	(186,494)	(226,375)	(149,889)
主營業務稅金及附加	Business tax and surcharges	26	(37,283)	(31,340)	(36,165)	(31,421)
主營業務利潤	Profit from principal operations		439,660	394,001	395,013	389,981
加：其它業務利潤	Add: Profit from other operations		3,081	7,570	6,972	8,568
減：營業費用	Less: Selling Expense		(186)	(675)	—	—
管理費用	Administrative expenses		(89,264)	(55,627)	(54,165)	(45,522)
財務費用—淨額	Financial expense – net	27	(108,030)	(79,301)	(96,283)	(75,935)
營業利潤	Operating profit		245,261	265,968	251,537	277,092
加：投資收益／(損失)	Add: Investment gain/(loss)	28	4,474	—	2,047	(9,634)
加：補貼收入	Add: Subsidy Income		8,000	1,000	—	—
營業外收入	Non-operating income		20	570	11	570
減：營業外支出	Less: Non-operating expenses		(4,730)	(872)	(461)	(873)
利潤總額	Total profit		253,025	266,666	253,134	267,155
減：所得稅	Less: Income tax	2(v)	(85,189)	(92,648)	(83,001)	(91,340)
加：少數股東損益	Add: Minority interests		2,255	1,839	—	—
淨利潤	Net profit	25	170,091	175,857	170,133	175,815

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後附會計報表附註為本會計報表的組成部分。

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

馬白玉 顧啟峰 陳銀杏
公司負責人 主管會計 會計機構負責人
工作的負責人

Ma Baiyu Gu Qifeng Chen Yinxing
Company Representative Person in charge of
accounting function Person in charge of
accounting department

利潤分配表 Profit Appropriation Statement

截至 2006 年 12 月 31 日止年度 (根據中國會計規則編製)

For the year ended 31 December 2006 (Prepared in accordance with PRC Accounting Regulations)

		Notes 附註	合併 Group		公司 Company	
			2006 年度 2006	2005 年度 2005	2006 年度 2006	2005 年度 2005
			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
主營業務收入	Income from principal operations	25	807,381	611,835	657,553	571,291
減：主營業務成本	Less: Cost for principal operations	25	(330,438)	(186,494)	(226,375)	(149,889)
主營業務稅金及附加	Business tax and surcharges	26	(37,283)	(31,340)	(36,165)	(31,421)
主營業務利潤	Profit from principal operations		439,660	394,001	395,013	389,981
加：其它業務利潤	Add: Profit from other operations		3,081	7,570	6,972	8,568
減：營業費用	Less: Selling Expense		(186)	(675)	—	—
管理費用	Administrative expenses		(89,264)	(55,627)	(54,165)	(45,522)
財務費用—淨額	Financial expense – net	27	(108,030)	(79,301)	(96,283)	(75,935)
營業利潤	Operating profit		245,261	265,968	251,537	277,092
加：投資收益／(損失)	Add: Investment gain/(loss)	28	4,474	—	2,047	(9,634)
加：補貼收入	Add: Subsidy Income		8,000	1,000	—	—
營業外收入	Non-operating income		20	570	11	570
減：營業外支出	Less: Non-operating expenses		(4,730)	(872)	(461)	(873)
利潤總額	Total profit		253,025	266,666	253,134	267,155
減：所得稅	Less: Income tax	2(v)	(85,189)	(92,648)	(83,001)	(91,340)
加：少數股東損益	Add: Minority interests		2,255	1,839	—	—
淨利潤	Net profit	25	170,091	175,857	170,133	175,815

後附會計報表附註為本會計報表的組成部分。

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

馬白玉

顧啟峰

陳銀杏

Ma Baiyu

Gu Qifeng

Chen Yinxing

公司負責人

主管會計

會計機構負責人

Company Representative

Person in charge of

Person in charge of

工作的負責人

accounting function

accounting department

現金流量表 Cash Flow Statements

截至 2006 年 12 月 31 日止年度 (根據中國會計規則編製)
For the year ended 31 December 2006 (Prepared in accordance with PRC Accounting Regulations)

		合併 2006 年度 Group 2006 人民幣千元 Rmb'000	公司 2006 年度 Company 2006 人民幣千元 Rmb'000
經營活動產生的現金流量	Cash flows from operating activities		
銷售商品、提供服務收到的現金	Cash received from rendering of goods and services	594,529	427,592
收到的其它與經營活動有關的現金	Other cash received relating to operating activities	10,338	33,397
現金流入小計	Sub-total of cash inflows	604,867	460,989
購買商品、接受勞務支付的現金	Cash paid for goods and services	(173,738)	(113,171)
支付給職工以及為職工支付的現金	Cash paid to and on behalf of employees	(54,889)	(36,825)
支付的各項稅費	Taxes paid	(129,481)	(127,291)
支付的其它與經營活動有關的現金	Other cash paid relating to operating activities	(49,297)	(114,049)
現金流出小計	Sub-total of cash outflows	(407,405)	(391,336)
經營活動產生的現金流量淨額	Net cash flows from operating activities	197,462	69,653
投資活動產生的現金流量	Cash flows from investing activities		
收回投資所收到的現金	Cash received from investing activities	16,000	16,000
處置固定資產收回的現金	Net cash received from disposal of fixed assets	1,534	548
現金流入小計	Sub-total of cash inflows	17,534	16,548
購建固定資產所支付的現金	Cash paid to acquire fixed assets	(1,183,417)	(171,093)
權益性投資所支付的現金	Cash paid to invest in new subsidiaries	(54,000)	(242,371)
現金流出小計	Sub-total of cash outflows	(1,237,417)	(413,464)
投資活動產生的現金流量淨額	Net cash flows from investing activities	(1,219,883)	(396,916)
籌資活動產生的現金流量	Cash flows from financing activities		
吸收投資所收到的現金	Cash received from investments by minority shareholders	77,233	—
借款所收到的現金	Cash received from borrowings	2,044,770	1,506,000
收回的保證金存款	Cash received from bank deposit	3,000	3,000
現金流入小計	Sub-total of cash inflows	2,125,003	1,509,000
償還債務所支付的現金	Cash repayments of amounts borrowed	(935,020)	(910,000)
分配股利或利潤所支付的現金	Cash payments for distribution of dividends or profits	(53,584)	(53,584)
償付利息所支付的現金	Cash payments of interest expenses	(121,378)	(104,329)
支付保證金存款	Cash payments as bank deposit	(8,818)	—
支付的其他與籌資活動有關的現金	Other cash payments relating to financing activities	(9,150)	(1,150)
現金流出小計	Sub-total of cash outflows	(1,127,950)	(1,069,063)
籌資活動產生的現金流量淨額	Net cash flows from financing activities	997,053	439,937
現金淨 (減少) / 增加額	Net (decrease)/increase in cash	(25,368)	112,674

截至 2006 年 12 月 31 日止年度 (根據中國會計規則編製)

For the year ended 31 December 2006 (Prepared in accordance with PRC Accounting Regulations)

Supplementary Information 補充資料		合併		公司	
		2006 年度 Group 2006 人民幣千元 Rmb'000		2006 年度 Company 2006 人民幣千元 Rmb'000	
(i)	將淨利潤調節為經營活動的現金流量	(i)	Reconciliation of net profit to net cash flows from operating activities		
	淨利潤		Net profit	170,091	170,133
	加/ (減) :		Add/(Less):		
	少數股東損益		Minority interests	(2,255)	—
	計提的資產減值準備		Provision for asset impairment	7,760	—
	固定資產折舊		Depreciation of fixed assets	135,656	102,155
	處置固定資產淨損失		Losses on disposal of fixed assets	971	461
	長期待攤費用攤銷		Amortisation of long term prepaid expenses	10,259	2,251
	財務費用淨額		Interest expenses – net	112,941	97,837
	投資收益		Investment gain	(4,474)	(2,047)
	存貨的增加		Increase in inventories	(11)	(85)
	待攤費用的減少/ (增加)		Decrease/(Increase) of prepaid expenses	101	(64)
	預提費用增加		Increase of accrued expenses	4,613	1,755
	經營性應收項目的增加		Increase in operating receivables	(275,997)	(321,312)
	經營性應付項目的增加		Increase in operating payables	37,807	18,569
	經營活動產生的現金流量淨額		Net cash flows from operating activities	197,462	69,653
(ii)	現金淨 (減少) / 增加情況 (附註 3)	(ii)	Net (decrease)/increase in cash (Note 3)		
	現金的年末餘額		Cash at end of the year	718,744	601,136
	減: 現金的年初餘額		Less: Cash at beginning of the year	(744,112)	(488,462)
	現金淨 (減少) / 增加額		Net (decrease)/increase in cash	(25,368)	112,674

後附會計報表附註為本會計報表的組成部分。

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

馬白玉	顧啟峰	陳銀杏	Ma Baiyu	Gu Qifeng	Chen Yinxing
公司負責人	主管會計	會計機構負責人	Company Representative	Person in charge of	Person in charge of
	工作的負責人			accounting function	accounting department

會計報表附註 Notes to the Financial Statements

(根據中國會計規則編製)
(Prepared in accordance with PRC Accounting Regulations)

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。本公司的辦公地址為中國天津市南開區衛津南路76號創業環保大廈。本公司及其子公司(「本集團」)現時的經營業務包括污水處理，自來水供水，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，本集團通過以下污水處理廠提供污水處理服務：

位置
Plant Location

合同簽訂日期
Contract Date

客戶
Customer

以前年度簽訂並仍在執行的合同：

Contracts entered into in previous years but still in force:

天津 東郊	2000年10月10日	天津市排水公司
Dong Jiao, Tianjin	10 October 2000	Tianjin Sewage Company ("TSC")
天津 紀莊子	2000年10月10日	天津市排水公司
Ji Zhuang Zi, Tianjin	10 October 2000	TSC
天津 咸陽路	2000年10月10日	天津市排水公司
Xian Yang Lu, Tianjin	10 October 2000	TSC
天津 北倉	2000年10月10日	天津市排水公司
Bei Cang, Tianjin	10 October 2000	TSC
貴州 貴陽	2004年9月16日	貴陽城市管理局
Guiyang, Guizhou	16 September 2004	Guiyang City Administration Bureau ("GCAB")
江蘇 寶應	2005年6月13日	寶應縣建設局
Baoying, Jiangsu	13 June 2005	Baoying Construction Bureau ("BCB")
安徽 阜陽	2005年12月18日	阜陽市建設委員會
Fuyang, Anhui	18 December 2005	Fuyang Construction Committee ("FCC")
雲南 曲靖	2005年12月25日	曲靖市供排水總公司
Qujing, Yunnan	25 December 2005	Qujing City Water General Company ("QCWGC")
湖北 洪湖	2005年12月29日	洪湖市建設局
Honghu, Hubei	29 December 2005	Honghu Construction Bureau ("HCB")

2006年新簽訂的合同：

New contract entered into in 2006:

浙江 杭州	2006年11月20日	杭州市排水有限公司
Hangzhou, Zhejiang	20 November 2006	Hangzhou Sewage Company ("HSC")

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 Company's address is TCEP Building, 76 Weijin South Road, Nankai District, Tianjin, the PRC. The activities of the Company and its subsidiaries (the "Group") include sewage water processing, tap water supply, 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 the following plants:

(根據中國會計規則編製)
(Prepared in accordance with PRC Accounting Regulations)

1 公司簡介及主要業務 (續)

(a) 污水處理業務 (續)

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) 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、咸陽路及北倉

根據與天津市排水公司 (「排水公司」) 在2006年3月10日達成的臨時協議，本公司於紀莊子、咸陽路及北倉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。

上述三項工程處理污水水質於2006年1月基本達標。三項工程未能如原預計於2007年初竣工，但根據目前預計竣工日期不會晚於2007年末。

1 COMPANY PROFILE AND PRINCIPAL ACTIVITIES (Continued)

(a) Sewage water processing (Continued)

The principal terms and the pricing formula as set out in the relevant contracts 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 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, Xian Yang Lu and Bei Cang

Based on the supplementary agreement reached with TSC on 10 March 2006, 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, Xian Yang Lu and Bei Cang plants. Processing fee after the completion of inspection of these three plants will be collected from TSC using the same principle as for Dong Jiao plant.

The water quality of sewage water treatment of the three projects mentioned above basically reached the required standards in January 2006. The three projects was not completed in early 2007 as expected, but according to current estimate, the completion is expected to be no later than the end of 2007.

1 公司簡介及主要業務 (續)

(a) 污水處理業務 (續)

其他污水處理廠：

協議規定以0.60元／立方米至1.12元／立方米不等的價格作為初始污水處理服務費單價，並且：

- (i) 上述處理費單價將按照合同約定的調價公式視設施設備改造、新增投資及能源動力、勞動力、政府政策的重大變化等因素進行調整；
- (ii) 除貴州外，其他地區客戶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。
- (iii) 貴州污水處理廠於正式經營兩年後，雙方按照相關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。

1 COMPANY PROFILE AND PRINCIPAL ACTIVITIES (Continued)

(a) Sewage water processing (Continued)

Other sewage processing plants:

Initial sewage water processing price ranges from Rmb0.60 to Rmb1.12 per cubic meter. In addition:

- (i) processing price as determined above may be revised pursuant to the price adjustment formula agreed in the contract after considering various factors including renovation of equipment, additional investment, power and energy and labour force, and other significant changes of government policy;
- (ii) except for Guizhou, customers in other regions guaranteed a minimum processing volume. If the actual volume is lower than the guaranteed volume, processing fee will be settled based on the guaranteed volume.
- (iii) Following the official operation of the Guizhou Sewage Water Treatment Plant for two years, the initial price will be determined by both parties using the price determination formula stipulated in the relevant agreement. The price determination formula allows the actual operating costs to be covered in full by sewage water treatment operations, including operating cost, depreciation, income tax and a return of 8% on budgeted net assets of the plant.

(根據中國會計規則編製)
(Prepared in accordance with PRC Accounting Regulations)

1 公司簡介及主要業務 (續)

(b) 污水處理廠建設業務

由於紀莊子、咸陽路及北倉三項工程已於 2005 年未完工，本公司於 2006 年度無污水處理廠建設費收入。自 2003 年度污水處理廠相關協議背景如下：

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。

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)。

1 COMPANY PROFILE AND PRINCIPAL ACTIVITIES (Continued)

(b) Construction of sewage water processing plants

The construction of Ji Zhuang Zi, Xian Yang Lu and Bei Cang was completed in late 2005. The Company did not incur sewage water treatment plant construction fee in the year 2006. The background to the relevant agreements of sewage water treatment plants since 2003 is detailed below:

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 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 plants. The aggregate construction fees payable to the Company amount to approximately Rmb1,069 million;
- a 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 (Note 1(a)).

1 公司簡介及主要業務 (續)**(b) 污水處理廠建設業務 (續)****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；
- 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。

1 COMPANY PROFILE AND PRINCIPAL ACTIVITIES (Continued)**(b) Construction of sewage water processing plants****Transfer Agreement:**

Also, 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. 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 of the sewage water treatment plants before the transfer of the aforesaid property, plant and equipment to the Company.

(根據中國會計規則編製)
(Prepared in accordance with PRC Accounting Regulations)

1 公司簡介及主要業務 (續)

(c) 道路收費站業務

下文所述協議條款自 2003 年簽訂後沒有發生變更，具體背景如下：

2003 年度以前，本公司擁有於天津城市道路及入城的公路交界設立收費站的權利，並可於該等收費站向進入天津城市的所有車輛（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；及

1 COMPANY PROFILE AND PRINCIPAL ACTIVITIES (Continued)

(c) Road toll stations

There have been no changes in the terms of the agreements below since they were entered into in 2003 and the background is as follows:

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 Tianjin Municipal Engineering Bureau (“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 recognized in June 2003; and

1 公司簡介及主要業務 (續)

(c) 道路收費站業務 (續)

- 本公司現擁有 6 個新收費站的收益權，期限自 2003 年 7 月 1 日起至 2029 年 2 月 28 日止。未經天津市政局允許，本公司不得將該收費權轉讓、租賃或抵押。

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

- 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。

1 COMPANY PROFILE AND PRINCIPAL ACTIVITIES (Continued)

(c) Road toll stations (Continued)

- 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;
- any shortfall to the Company between actual and the agreed minimum will be compensated to the Company by the Toll Collection Office.

(根據中國會計規則編製)
(Prepared in accordance with PRC Accounting Regulations)

1 公司簡介及主要業務 (續)

(d) 自來水供水業務

依照與曲靖市城市供排水總公司簽訂的協議，本公司之子公司曲靖創業水務有限公司通過雲南曲靖自來水處理廠提供自來水供水服務，從2006年1月1日起最初的三年內，自來水供水單價為1.1元/立方米，此後將分階段至2036年提高至1.25元/立方米。並且：

- (i) 上述供水服務單價將按照合同約定的條款根據影響水價成本因素的變動而進行調整；
- (ii) 曲靖市供排水總公司會對本公司確保最低自來水供水量，如果實際供水量低於該擔保水量，則供水服務費按照擔保水量結算。

1 COMPANY PROFILE AND PRINCIPAL ACTIVITIES (Continued)

(d) Tap water supply

Pursuant to agreement reached with Qujing City Water General Company, the subsidiary of the Company, Qujing Capital Water Co., Ltd., provides tap water supply service via the Yunnan Qujing tap water processing plant. Tap water supply price is Rmb1.1 per cubic meter for the first three years starting from 1 January 2006, and will increase in stage to Rmb1.25 per cubic meter by 2036. In addition:

- (i) Supply price as determined above may be revised after considering various cost factors based on contract terms;
- (ii) Qujing City Water General Company guarantees a minimum supply volume. If the actual volume is lower than the guaranteed volume, supply fee will be settled based on the guaranteed volume.

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12月31日止，本集團及本公司的流動負債超過其流動資產分別約為人民幣359百萬元及人民幣221百萬元。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年度的會計報表。

(b) 會計年度

會計年度自公曆1月1日起至12月31日止。

(c) 記賬本位幣

以人民幣為記賬本位幣。

(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。

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 for Business Enterprises and the “Accounting System for Business Enterprises” promulgated by the Central Government of the People’s Republic of China.

As at 31 December 2006, the Group’s and the Company’s current liabilities exceeded its current assets by approximately Rmb 359 million and Rmb 221 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 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.

(c) Reporting currency

The reporting currency is Renminbi (“Rmb”).

(d) Basis of accounting

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

(根據中國會計規則編製)
(Prepared in accordance with PRC Accounting Regulations)

2 會計政策、會計估計和合併會計報表的編製方法 (續)

(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。

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

(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, work in progress 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 is 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.

2 會計政策、會計估計和合併會計報表的編製方法 (續)**(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。

2 ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(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 Group 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 Group 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 Group adopts the equity method to account for its subsidiary in the accounts of the parent 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.

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(Prepared in accordance with PRC Accounting Regulations)

2 會計政策、會計估計和合併會計報表的編製方法 (續)

(i) 固定資產計價和折舊 (續)

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

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。

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。維修及保養費用按其實際發生額計入利潤表。

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

(i) Fixed assets and depreciation (Continued)

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 less accumulated impairment losses, if any, 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

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

Major costs incurred in restoring property, plant and equipment to their normal working condition are charged to the income statement. The expenses relating to improvements of property, plant and equipment are capitalised and amortised over their expected useful lives to the Group. Repair and maintenance expenses are charged to the income statement as incurred.

2 會計政策、會計估計和合併會計報表的編製方法 (續)**(i) 固定資產計價和折舊 (續)**

如果有跡象或環境變化顯示單項固定資產賬面價值可能超過其可收回金額時，本集團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。

如果有跡象表明以前年度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，減值準備在以前年度已確認的減值損失範圍內予以轉回。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。

(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。並自次月起開始計提折舊。

有關減值準備的提取如固定資產附註 2(i) 中所述。

2 ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(i) Fixed assets and depreciation (Continued)**

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.

When there is an indication that the need for an impairment provision recorded in a prior year no longer exists or has decreased, which result in the recoverable amount exceeding the carrying amount of the asset, the provision for impairment loss is reversed to the extent of the amount of impairment loss recognized in prior years. 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.

(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.

The impairment of construction in progress is stated as that in fixed assets (Note 2(i)).

(根據中國會計規則編製)
(Prepared in accordance with PRC Accounting Regulations)

2 會計政策、會計估計和合併會計報表的編製方法 (續)

(k) 長期待攤費用

長期待攤費用包括預付 30 年資產部分權益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) 借款費用

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

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

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

(k) Long-term prepaid expenses

Long-term prepaid expenses include 30-year asset beneficiary 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) Borrowing costs

Except the issuance expense (Note 2(o)) 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.

2 會計政策、會計估計和合併會計報表的編製方法 (續)

(l) 借款費用 (續)

其它借款發生的借款費用，於發生時確認為當期財務費用。

(m) 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。

(n) 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。

(o) 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。

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

(l) Borrowing costs (Continued)

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

(m) 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.

(n) Research and development expenses

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

(o) 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.

(根據中國會計規則編製)

(Prepared in accordance with PRC Accounting Regulations)

2 會計政策、會計估計和合併會計報表的編製方法 (續)

(p) 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。

(q) 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。

(r) 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匯兌損益將資本化外，所有匯兌損益均在利潤表中處理。

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

(p) 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.

(q) 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.

(r) 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.

2 會計政策、會計估計和合併會計報表的編製方法 (續)

(s) 收入確認原則

- (i) 污水處理服務和自來水供水服務收入於提供服務時確認。
- (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。

(t) 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。

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

(s) Revenue recognition

- (i) Revenue from sewage water processing and tap water supply services is recognised when services are rendered.
- (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.

(t) 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.

(根據中國會計規則編製)
(Prepared in accordance with PRC Accounting Regulations)

2 會計政策、會計估計和合併會計報表的編製方法 (續)

(t) 租賃 (續)

(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。

(u) 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 7.5% 至 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。

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

(t) Leases

(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.

(u) Taxation

(i) Income tax

Corporate income tax is accounted for using the tax liability method under the effective tax method. The tax rate ranges from 7.5% to 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.

2 會計政策、會計估計和合併會計報表的編製方法 (續)

(u) 稅項 (續)

(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。

(v) 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29）。

(w) 合併會計報表的編製方法

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

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

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

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

(u) Taxation (Continued)

(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.

(v) Related parties

Related parties refer to state-owned companies or other companies under the supervisory control of TMEB (Note 29).

(w) 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 of the People’s Republic of China.

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.

(根據中國會計規則編製)
(Prepared in accordance with PRC Accounting Regulations)

3 貨幣資金

3 CASH AND BANK BALANCES

		合併 Group		公司 Company	
		於 2006 年 12 月 31 日 31 December 2006 人民幣千元 Rmb'000	於 2005 年 12 月 31 日 31 December 2005 人民幣千元 Rmb'000	於 2006 年 12 月 31 日 31 December 2006 人民幣千元 Rmb'000	於 2005 年 12 月 31 日 31 December 2005 人民幣千元 Rmb'000
現金	Cash on hand	191	234	3	2
銀行存款	Cash in bank	780,553	800,060	654,133	544,460
其中：	Including				
在建工程專用資金（註釋(a)）	-Special funds for construction in progress (note (a))	103,846	281,742	96,022	266,329
保證金（註釋(b)）	-Bank deposits (note (b))	62,000	56,182	53,000	56,000
		780,744	800,294	654,136	544,462

(a) 在建工程專用資金主要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。

(a) The special funds for construction in progress represent the unutilised balances of the special loans for sewage water processing projects.

(b) 於 2006 年 12 月 31 日，保證金餘額主要包括本公司存放於一家銀行作為該銀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和履約保證金存款共計人民幣 15,000 千元（2005 年：9,182 千元）。

(b) Balance as at 31 December 2006 includes the deposit of Rmb47 million (2005: Rmb47 million) in a bank held as guarantee for the issuance of the Company's convertible bonds. The remaining balance of Rmb15 million (2005: Rmb9.182 million) mainly represented deposit for project bids.

列示於現金流量表的現金包括：

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

		合併 Group		公司 Company	
		於 2006 年 12 月 31 日 31 December 2006 人民幣千元 Rmb'000	於 2005 年 12 月 31 日 31 December 2005 人民幣千元 Rmb'000	於 2006 年 12 月 31 日 31 December 2006 人民幣千元 Rmb'000	於 2005 年 12 月 31 日 31 December 2005 人民幣千元 Rmb'000
貨幣資金	Cash and bank balances	780,744	800,294	654,136	544,462
減：保證金	Less: Restricted deposits	(62,000)	(56,182)	(53,000)	(56,000)
列示於現金流量表的現金	Cash shown on the cash flow statement	718,744	744,112	601,136	488,462

4. 應收賬款

應收賬款明細如下：

4 ACCOUNTS RECEIVABLE

Details of the trade receivables are set out as follows:

		合併 Group		公司 Company	
		於 2006 年 12 月 31 日 31 December 2006 人民幣千元 Rmb'000	於 2005 年 12 月 31 日 31 December 2005 人民幣千元 Rmb'000	於 2006 年 12 月 31 日 31 December 2006 人民幣千元 Rmb'000	於 2005 年 12 月 31 日 31 December 2005 人民幣千元 Rmb'000
應收排水公司	Due from TSC				
– 污水處理收入	– Revenue from sewage water processing services	283,788	45,544	283,788	45,544
– 污水處理廠建設費收入	– Revenue from sewage water processing plants construction services	466,185	466,185	466,185	466,185
		749,973	511,729	749,973	511,729
其他	Others	43,210	22,276	16,473	16,323
		793,183	534,005	766,446	528,052
減：擬進行資產置換的 污水處理費收入和 污水處理廠建設費收入	Less: Sewage water processing fee income and sewage water treatment plant construction fee income intended for asset swap	(749,973)	(466,185)	(749,973)	(466,185)
		43,210	67,820	16,473	61,867

年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。

根據合作協議，排水公司會在相關資產完工和驗收後（預期為 2007 年底），將其若干資產售予本公司（附註 1(b)）。在 2007 年 4 月，本公司與排水公司就還款計劃達成協議，據此排水公司將會用上述資產支付積欠本公司的建設費。於 2006 年 12 月 31 日，這些資產的金額約為人民幣 7.50 億元。因此，董事相信應收排水公司的款項能夠透過資產掉期全部收回。

As at 31 December 2006, there were no accounts receivables from any of the Company's shareholders who hold 5% or more of voting shares.

Under the Co-operative Agreement, TSC will sell certain of its assets to the Company upon completion and verification expected to be by end 2007 (Note 1(b)). In April 2007, an agreement on a repayment plan was reached whereby TSC will, subject to the approval of the shareholders of the Company, use these assets to settle fees owed to the Company. As at 31 December 2006, cost of these assets amount to about RMB750 million. As such, the Directors believe that the amount due from TSC is fully recoverable by assets swap.

(根據中國會計規則編製)
(Prepared in accordance with PRC Accounting Regulations)

4. 應收賬款 (續)

根據還款計劃，應收污水處理費和建設費收入的餘額共計人民幣7.5億元(2005年：4.6億元)被重分類至長期應收款，重分類後應收賬款帳齡如下：

		合併 Group		公司 Company	
		於2006年 12月31日 31 December 2006 人民幣千元 Rmb'000	於2005年 12月31日 31 December 2005 人民幣千元 Rmb'000	於2006年 12月31日 31 December 2006 人民幣千元 Rmb'000	於2005年 12月31日 31 December 2005 人民幣千元 Rmb'000
1年以內	Within 1 year	43,210	67,820	16,473	61,867
1-2年	Between 1 and 2 years	749,973	466,185	749,973	466,185
應收賬款淨值	Net accounts receivable	<u>793,183</u>	<u>534,005</u>	<u>766,446</u>	<u>528,052</u>

5 其它應收款

其它應收款賬齡主要在一年以內，年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。

4 ACCOUNTS RECEIVABLE (Continued)

Following the repayment plan, the balance of Rmb750 million (2005: Rmb460 million) representing sewage water processing fee and construction fee income has been reclassified to long-term receivables. The ageing analysis of accounts receivable following reclassification is as follows:

5 OTHER RECEIVABLES

As at 31 December 2006, the ageing of majority of other receivables are aged within one year and there were no other receivables from any of the shareholders who hold 5% or more of the Company's voting shares.

(根據中國會計規則編製)
(Prepared in accordance with PRC Accounting Regulations)

6 存貨

6 INVENTORIES

		合併 Group		公司 Company	
		於 2006 年 12 月 31 日 31 December 2006 人民幣千元 Rmb'000	於 2005 年 12 月 31 日 31 December 2005 人民幣千元 Rmb'000	於 2006 年 12 月 31 日 31 December 2006 人民幣千元 Rmb'000	於 2005 年 12 月 31 日 31 December 2005 人民幣千元 Rmb'000
原材料	Raw materials	4,233	2,918	2,610	2,510
產成品	Finished goods	5,424	6,423	—	—
零部件和低值易耗品	Spare parts and consumables	2,182	2,487	89	104
		11,839	11,828	2,699	2,614
減：存貨減值準備	Provision for impairment of inventories	(4,000)	—	—	—
		7,839	11,828	2,699	2,614

7 長期股權投資

7 LONG-TERM EQUITY INVESTMENTS

		合併 Group		公司 Company	
		於 2006 年 12 月 31 日 31 December 2006 人民幣千元 Rmb'000	於 2005 年 12 月 31 日 31 December 2005 人民幣千元 Rmb'000	於 2006 年 12 月 31 日 31 December 2006 人民幣千元 Rmb'000	於 2005 年 12 月 31 日 31 December 2005 人民幣千元 Rmb'000
子公司投資 (註釋(a))	Investment in subsidiaries (note (a))	—	—	681,454	437,036
聯營企業 (註釋(b))	Associated Company (note (b))	58,474	—	—	—
其它長期股權投資 (註釋(c))	Other long-term equity investments (note (c))	9,186	6,000	4,000	4,000
		67,660	6,000	685,454	441,036

子公司投資本年度變動情況如下：

The movement of equity investment in subsidiaries for year 2006 is set out below:

		2005 年 12 月 31 日 31 December 2005 人民幣千元 Rmb'000	本年增加 Addition 2006 人民幣千元 Rmb'000	2006 年 12 月 31 日 31 December 2006 人民幣千元 Rmb'000
		原始成本	Initial cost	450,380
權益累計變動	Accumulated changes in equity	(13,344)	2,047	(11,297)
帳面價值	Book value	437,036	244,418	681,454

(根據中國會計規則編製)
(Prepared in accordance with PRC Accounting Regulations)

7 長期股權投資 (續)

(a) 子公司投資

本公司所有子公司均為有限責任公司。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。

7 LONG-TERM EQUITY INVESTMENTS (Continued)

(a) Investment in subsidiaries

All subsidiaries of the Company are companies with limited liabilities. 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.

	註冊資本 Registered capital 人民幣百萬元 Rmb' million	所佔權益百分比 Interest held (%)	主要業務 Principal activities	公司投資成本 Company Investment cost 人民幣百萬元 Rmb' million
曲靖創業水務有限公司 Qujing Capital Water Co., Ltd.	120	90	市政污水處理和自來水配套 Municipal sewage water processing and water plant construction operation and management	108
天津中水有限責任公司 Tianjin Water Recycling Co., Ltd.	100	98	中水生產銷售、中水設施開發建設、中水技術諮詢 Production and sales of recycled water and technical consulting for water recycling business.	98
貴州創業水務有限公司 Guizhou Capital Water Co., Ltd.	100	95	市政污水處理廠設施開發建設及相關污水水處理設施的諮詢 Construction of municipal sewage water plants and provision of related consulting services for water processing facilities	95
天津創業環保(香港)有限公司 Tianjin Capital Environmental Protection (Hong Kong) Co., Ltd.	美金 7.8 百萬 USD 7.8 million	100	水資源污水處理項目運營服務等 Sewage water treatment and water recycling business	63
阜陽創業水務有限公司 Fuyang Capital Water Co., Ltd.	45	99.9	市政污水處理和自來水配套設施開發、經營、管理 Municipal sewage water processing and water plant construction operation and management	44
赤壁創業水務有限公司 Chibi Capital Water Co., Ltd.	35	99.75	市政污水處理和自來水配套設施開發、經營、管理 Municipal sewage water processing and water plant construction operation and management.	34
寶應創業水務有限責任公司 Baoying Capital Water Co., Ltd.	38	70	市政污水處理和自來水配套設施開發、經營、管理 Municipal sewage water processing and water plant construction operation and management	27
天津創業建材有限公司 Tianjin Capital New Materials Co., Ltd.	38	71	新型建築材料的製造及銷售 Production and sales of new types of construction materials	26
洪湖市創業水務有限公司 Honghu Capital Water Co., Ltd.	20	90	市政污水處理和自來水配套設施開發、經營、管理 Municipal sewage water processing and water plant construction operation and management	18
2006年新成立: Established during 2006:				
杭州天創水務有限公司 Hangzhou Tianchuang Water Co., Ltd.	257	70	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 Municipal sewage water processing and recycled water plant construction operation, maintenance and training	180
				693

(根據中國會計規則編製)
(Prepared in accordance with PRC Accounting Regulations)

7 長期股權投資 (續)

(b) 聯營企業

		合併 Group	合計 Total
投資年限 Investment period	佔被投資公司 註冊資本比例 Percentage of interest in registered capital %	權益成本 Cost 人民幣千元 Rmb'000	權益調整 Share of gain of associated company 人民幣千元 Rmb'000
天津國際機械有限公司 Tianjin International Machinery Co.,Ltd. (Note)	30	45	54,000
			4,474
			<u>58,474</u>

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。權益調整為本年度按權益法確認的淨投資收益。

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. Share of gain of associated company is the investment gain for the year recognized based on the equity accounting method.

(c) 其它長期股權投資

		合併 Group	公司 Company
投資年限 Investment period	佔被投資公司 註冊資本比例 Percentage of interest in registered capital %	股權成本 Cost 人民幣千元 Rmb'000	股權成本 Cost 人民幣千元 Rmb'000
天津市寶通輕集料 有限公司 (*)	Tianjin Baotong Qinjiliao Co., Ltd. (*)	20	2,000
天津北方人才港股份 有限公司 (*)	Tianjin Northern Human Resources Co., Ltd. (*)	6.1	2,000
天津城網工程管理 有限公司 (*)	Tianjin Pipeline Engineering Management Co., Ltd. (*)	20	—
長期股權投資差額	Difference in long-term equity investments	3,186	—
		<u>9,186</u>	<u>4,000</u>

* 本公司對其無重大影響。

* The Company has no significant influence on these entities.

(根據中國會計規則編製)
(Prepared in accordance with PRC Accounting Regulations)

8 固定資產及累計折舊／攤銷 8 FIXED ASSETS AND ACCUMULATED DEPRECIATION/AMORTISATION

		合併 Group					合計 Total
		土地使用權 Land use rights	道路 Road	房屋及 建築物 Buildings and structures	機器設備 and Machinery and equipment	運輸車輛 及其它 Motor vehicles and others	
		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
原值	Cost						
2005年12月31日餘額	At 31 December 2005	649,891	185,418	917,265	294,688	108,802	2,210,064
本年增加	Additions	122,572	—	1,816,571	314,403	15,007	2,268,553
其中：在建工程轉入	Include: transferred from CIP	8,215	—	1,289,730	57,826	3,362	1,359,133
本年減少	Disposals	—	—	(404)	(96)	(4,830)	(5,330)
2006年12月31日餘額	At 31 December 2006	772,463	185,418	2,787,432	608,995	118,979	4,473,287
累計折舊／攤銷	Accumulated depreciation/amortisation						
2005年12月31日餘額	At 31 December 2005	(86,003)	(42,901)	(314,916)	(153,218)	(47,837)	(644,875)
本年計提	Additions	(15,302)	(3,453)	(82,212)	(23,988)	(10,701)	(135,656)
本年減少	Disposals	—	—	—	88	2,737	2,825
2006年12月31日餘額	At 31 December 2006	(101,305)	(46,354)	(397,128)	(177,118)	(55,801)	(777,706)
減值準備	Provision for impairment provision						
2005年12月31日餘額	At 31 December 2005	—	—	—	—	—	—
本年計提	Current year changes	—	—	—	(3,760)	—	(3,760)
2006年12月31日餘額	At 31 December 2006	—	—	—	(3,760)	—	(3,760)
淨值	Net book value						
2006年12月31日餘額	At 31 December 2006	671,158	139,064	2,390,304	428,117	63,178	3,691,821
2005年12月31日餘額	At 31 December 2005	563,888	142,517	656,349	141,470	60,965	1,565,189

- (a) 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。
- (a) All of the Group's land, road, buildings and structures and plants are located in the PRC.
- (b) 於2006年12月31日，本公司之子公司天津中水有限責任公司之固定資產和在建工程賬面淨值約為人民幣1.87億元（2005：1.38億元）。儘管該子公司持續虧損，鑒於中水業務為政府鼓勵之產業，本公司董事認為在現階段沒有發現對此類資產計提減值準備的跡象。
- (b) Of the Group's net book value of fixed assets and construction in progress as at 31 December 2006, about Rmb 187 million (2005: Rmb 138 million) relates to the Company's subsidiary, 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.

(根據中國會計規則編製)
(Prepared in accordance with PRC Accounting Regulations)**8 固定資產及累計折舊／攤銷**
(續)

- (c) 於2006年12月31日，房屋及建築物和在建工程分別包括廠外管網帳面淨值約為人民幣5.2億元和2.3億元（2005年：人民幣0.5億元和7.2億元）。
- (d) 固定資產中包括成本為人民幣9.18億元（2005年：1.78億元）的外購資產，其產權轉讓手續尚未辦理或正在辦理中。鑒於上述外購資產均依照相關合法協議進行，本公司董事會確信其產權轉移不存在任何法律障礙，也不會產生重大的追加成本。

8 FIXED ASSETS AND ACCUMULATED DEPRECIATION/AMORTISATION (Continued)

- (c) As at 31 December 2006, buildings and structures and construction in progress comprised the net carrying value of the external pipeline network amounting to approximately Rmb520 million and Rmb230 million respectively (2005: Rmb50 million and Rmb720 million).
- (d) Fixed assets include assets purchased from external parties with the cost of Rmb918 million (2005: Rmb178 million). The property right transfer procedure has not been completed or in progress. In view of the fact that the assets purchased from external parties are based on the relevant legal agreements, the Board of the Company believes that there will be no legal obstacles for the transfer of the property rights and no significant additional costs will be incurred.

		合併 Group					合計 Total 人民幣千元 Rmb'000
		土地使用權 Land use rights 人民幣千元 Rmb'000	道路 Road 人民幣千元 Rmb'000	房屋及 建築物 Buildings and structures 人民幣千元 Rmb'000	機器設備 and equipment 人民幣千元 Rmb'000	運輸車輛 及其它 Motor vehicles and others 人民幣千元 Rmb'000	
原值	Cost						
2005年12月31日餘額	At 31 December 2005	645,804	185,418	790,879	201,625	74,486	1,898,212
本年增加	Additions	—	—	1,301,169	2,753	4,607	1,308,729
其中：在建工程轉入	Include: transferred from CIP	—	—	1,279,279	610	2,397	1,282,286
本年減少	Disposals	—	—	—	(96)	(3,335)	(3,431)
2006年12月31日餘額	At 31 December 2006	645,804	185,418	2,092,248	204,282	75,758	3,203,510
累計折舊／攤銷	Accumulated depreciation/ amortisation						
2005年12月31日餘額	At 31 December 2005	(85,693)	(42,901)	(307,481)	(141,266)	(39,830)	(617,171)
本年增加	Additions	(14,677)	(3,453)	(68,524)	(9,119)	(6,382)	(102,155)
本年減少	Disposals	—	—	—	89	2,333	2,422
2006年12月31日餘額	At 31 December 2006	(100,370)	(46,354)	(376,005)	(150,296)	(43,879)	(716,904)
淨值	Net book value						
2006年12月31日餘額	At 31 December 2006	545,434	139,064	1,716,243	53,986	31,879	2,486,606
2005年12月31日餘額	At 31 December 2005	560,111	142,517	483,398	60,359	34,656	1,281,041

(根據中國會計規則編製)
(Prepared in accordance with PRC Accounting Regulations)

9 在建工程

9 CONSTRUCTION IN PROGRESS

工程項目名稱 Water Recycling Project	預算數 Budget costs 人民幣千元 Rmb'000	於 2005 年 12 月 31 日 As at 31 December 2005 人民幣千元 Rmb'000	本年增加 Additions 人民幣千元 Rmb'000	本年轉出 Transferred out 人民幣千元 Rmb'000	於 2006 年 12 月 31 日 As at 31 December 2006 人民幣千元 Rmb'000	資金來源 Source of funds	工程投入佔 預算的比例 Incurred costs to budget costs ratio %
紀莊子污水處理廠 (擴建) (附註 1(a))		674,112	22,608	(507,249)	189,471	自籌及銀行貸款 Bank loans and self-raised fund	*
北倉污水處理廠 (附註 1(a))		131,824	22,671	(112,290)	42,205	自籌及銀行貸款 Bank loans and self-raised fund	*
咸陽路污水處理廠 (附註 1(a))		597,110	57,043	(587,866)	66,287	自籌及銀行貸款 Bank loans and self-raised fund	*
紀莊子污水處理廠 (改建)		58,421	—	(58,421)	—	自籌 Self-raised fund	*
研發中心		7,206	—	(7,206)	—	自籌 Self-raised fund	*
員工宿舍樓項目		5,977	—	(5,977)	—	自籌 Self-raised fund	*
其它		629	7,204	(3,277)	4,556	自籌 Self-raised fund	
公司合計	Total (Company)	1,475,279	109,526	(1,282,286)	302,519	自籌 Self-raised fund	*
寶應污水處理廠	Baoying	47,982	27,456	(75,438)	—	自籌 Self-raised fund	
咸陽路污水 回用工程	Xian Yang Lu Water Recycling Project	140,000	4,584	(707)	73,112	自籌、銀行貸款及 專項貸款 Specific bank loans and self-raised fund	53
赤壁污水處理廠	Chibi	97,000	26,585	10,998	37,583	自籌 Self-raised fund	40
其它	Others	244	2,662	(702)	2,204	自籌 Self-raised fund	
合併合計	Total (Group)	1,554,674	219,877	(1,359,133)	415,418		
其中：借款費用 資本化金額	Including: Capitalised borrowing costs						
— 公司	— Company		73,485	10,929	(68,300)	16,114	
— 合併	— Group		76,953	12,874	(71,768)	18,059	

* 截至 2006 年 12 月 31 日止該項目已基本完工，其成本發生額均在後預算範圍內。

* As at 31 December 2006, the project was substantially completed. The cost incurred was within the scope of the budget.

(根據中國會計規則編製)
(Prepared in accordance with PRC Accounting Regulations)

10 長期待攤費用

10 LONG-TERM PREPAID EXPENSES

		合併 Group		於2006年 12月31日 31 December 2006 人民幣千元 Rmb'000	剩餘攤銷年限 Unamortized period (years)
		於2005年 12月31日 31 December 2005 人民幣千元 Rmb'000	本年增加額 Addition 人民幣千元 Rmb'000		
阜陽30年期權益 轉讓金	Fuyang 30-year beneficiary right	102,004	—	(3,683)	29
其他	Others	42,592	991	(6,576)	
		14,766	102,955	(10,259)	

根據本公司之子公司阜陽創業水務有限公司(「阜陽水務」)與阜陽市建設委員會於2005年12月18日簽訂的協議,阜陽水務取得阜陽市污水處理廠30年期的資產部分權益權利,並為此支付人民幣1.02億元的對價。截至2006年12月31日止,剩餘款項計約人民幣1,020萬元將於2007年底支付(附註20)(2005:預付約人民幣0.4億元(附註11))。

Pursuant to the agreement reached between the Company's subsidiary Fuyang Capital Water Co., Ltd. ("Fuyang Capital") and Fuyang Construction Committee on 18 December 2005, Rmb102 million was paid to Fuyang Construction Committee for a 30-year right to operate Fuyang sewage water plant. As at 31 December 2006, about Rmb 10.2 million remains to be settled by year end 2007 (Note 20) (2005: Rmb 40 million was settled as prepayment (Note 11)).

11 長期預付款

11 LONG-TERM PREPAYMENTS

		合併 Group		公司 Company	
		於2006年 12月31日 31 December 2006 人民幣千元 Rmb'000	於2005年 12月31日 31 December 2005 人民幣千元 Rmb'000	於2006年 12月31日 31 December 2006 人民幣千元 Rmb'000	於2005年 12月31日 31 December 2005 人民幣千元 Rmb'000
預付權益轉讓款項(附註10)	Prepayment for beneficiary right (Note 10)	—	40,802	—	—
		—	40,802	—	—

(根據中國會計規則編製)
(Prepared in accordance with PRC Accounting Regulations)

12 短期借款

12 SHORT-TERM LOANS

		於 2006 年 12 月 31 日 As at 31 December 2006 人民幣千元 Rmb'000	於 2005 年 12 月 31 日 As at 31 December 2005 人民幣千元 Rmb'000	擔保人 Guarantor
中國民生銀行	China Minsheng Bank	200,000	300,000	天津市政投資有限公司 Tianjin Municipal Investment Company Limited ("TMICL")
中國工商銀行	Industrial and Commercial Bank of China	190,000	—	—
興業銀行	Industrial Bank	100,000	—	—
北京銀行	Beijing Bank	100,000	—	天津市高速公路投資建設 發展公司 Tianjin Expressway Investment & Construction Development Company
上海浦東發展銀行	Shanghai Pudong Development Bank	50,000	100,000	—
華夏銀行	Hua Xia Bank	36,000	—	天津市政投資有限公司 TMICL
深圳發展銀行	Shen Zhen Development Bank	—	100,000	—
中信實業銀行	CITIC Industrial Bank	—	90,000	—
公司合計	Total - Company	676,000	590,000	
上海浦東發展銀行	Shanghai Pudong Development Bank (*)	15,000	—	由天津中水有限責任公司 提供人民幣 1,700 萬元 存單作為質押 secured by a deposit receipt of Rmb17 million provided by Tianjin Water Recycling Co., Ltd.
中國建設銀行	China Construction Bank	—	5,000	—
合併合計	Total - Group	691,000	595,000	

上述短期借款之平均年利率為 5.5% 至 6.1%。

The average annual interest rate for the above short-term loans ranges from 5.5% to 6.1%.

13 應付賬款

年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

年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)。年末應付股利的餘額為尚未支付給部分境內法人股之股利。

13 ACCOUNTS PAYABLE

As at 31 December 2006, there were no accounts payable to any shareholders who hold 5% or more of the Company's voting shares.

14 ADVANCES FROM CUSTOMERS

As at 31 December 2006, there were no advances from any shareholders which hold 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 1,330 million as at 31 December 2005, totalling Rmb53 million (2005: Rmb 1 (tax included) for every ten shares held by shareholders, totalling Rmb133 million). The balance as at 31 December 2006 represents the dividend for prior years not yet paid to the legal person shareholders in China.

(根據中國會計規則編製)
(Prepared in accordance with PRC Accounting Regulations)

16 應交税金

16 TAXES PAYABLE

		合併 Group		公司 Company	
		於 2006 年 12 月 31 日 31 December 2006 人民幣千元 Rmb'000	於 2005 年 12 月 31 日 31 December 2005 人民幣千元 Rmb'000	於 2006 年 12 月 31 日 31 December 2006 人民幣千元 Rmb'000	於 2005 年 12 月 31 日 31 December 2005 人民幣千元 Rmb'000
應交所得稅	Income tax	67,376	71,445	63,971	69,787
應交營業稅及其它	Business tax and others	4,076	4,962	3,357	5,666
		<u>71,452</u>	<u>76,407</u>	<u>67,328</u>	<u>75,453</u>

17 其它應付款

17 OTHER PAYABLES

		合併 Group		公司 Company	
		於 2006 年 12 月 31 日 31 December 2006 人民幣千元 Rmb'000	於 2005 年 12 月 31 日 31 December 2005 人民幣千元 Rmb'000	於 2006 年 12 月 31 日 31 December 2006 人民幣千元 Rmb'000	於 2005 年 12 月 31 日 31 December 2005 人民幣千元 Rmb'000
應付建設成本	Construction costs payable	64,696	70,547	47,261	70,547
應付購買固定資產款項	Payable for purchase of fixed assets	30,371	50,512	—	36,589
其它	Others	26,074	7,984	42,122	4,758
		<u>121,141</u>	<u>129,043</u>	<u>89,383</u>	<u>111,894</u>

年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。

As at 31 December 2006, there were no other payables to shareholders who hold 5% or more of the Company's voting shares.

18 長期借款

長期借款具體還款期如下：

		合併 Group		公司 Company	
		於 2006 年 12 月 31 日 31 December 2006 人民幣千元 Rmb'000	於 2005 年 12 月 31 日 31 December 2005 人民幣千元 Rmb'000	於 2006 年 12 月 31 日 31 December 2006 人民幣千元 Rmb'000	於 2005 年 12 月 31 日 31 December 2005 人民幣千元 Rmb'000
一年以內支付	Payable within one year	99,250	62,500	74,000	60,000
第二年内支付	Payable in the second year	416,250	136,500	334,000	134,000
第三年至第五年内支付	Payable in the third year to fifth year	466,750	448,500	337,000	391,000
五年以後支付	Payable after the fifth year	736,500	57,500	400,000	50,000
		<u>1,718,750</u>	<u>705,000</u>	<u>1,145,000</u>	<u>635,000</u>
其中包括：	Loans from:				
國家開發銀行（註釋(a)）	State Development Bank (note (a))	545,000	585,000	545,000	585,000
中國光大銀行（註釋(b)）	China Everbright Bank (note (b))	450,000	100,000	400,000	50,000
中國工商銀行（註釋(c)）	Industrial and Commercial Bank of China (note (c))	250,000	—	—	—
中國建設銀行（註釋(d)）	China Construction Bank (note (d))	233,750	20,000	—	—
中信實業銀行（註釋(e)）	CITIC Industrial Bank (note (e))	200,000	—	200,000	—
中國銀行（註釋(f)）	Bank of China (note (f))	40,000	—	—	—
		<u>1,718,750</u>	<u>705,000</u>	<u>1,145,000</u>	<u>635,000</u>

註釋：

- (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浮動，現時年利率為6.1%到6.4%（2005年：5.8%到6.1%）。
- (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5.02%到6.84%（2005年：5%到5.8%）。
- (c) 該借款為本公司子公司杭州天創水務有限公司之借款，由本公司提供保證擔保。借款利率根據中國人民銀行長期借款利率浮動，現時年利率為6.1%到6.4%（2005年：無）。

Notes:

- (a) This borrowing is secured by TMEB guarantee together with certain of its fee collection rights, and bears interest according to the rates for long-term loans as promulgated by the People's Bank of China. The prevailing interest rate ranges from 6.1% to 6.4% (2005: 5.8% to 6.1%) per annum.
- (b) This borrowing is secured by the TSC's right to receive sewage water processing fees together with TMICL guarantee and bears interest rate ranging from 5.02% to 6.84% (2005: 5% to 5.8%) per annum.
- (c) This borrowing is granted to the Company's subsidiary Hangzhou Tianchuang Water Co., Ltd. and is secured by the Company's guarantee and bears interest according to the rates for long-term loans as promulgated by the People's Bank of China. The prevailing interest rate ranges from 6.1% to 6.4% (2005: nil) per annum.

(根據中國會計規則編製)
(Prepared in accordance with PRC Accounting Regulations)

18 長期借款 (續)

- (d) 其中人民幣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；另外人民幣43.75百萬元的貸款由本公司提供保證擔保。借款利率根據中國人民銀行長期借款利率浮動，現時年利率為6.1%到6.4% (2005年：6.1%)。
- (e) 該借款為信用貸款。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%到6.4% (2005年：無)。
- (f) 該借款由本公司提供保證擔保。借款利率根據中國人民銀行長期借款利率浮動，現時年利率為6.1%到6.4% (2005年：無)。

18 LONG-TERM LOANS (Continued)

- (d) The borrowing of Rmb190 million is secured by the right to receive the tap water supply fees and sewage water processing fees, the other borrowing of about Rmb 43.75 million is secured by the Company's guarantee. These borrowings bear interest according to the rates for long-term loans as promulgated by the People's Bank of China. The prevailing interest rate is ranging from 6.1% to 6.4% (2005: 6.1%) per annum.
- (e) The borrowing is credit loan and bears interest according to the rates for long-term loans as promulgated by the People's Bank of China. The prevailing interest rate ranges from 6.1% to 6.4% (2005: nil) per annum.
- (f) The borrowing is guaranteed by the Company and bears interest in accordance with the rates for long-term loans as promulgated by the People's Bank of China. The prevailing interest rate ranges from 6.1% to 6.4% (2005: nil) per annum.

19 應付債券

19 CONVERTIBLE BONDS

		發行 Issuance	2005年 12月31日 31 December 2005	贖回與 轉股部分 Portion of redemption and conversion	2006年 12月31日 31 December 2006
債券數量 (張)	No. of bonds (unit)	12,000,000	3,720,970	(350)	3,720,620
債券金額 (千元)	Value of bonds (Rmb '000)	1,200,000	372,097	(35)	372,062

本年度內，共有票面金額人民幣35,000元的可轉換公司債券轉換為本公司A股股票計7,609股。截至2006年12月31日止，本公司發行的人民幣12億元可轉換公司債券中累計約有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。

During the year, Convertible Bonds with an aggregate face value of about Rmb 35,000 were converted into a total of 7,609 A shares of the Company. Till the end of 31 December 2006, of the Convertible Bonds of Rmb 1.2 billion issued by the Company, Convertible Bonds with an aggregate value of about Rmb4 million were converted into the Company's A shares at Rmb 6.08 per share, Rmb 4.87 per share and Rmb 3.90 per share respectively.

19 應付債券

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

- **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。

19 CONVERTIBLE BONDS

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.

- **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, the first trading day after 12 months from the issue date (1 July 2004), and prior to 30 June 2009. Holders can apply for conversion during the conversion period. The initial conversion price of the bonds is set as Rmb7.7 per share and the Board of 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.

(根據中國會計規則編製)
(Prepared in accordance with PRC Accounting Regulations)

19 應付債券 (續)

• 主要條款 (續)

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。本年度本公司計提了債券利息約為人民幣 1,049 萬元（2005 年度：人民幣 1,900 萬元）。

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。

19 CONVERTIBLE BONDS (Continued)

• Principal terms of bonds: (Continued)

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 31 December 2006, the Company accrued the related bonds interest of about Rmb10.49 million (2005: Rmb19 million).

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.

19 應付債券 (續)

- **主要條款 (續)**
 - (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12月31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1,650萬元的回售補償金。

19 CONVERTIBLE BONDS (Continued)

- **Principal terms of bonds: (Continued)**
 - (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 31 December 2006.

- **Redemption:**

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

(根據中國會計規則編製)
(Prepared in accordance with PRC Accounting Regulations)

20 一年內到期的長期負債

20 LONG-TERM LIABILITIES DUE WITHIN ONE YEAR

		合併 Group		公司 Company	
		於 2006 年 12 月 31 日 31 December 2006 人民幣千元 Rmb'000	於 2005 年 12 月 31 日 31 December 2005 人民幣千元 Rmb'000	於 2006 年 12 月 31 日 31 December 2006 人民幣千元 Rmb'000	於 2005 年 12 月 31 日 31 December 2005 人民幣千元 Rmb'000
專項資金	Special fund	108,264	91,828	16,364	—
其中：天津市政局專項資金 (註釋(a))	Including: Specific fund granted by Tianjin Municipal Engineering Bureau (note (a))	81,215	81,215	—	—
天津市政府其他部門專項 資金 (註釋(b))	Special fund granted by other authorities of the Tianjin Municipal Government (note (b))	10,685	10,613	—	—
一年內到期的轉貸 國債資金 (註釋(c))	Loans of national debts due within one year (note (c))	16,364	—	16,364	—
安徽阜陽建設委員會 (附註(10))	Anhui Fuyang Construction Committee (Note 10)	10,200	—	—	—
		<u>118,464</u>	<u>91,828</u>	<u>16,364</u>	<u>—</u>

註釋：

Notes:

(a) 本公司之子公司天津中水從天津市政局獲得的專項資金，用於紀莊子污水回用工程建設；

(a) Special fund granted by TMEB to the Company's subsidiary Tianjin Recycled Water Co., Ltd. for the construction of Tianjin Ji Zhuang Zi Sewage Water Recycling Project.

(b) 從天津市政府其他部門獲得的專項資金，主要用於紀莊子污水回用工程建設；

(b) Special fund obtained from other authorities of the Tianjin Municipal Government mainly for the construction of Tianjin Ji Zhuang Zi Sewage Water Recycling Project.

以上(a)、(b)中所述之專項應付款自取得之日起至本年度末不計息，並只需在具體項目完成後才商議確定還款日期和方法。

The specific payables stated in (a), (b) above are interest free, and the date and method of repayment will only be determined after the completion of the construction project.

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。

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.

(c) 從天津市政局獲得的轉貸國債資金中一年內到期部分約人民幣 16 百萬元 (附註 21)。

(c) The portion due within one year of loans of national debts from TMEB amounted to approximately Rmb16 million (Note 21).

21 長期應付款

21 LONG-TERM PAYABLES

		合併 Group		公司 Company	
		於 2006 年 12 月 31 日 31 December 2006 人民幣千元 Rmb'000	於 2005 年 12 月 31 日 31 December 2005 人民幣千元 Rmb'000	於 2006 年 12 月 31 日 31 December 2006 人民幣千元 Rmb'000	於 2005 年 12 月 31 日 31 December 2005 人民幣千元 Rmb'000
天津市政局專項資金 (附註(a))	Special fund granted by Tianjin Municipal Engineering Bureau (note (a))	180,000	180,000	180,000	180,000
已列入流動負債的一年內 到期金額 (附註 20(a))	Current portion due within one year	(16,364)	—	(16,364)	—
		<u>163,636</u>	<u>180,000</u>	<u>163,636</u>	<u>180,000</u>

(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 2007 年起分 11 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約 16 百萬元已轉至一年內到期的長期負債 (附註 20)。

(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 eleven years from 2007. 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 published by the People's Bank of China on the effective date.

The portion due within one year amounting to approximately Rmb16 million has been transferred to long-term liabilities due within one year (Note 20).

(根據中國會計規則編製)
(Prepared in accordance with PRC Accounting Regulations)

22 股本

股本變動情況如下 (單位: 千股) :

		股份類別 Share classification			
		2005年 12月31日 As at 31 December 2005	本年增加 附註(19) Increase in this year (Note 19)	本年減少 Reduce in this year	2006年 12月31日 As at 31 December 2006
非流通股	Non-circulating shares	877,505	—	(877,505)	—
限制性流通股	Restricted circulating shares	—	835,638	—	835,638
流通A股	Circulating A shares	113,153	41,878	—	155,028
流通H股	Circulating H shares	340,000	—	—	340,000
		<u>1,330,658</u>	<u>877,513</u>	<u>(877,505)</u>	<u>1,330,666</u>

A股指本公司在上海證券交易所上市
的股票。H股指本公司在香港聯合交易
所有限公司上市的股票。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。對控股股東的限制性系針對其持
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%。
其他原非流通股股東可在股權改置完成一年後
自由出讓所持本公司股票。

22 SHARE CAPITAL

The changes in share capital are set out below (unit: '000):

		股份類別 Share classification			
		2005年 12月31日 As at 31 December 2005	本年增加 附註(19) Increase in this year (Note 19)	本年減少 Reduce in this year	2006年 12月31日 As at 31 December 2006
非流通股	Non-circulating shares	877,505	—	(877,505)	—
限制性流通股	Restricted circulating shares	—	835,638	—	835,638
流通A股	Circulating A shares	113,153	41,878	—	155,028
流通H股	Circulating H shares	340,000	—	—	340,000
		<u>1,330,658</u>	<u>877,513</u>	<u>(877,505)</u>	<u>1,330,666</u>

A Shares refer to the shares of the Company listed on the Shanghai Stock Exchange.
H Shares refer to the shares of the Company listed on the Stock Exchange of Hong
Kong Limited. 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, 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. Shares held by
TMICL are restricted, to the extent that within 3 years after the stock reform,
TMICL can only sell a maximum of 10% of its total shares. Other original
shareholders of non-circulating shares are free to sell shares in the Company they
hold one year following the completion of the stock reform.

23 資本公積及盈餘公積

23 CAPITAL RESERVE FUND AND GENERAL RESERVES

		合併 Group			公司 Company		
		資本公積 Capital reserve fund (註釋 a) 人民幣千元 (note (a)) Rmb'000	法定盈餘 公積金 Statutory common reserve (註釋 b) 人民幣千元 (note (b)) Rmb'00	法定 公益金 Statutory provident fund (註釋 b) 人民幣千元 (note (b)) Rmb'000	法定盈餘 資本公積 Statutory Capital reserve fund (註釋 a) 人民幣千元 (note (a)) Rmb'000	法定 公積金 Statutory common reserve (註釋 b) 人民幣千元 (note (b)) Rmb'000	公益金 provident fund (註釋 b) 人民幣千元 (note (b)) Rmb'000
2005年12月31日餘額	At 31 December 2005	75,182	133,813	66,908	75,182	133,813	66,908
資本公積本年增加數	Contributed surplus	27	—	—	27	—	—
提取法定盈餘公積金	Transfer to statutory common reserve	—	19,935	—	—	17,013	—
本年調整	Adjustment for the years	—	66,908	(66,908)	—	66,908	(66,908)
2006年12月31日餘額	At 31 December 2006	75,209	220,356	—	75,209	217,734	—

註釋：

Notes:

- (a) 資本公積年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) 法定盈餘公積金及法定公益金

- (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.

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。

According to the Company's Articles of Association, it is required to transfer 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.

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%。

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.

根據2005年10月27日修訂並於2006年1月1日起施行的有關規定和本公司章程及董事會的決議，本公司從2006年起不再計提公益金。同時，本公司截至2005年12月31日止的公益金貸方結餘人民幣66,908千元，轉作盈餘公積金管理使用。

Pursuant to the relevant provisions amended on 27 October 2005 and implemented on 1 January 2006 and the Articles of Association and the resolution of the Board, no transfer to the provident fund will be made commencing from 2006. Meanwhile, the credit balance of the provident fund as at 31 December 2005 was Rmb66,908,000 which was transferred to the common reserve for management and use.

(根據中國會計規則編製)
(Prepared in accordance with PRC Accounting Regulations)

24 未分配利潤

24 UNDISTRIBUTED PROFITS

		2006 年度 Year ended 31 December 2006 合併 Group 人民幣千元 Rmb'000	2006 年度 Year ended 31 December 2006 公司 Company 人民幣千元 Rmb'000
年初未分配利潤	Original amount of undistributed profit at the beginning of the year	678,610	678,568
加：本年淨利潤	Add: Profit for the year	170,091	170,133
減：應付普通股股利－股東大會批准的 上年度現金股利	Less: Cash dividend distribution by general shareholder meeting	(53,227)	(53,227)
提取法定盈餘公積金	Transfer to common reserve	(19,635)	(17,013)
年末未分配利潤	Undistributed profit at the end of the year	<u>775,839</u>	<u>778,461</u>

25 主營業務收入及分業務資料

25 INCOME FROM PRINCIPAL OPERATIONS AND SEGMENT INFORMATION

(a) 主營業務收入

(a) Income from principal operations

		合併 Group		公司 Company	
		2006 年度 Year Ended 31 December 2006 人民幣千元 Rmb'000	2005 年度 Year Ended 31 December 2005 人民幣千元 Rmb'000	2006 年度 Year Ended 31 December 2006 人民幣千元 Rmb'000	2005 年度 Year Ended 31 December 2005 人民幣千元 Rmb'000
污水處理收入	Sewage water processing services	684,446	278,710	591,663	253,000
污水處理廠建設費收入	Sewage water processing plants construction services	—	253,001	—	253,001
		<u>684,446</u>	<u>531,711</u>	<u>591,663</u>	<u>506,001</u>
路費收入	Tolls income	65,890	65,290	65,890	65,290
自來水供水收入	Tap water supply income	31,128	—	—	—
中水及管道接駁收入	Recycled water and pipeline connection	23,763	13,057	—	—
銷售建築材料收入	Sales of construction Materials	2,154	1,777	—	—
		<u>807,381</u>	<u>611,835</u>	<u>657,553</u>	<u>571,291</u>

(根據中國會計規則編製)
(Prepared in accordance with PRC Accounting Regulations)

25 主營業務收入及分業務資料 (續) 25 INCOME FROM PRINCIPAL OPERATIONS AND SEGMENT INFORMATION (Continued)

(b) 分業務資料

(b) Segment information

		污水處理 Sewage water processing	道路收費站 Road toll stations	自來水 供水業務 Tap water supply	建材業務 Construction materials	中水及 管道接駁 Recycled water and pipeline connection	其他業務 Others	合併 Group
		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 Rmb'000
主營業務收入	Income from principal operations	684,446	65,890	31,128	2,154	23,763	—	807,381
主營業務成本	Costs for principal operations	(273,840)	(15,596)	(24,541)	(1,983)	(14,478)	—	(330,438)
主營業務稅金及 附加 (附註 26)	Business tax and surcharges (Note 26)	(32,737)	(3,624)	(205)	—	(717)	—	(37,283)
主營業務利潤	Profit from principal operations	377,869	46,670	6,382	171	8,568	—	439,660
減：營業費用	Less: Selling Expense	—	—	—	(186)	—	—	(186)
管理費用	Administrative expenses	(64,405)	(4,460)	(3,840)	(8,713)	(4,766)	(3,080)	(89,264)
財務費用	Financial expense	(99,886)	—	(5,300)	5	(3,043)	194	(108,030)
其它收入/(支出)	Other gains/(loss)	9,919	—	46	(4,122)	(145)	5,147	10,845
利潤/(虧損) 總額	Total profit/(loss)	223,497	42,210	(2,712)	(12,845)	614	2,261	253,025
減：所得稅	Less: Income taxes	(71,017)	(13,950)	—	—	—	(222)	(85,189)
淨利潤/(虧損) —少數股東 損益以前	Net profit/(loss) before minority interests	152,480	28,260	(2,712)	(12,845)	614	2,039	167,836
少數股東損益	Minority interests	(1,948)	—	473	3,742	(12)	—	2,255
淨利潤/(虧損)	Net profit/(loss)	150,532	28,260	(2,239)	(9,103)	602	2,039	170,091

(根據中國會計規則編製)
(Prepared in accordance with PRC Accounting Regulations)

25 主營業務收入及分業務資料 (續) 25 INCOME FROM PRINCIPAL OPERATIONS AND SEGMENT INFORMATION (Continued)

(b) 分業務資料 (續)

(b) Segment information (Continued)

		污水處理 Sewage water processing	道路收費站 Road toll stations	建材業務 Construction materials	中水及 管道接駁 Recycled water and pipeline connection	其他業務 Others	合併 Group
		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
		2005年度 Year ended 31 December 2005					
主營業務收入	Income from principal operations	531,711	65,290	1,777	13,057	—	611,835
主營業務成本	Costs for principal operations	(153,843)	(15,070)	(1,860)	(15,721)	—	(186,494)
主營業務稅金及 附加 (附註 26)	Business tax and surcharges (Note 26)	(27,172)	(3,591)	(2)	(575)	—	(31,340)
主營業務利潤	Profit from principal operations	350,696	46,629	(85)	(3,239)	—	394,001
減：營業費用	Less: Selling Expense	—	—	(675)	—	—	(675)
管理費用	Administrative expenses	(44,779)	(2,985)	(4,424)	(3,439)	—	(55,627)
財務費用	Financial expense	(75,424)	—	(644)	(3,233)	—	(79,301)
其它收入	Other gains	—	—	—	—	8,268	8,268
利潤／(虧損) 總額	Total profit/(loss)	230,493	43,644	(5,828)	(9,911)	8,268	266,666
減：所得稅	Less: Income taxes	(75,517)	(14,403)	—	—	(2,728)	(92,648)
淨利潤／(虧損) — 少數股東 損益以前	Net profit/(loss) before minority interests	154,976	29,241	(5,828)	(9,911)	5,540	174,018
少數股東損益	Minority interests	(170)	—	1,709	300	—	1,839
淨利潤／(虧損)	Net profit/(loss)	154,806	29,241	(4,119)	(9,611)	5,540	175,857

(根據中國會計規則編製)
(Prepared in accordance with PRC Accounting Regulations)

26 主營業務稅金及附加

26 BUSINESS TAX AND SURCHARGE

		合併 Group		公司 Company	
		2006 年度 Year ended 31 December 2006 人民幣千元 Rmb'000	2005 年度 Year ended 31 December 2005 人民幣千元 Rmb'000	2006 年度 Year ended 31 December 2006 人民幣千元 Rmb'000	2005 年度 Year ended 31 December 2005 人民幣千元 Rmb'000
營業稅金	Business tax	(33,773)	(28,458)	(32,878)	(28,564)
城建稅	City Construction tax	(2,450)	(2,017)	(2,301)	(2,000)
教育費附加	Education surcharge	(1,060)	(865)	(986)	(857)
		<u>(37,283)</u>	<u>(31,340)</u>	<u>(36,165)</u>	<u>(31,421)</u>

27 財務費用 - 淨額

27 FINANCIAL EXPENSES - NET

		合併 Group		公司 Company	
		2006 年度 Year ended 31 December 2006 人民幣千元 Rmb'000	2005 年度 Year ended 31 December 2005 人民幣千元 Rmb'000	2006 年度 Year ended 31 December 2006 人民幣千元 Rmb'000	2005 年度 Year ended 31 December 2005 人民幣千元 Rmb'000
銀行貸款及 可轉換公司債券利息支出	Interest expense of bank borrowings and convertible bonds	(122,410)	(79,502)	(105,362)	(75,314)
減：資本化利息	Less: Interest capitalised	<u>12,870</u>	<u>35,254</u>	<u>10,926</u>	<u>33,254</u>
利息支出淨額	Interest expense – net	(109,540)	(44,248)	(94,436)	(40,060)
減：利息收入	Less: Interest income	5,403	8,843	2,000	8,013
債券發行費攤銷及回售溢價	Amortization of bonds issuance cost and redemption premium	(2,251)	(40,033)	(2,251)	(40,033)
擔保費	Security fees	(1,150)	(3,250)	(1,150)	(3,250)
其它	Others	(492)	(613)	(446)	(605)
		<u>(108,030)</u>	<u>(79,301)</u>	<u>(96,283)</u>	<u>(75,935)</u>

28 投資收益 / (損失)

28 INVESTMENT INCOME/ (LOSS)

		合併 Group		公司 Company	
		2006 年度 Year ended 31 December 2006 人民幣千元 Rmb'000	2005 年度 Year ended 31 December 2005 人民幣千元 Rmb'000	2006 年度 Year ended 31 December 2006 人民幣千元 Rmb'000	2005 年度 Year ended 31 December 2005 人民幣千元 Rmb'000
按權益法應佔子公司 及聯營公司利潤 / (虧損)	Share of profit/(loss) of subsidiary based on equity accounting	<u>4,474</u>	<u>—</u>	<u>2,047</u>	<u>(9,634)</u>

(根據中國會計規則編製)
(Prepared in accordance with PRC Accounting Regulations)

29 關聯方關係

(a) 存在控制關係的關聯方

關聯方名稱 Name of related party	註冊地點 Place of registration	主要業務 Principal businesses:	與本公司關係 Relationship with the Company:	經濟性質 Type of enterprise:	法定代表人 Legal representative
天津市政投資有限公司 TMICL	中國天津 Tianjin, the PRC	市政基礎設施的開發建設及經營管理 Development, construction and management of municipal infrastructures	控股股東 Controlling shareholder of the Company	有限公司 Limited company	馬白玉 Ma Bai Yu
天津市市政工程局 TMEB	中國天津 Tianjin, the PRC	主管天津市市政、公路的建設和管理 Supervisory management of the infrastructure and road construction in Tianjin	業務受其監控 Supervisory controller of the Group's businesses	國家機關 Government authority	孫增印 Sun Zeng Yin

註：此等公司為本公司控股子公司，詳見附註 7(a)。

Note: These companies are subsidiaries of the Company and their principal businesses are detailed in note 7(a).

曲靖創業水務有限公司 Qu Jing Capital				有限公司 Limited	張文輝 Zhang Wen Hui
貴州創業水務有限公司 Guizhou Capital				有限公司 Limited company	顧啟峰 Gu Qi Feng
天津中水有限責任公司 Water Recycling				有限公司 Limited company	張文輝 Zhang Wen Hui
天津創業建材有限公司 New Materials				有限公司 Limited company	羅連芳 Luo Lian Fang
阜陽創業水務有限公司 Fu Yang Capital				有限公司 Limited company	張文輝 Zhang Wen Hui
寶應創業水務有限責任公司 Bao Ying Capital				有限公司 Limited company	林文波 Lin Wen Bo
赤壁創業水務有限公司 Chi Bi Capital				有限公司 Limited company	張文輝 Zhang Wen Hui
洪湖市創業水務有限公司 Hong Hu Capital				有限公司 Limited company	張文輝 Zhang Wen Hui
天津創業環保(香港)有限公司 Hong Kong Capital				有限公司 Limited company	顧啟峰 Gu Qi Feng
杭州天創水務有限公司 Hang Zhou Capital				有限公司 Limited company	顧啟峰 Gu Qi Feng

(根據中國會計規則編製)
(Prepared in accordance with PRC Accounting Regulations)

29 關聯方關係 (續)

(b) 存在控制關係的關聯方的註冊資本及其變化

天津市政投資有限公司	TMICL
曲靖創業水務有限公司	Qu Jing Capital
貴州創業水務有限公司	Gui Zhou Capital
天津中水有限責任公司	Water Recycling
天津創業建材有限公司	TCNM
阜陽創業水務有限公司	Fu Yang Capital
寶應創業水務有限責任公司	Bao Ying Capital
赤壁創業水務有限公司	Chi Bi Capital
洪湖市創業水務有限公司	Hong Hu Capital
杭州天創水務有限公司	Hang Zhou Capital

天津創業環保(香港)有限公司	Hong Kong Capital
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29 RELATED PARTIES (Continued)

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

	於2005年 12月31日 As at 31 December 2005 人民幣千元 Rmb'000	本年增加數 Additions 人民幣千元 Rmb'000	於2006年 12月31日 As at 31 December 2006 人民幣千元 Rmb'000
	1,820,000	—	1,820,000
	120,000	—	120,000
	100,000	—	100,000
	100,000	—	100,000
	45,500	(8,000)	37,500
	45,000	—	45,000
	38,000	—	38,000
	35,000	—	35,000
	20,000	—	20,000
	—	257,445	257,445
	美元千元 USD'000	美元千元 USD'000	美元千元 USD'000
	7,840	—	7,840

(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

		於2005年12月31日 As at 31 December 2005		本年減少數 Reduction		於2006年12月31日 As at 31 December 2006	
		Rmb'000 人民幣千元	% 百分比	Rmb'000 人民幣千元	% 百分比	Rmb'000 人民幣千元	% 百分比
天津市政投資有限公司	TMICL	839,020	63.05%	(41,867)	-3.14%	797,153	59.91%

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

(d) 不存在控制關係的主要關聯方

天津市排水公司	Tianjin Sewage Company
天津市排水管理處第八排水管理所	Tianjin Sewage Management Bureau No.8 Management Office
天津市排水工程公司	Tianjin Sewage Engineering Company
天津市道路橋樑管理處	Tianjin Road & Bridge Management Bureau
天津市市政設計研究院	Tianjin Municipal Engineering Design Research Institute
偉信(天津)工程諮詢有限公司	Scott Willson (Tianjin) Consultancy Company

(d) Major related parties that have no controlling relationship

與本集團關係

Relationship with the Group

同受市政局監控的國營企業或公司	State-owned company under the supervisory control of TMEB
同受市政局監控的國營企業或公司	State-owned company under the supervisory control of TMEB
同受市政局監控的國營企業或公司	State-owned company under the supervisory control of TMEB
同受市政局監控的國營企業或公司	State-owned company under the supervisory control of TMEB
同受市政局監控的國營企業或公司	State-owned company under the supervisory control of TMEB
同受市政局監控的國營企業或公司	State-owned company under the supervisory control of TMEB
本公司控股股東的聯營公司	Associated Company of Tianjin Municipal Investment Co., Ltd

(根據中國會計規則編製)
(Prepared in accordance with PRC Accounting Regulations)

30 關聯交易

於本年度內，除本會計報表中已披露的關聯方交易信息外，本集團與若干關聯方在日常營運中進行的其他重大交易如下：

30 RELATED PARTY TRANSACTIONS

Except for those as mentioned elsewhere, the following is a summary of significant transactions with related companies during the year, which were carried out in the normal course of operations of the Group.

		截至 2006 年 12 月 31 日 31 December 2006 人民幣千元 Rmb'000	截至 2005 年 12 月 31 日 31 December 2005 人民幣千元 Rmb'000
關聯方的名稱 Related parties	交易性質 Nature of transaction		
收入： Income:			
天津市排水公司 TSC	污水處理服務費收入（附註 1(a)） Revenue from sewage water processing services (note 1(a))	591,663	253,000
	承建污水處理廠工程收入（附註 1(b)） Revenue from construction of sewage water processing plants (note 1(b))	—	253,001
		<u>於 2006 年 12 月 31 日 As at 31 December 2006 千張 Unit in '000</u>	<u>於 2005 年 12 月 31 日 As at 31 December 2005 千張 Unit in '000</u>
關聯方的名稱 Related parties	交易性質 Nature of transactions		
天津市政投資有限公司 TMICL	持有可轉換公司債券 Holding of convertible bonds	—	209

31 資本承擔

31 CAPITAL COMMITMENTS

		已簽約未撥備		已批准未簽約	
		截至 2006 年 12 月 31 日止 31 December 2006 人民幣百萬元 Rmb' million	截至 2005 年 12 月 31 日止 31 December 2005 人民幣百萬元 Rmb' million	截至 2006 年 12 月 31 日止 31 December 2006 人民幣百萬元 Rmb' million	截至 2005 年 12 月 31 日止 31 December 2005 人民幣百萬元 Rmb' million
污水處理廠項目：	Water processing plants in:				
- 紀莊子	- Ji Zhuang Zi	4	5	—	—
- 咸陽路	- Xian Yang Lu	2	56	—	—
- 北倉	- Bei Cang	2	18	—	—
- 赤壁	- Chi Bi	59	—	—	—
- 阜陽	- Fu Yang	—	61	—	—
- 曲靖	- Qu Jing	—	290	—	—
- 杭州	- Hang Zhou	341	—	—	180
- 洪湖	- Hong Hu	16	—	—	—
中水廠項目：	Water recycling plants:				
- 咸陽路污水回用工程	- Xian Yang Lu water recycling plant	67	—	—	—
- 北辰中水廠	- Bei Chen water recycling plant	2	—	107	—
天津創業環保(香港)有限公司	TCEP(HK)	—	62	—	—
合併	Total - Group	493	492	107	180

32 董事酬金

32 DIRECTORS' REMUNERATION

2006 年度，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 1,805 千元（2005 年：人民幣 1,833 千元），其中包括向獨立非執行董事支付之酬金人民幣 624 千元（2005 年：人民幣 624 千元）。

The Company and its subsidiaries have paid an aggregate remuneration (including salaries, housing allowance and other allowance) of Rmb1,805,000 to the Company's directors (2005: Rmb1,833,000). The total amount includes director fees of Rmb624,000 (2005: Rmb624,000) paid to independent non-executive directors during the year.

(根據中國會計規則編製)
(Prepared in accordance with PRC Accounting Regulations)

33 期後事項

- (a) 截止至 2007 年第一季度期間，累計有票面額人民幣 217,534,000 元本公司發行的可轉換公司債券轉換成本公司 A 股股票，計 55,309,987 股。
- (b) 根據董事會的決議，本公司擬按已發行股本 1,330,666,019 股為基數，向全體股東每 10 股派發現金股利人民幣 4 角（含稅）作為 2006 年度股利，共計人民幣 53,226,641 元。

34 會計報表的核准發出

本會計報表於 2007 年 4 月 18 日經由本公司董事會核准發出。

33. Events after balance sheet date

- (a) As of the first quarter of 2007, Convertible Bonds issued by the Company with a face value of Rmb217,534,000 were converted into 55,309,987 A Shares of the Company.
- (b) Pursuant to the resolution of the Board, the Company has proposed to distribute a cash dividend of Rmb0.4 (tax included) for every ten shares held by shareholders, totalling Rmb53,226,641, for the year 2006, based on the total issued share capital of 1,330,666,019 shares.

34 AUTHORISATION FOR THE ISSUE OF THE ACCOUNTS

The accounts were authorized for issue by the Directors on 18 April 2007.

獨立核數師報告 Independent Auditor's Report

致天津創業環保股份有限公司股東 (於中華人民共和國註冊成立之股份有限公司)

本核數師(以下簡稱「我們」)已審核列載於第196至267頁天津創業環保股份有限公司(「公司」)及其子公司(以下合稱「集團」)的綜合財務報表,此綜合財務報表包括於二零零六年十二月三十一日的綜合及公司資產負債表與截至該日止年度的綜合收益表、綜合權益變動表和綜合現金流量表,以及主要會計政策概要及其他附註解釋。

董事就財務報表須承擔的責任

公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及按照香港《公司條例》的披露規定編製及真實而公平地列報該等綜合財務報表。這責任包括設計、實施及維護與編製及真實而公平地列報財務報表相關的內部控制,以使財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述;選擇和應用適當的會計政策;及按情況下作出合理的會計估計。

核數師的責任

我們的責任是根據我們的審核對該等綜合財務報表作出意見,僅向整體股東報告,除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。

我們已根據香港會計師公會頒佈的香港審計準則進行審核。這些準則要求我們遵守道德規範,並規劃及執行審核,以合理確定此等財務報表是否不存有任何重大錯誤陳述。

TO THE SHAREHOLDERS OF TIANJIN CAPITAL ENVIRONMENTAL PROTECTION COMPANY LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Tianjin Capital Environmental Protection Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 196 to 267, which comprise the consolidated and Company balance sheets as at 31 December 2006, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

審核涉及執程序以獲取有關財務報表所載金額及披露資料的審核憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致財務報表存有重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製及真實而公平地列報財務報表相關的內部控制，以設計適當的審核程序，但並非為對公司的內部控制的效能發表意見。審核亦包括評價董事所採用的會計政策的合適性及所作出的會計估計的合理性，以及評價財務報表的整體列報方式。

我們相信，我們所獲得的審核憑證是充足和適當地為我們的審核意見提供基礎。

意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映公司及集團於二零零六年十二月三十一日的事務狀況及集團截至該日止年度的利潤及現金流量，並已按照香港《公司條例》的披露規定妥為編製。

羅兵咸永道會計師事務所

執業會計師

香港，2007年4月18日

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and the true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2006 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 18 April 2007

綜合資產負債表 Consolidated Balance Sheet

於 2006 年 12 月 31 日 (除非特別指明所有金額單位均為人民幣千元)
AS AT 31 DECEMBER 2006 (All amounts in RMB thousand unless otherwise stated)

		附註 Note	於十二月三十一日 As at 31 December	
			2006	2005
資產	ASSETS			
非流動資產	Non-current assets			
物業、機器及設備	Property, plant and equipment	6	3,288,848	2,430,690
投資物業	Investment properties	7	113,925	93,411
土地使用權	Land use rights	8	704,466	595,762
聯營公司投資	Investment in an associate	9	61,660	—
遞延所得稅資產	Deferred income tax assets	20	2,288	—
可供出售財務資產	Available-for-sale financial assets	10	6,000	6,000
一年後到期的貿易應收款	Trade receivables due after one year	14	749,973	466,185
其他非流動資產	Other non-current assets	11	142,146	94,975
			<u>5,069,306</u>	<u>3,687,023</u>
流動資產	Current assets			
存貨	Inventories	13	7,839	11,828
貿易應收款	Trade receivables	14	43,210	67,820
其他應收款及預付款項	Other receivables and prepayments	15	28,360	9,888
應收貸款	Loan receivable		—	16,000
現金及銀行結餘	Cash and bank balances	16	733,744	753,294
			<u>813,153</u>	<u>858,830</u>
總資產	Total assets		<u>5,882,459</u>	<u>4,545,853</u>
權益	EQUITY			
本公司權益持有人應佔資本及儲備	Capital and reserves attributable to the Company's equity holders			
股本	Share capital	17	1,330,666	1,330,658
儲備	Reserves	18	1,056,192	950,703
— 擬派末期股息	- Proposed final dividend		53,227	53,226
— 其他	- Others		1,002,965	897,477
			<u>2,386,858</u>	<u>2,281,361</u>
少數股東權益	Minority interests		116,111	49,132
總權益	Total equity		<u>2,502,969</u>	<u>2,330,493</u>
負債	LIABILITIES			
非流動負債	Non-current liabilities			
貸款	Borrowings	19	2,157,980	1,185,123
遞延所得稅負債	Deferred income tax liabilities	20	2,362	5,691
			<u>2,160,342</u>	<u>1,190,814</u>
流動負債	Current liabilities			
貿易及其他應付款	Trade and other payables	21	253,258	203,773
當期所得稅負債	Current income tax liabilities		67,376	71,445
貸款	Borrowings	19	898,514	749,328
			<u>1,219,148</u>	<u>1,024,546</u>
總負債	Total liabilities		<u>3,379,490</u>	<u>2,215,360</u>
總權益及負債	Total equity and liabilities		<u>5,882,459</u>	<u>4,545,853</u>
流動負債淨值	Net current liabilities	2.1(a)	<u>(405,995)</u>	<u>(165,716)</u>
總資產減流動負債	Total assets less current liabilities		<u>4,663,311</u>	<u>3,521,307</u>

馬白玉
董事

顧啟峰
董事

Ma Baiyu
Director

Gu Qifeng
Director

資產負債表－公司 Balance Sheet-Company

於 2006 年 12 月 31 日 (除非特別指明所有金額單位均為人民幣千元)
AS AT 31 DECEMBER 2006 (All amounts in RMB thousand unless otherwise stated)

	附註 Note	於十二月三十一日 As at 31 December	
		2006	2005
資產			
非流動資產			
物業、機器及設備	6	2,112,773	2,070,924
投資物業	7	97,611	93,411
土地使用權	8	578,741	591,985
附屬公司投資	12	692,751	450,380
遞延所得稅資產	20	2,288	—
可供出售財務資產	10	4,000	4,000
一年後到期的貿易應收款	14	749,973	466,185
其他非流動資產	11	40,067	47,000
		<u>4,278,204</u>	<u>3,723,885</u>
流動資產			
存貨	13	2,699	2,614
貿易應收款	14	16,473	61,867
其他應收款及預付款項	15	84,119	4,600
應收貸款		—	16,000
現金及銀行結餘	16	607,136	497,462
		<u>710,427</u>	<u>582,543</u>
總資產		<u>4,988,631</u>	<u>4,306,428</u>
權益			
本公司權益持有人應佔資本及儲備			
股本	17	1,330,666	1,330,658
儲備	18	1,067,489	964,002
— 擬派末期股息		53,227	53,226
— 其他		1,014,262	910,776
總權益		<u>2,398,155</u>	<u>2,294,660</u>
負債			
非流動負債			
貸款	19	1,609,480	1,117,623
遞延所得稅負債	20	2,362	5,691
		<u>1,611,842</u>	<u>1,123,314</u>
流動負債			
貿易及其他應付款	21	148,299	168,667
當期所得稅負債		63,971	69,787
貸款	19	766,364	650,000
		<u>978,634</u>	<u>888,454</u>
總負債		<u>2,590,476</u>	<u>2,011,768</u>
總權益及負債		<u>4,988,631</u>	<u>4,306,428</u>
流動負債淨值		<u>(268,207)</u>	<u>(305,911)</u>
總資產減流動負債		<u>4,009,997</u>	<u>3,417,974</u>

馬白玉
董事

顧啟峰
董事

Ma Baiyu
Director

Gu Qifeng
Director

綜合損益表 Consolidated Income Statement

截至 2006 年 12 月 31 日止年度 (除非特別指明所有金額單位均為人民幣千元)
FOR THE YEAR ENDED 31 DECEMBER 2006 (All amounts in RMB thousand unless otherwise stated)

		附註	截至 12 月 31 日止年度	
		Note	Year ended 31 December	
			2006	2005
銷售	Sales	5	770,098	580,495
銷售成本	Cost of sales	22	(330,438)	(186,494)
毛利	Gross profit		439,660	394,001
其它收益—淨值	Other gains, net	5(a)	15,797	17,111
銷售及推廣成本	Selling and marketing costs	22	(186)	(675)
行政費用	Administrative costs	22	(93,778)	(56,240)
經營利潤	Operating profit		361,493	354,197
融資成本	Finance costs	24	(129,961)	(94,216)
應佔聯營公司盈利	Share of profits of an associate	9	4,474	—
除所得稅前盈利	Profit before income tax		236,006	259,981
所得稅	Income tax expense	25	(79,572)	(84,345)
年度盈利	Profit for the year		156,434	175,636
應佔：	Attributable to:			
本公司權益持有人	Equity holders of the Company		158,689	177,475
少數股東權益	Minority interests		(2,255)	(1,839)
			156,434	175,636
年內本公司權益持有人應佔盈利的每股盈利	Earnings per share for profit attributable to the equity holders of the Company during the year	27		
— 基本	- basic		人民幣 Rmb0.12	人民幣 Rmb0.13
— 攤薄	- diluted		人民幣 Rmb0.12	人民幣 Rmb0.13
股息	Dividend	28	53,227	53,226

綜合權益變動報表 Consolidated Statement of Changes in Equity

截至 2006 年 12 月 31 日止年度 (除非特別指明所有金額單位均為人民幣千元)
FOR THE YEAR ENDED 31 DECEMBER 2006 (All amounts in RMB thousand unless otherwise stated)

	附註 Note	本公司權益持有人應佔 Attributable to equity holders of the Company		少數股東權益	總權益
		股本 Share capital	儲備 Reserves	Minority Interests	Total
2005 年 1 月 1 日結餘		1,330,000	974,461	16,581	2,321,042
贖回可轉換債券，扣除稅項		—	(74,126)	—	(74,126)
轉換可轉換債券	19(d)	658	3,343	—	4,001
本年度盈利		—	177,475	(1,839)	175,636
2004 年度股息	28	—	(133,000)	—	(133,000)
一家附屬公司的資本溢價	18	—	2,550	—	2,550
少數股東於附屬公司的投資		—	—	34,390	34,390
2005 年 12 月 31 日結餘		1,330,658	950,703	49,132	2,330,493
本年度盈利		—	158,689	(2,255)	156,434
2005 年度股息	28	—	(53,227)	—	(53,227)
轉換可轉換債券	19(d)	8	27	—	35
少數股東於附屬公司的投資		—	—	69,234	69,234
2006 年 12 月 31 日結餘		1,330,666	1,056,192	116,111	2,502,969

綜合現金流量表 Consolidated Cash Flow Statement

截至 2006 年 12 月 31 日止年度 (除非特別指明所有金額單位均為人民幣千元)
For the year ended 31 December 2006 (All amounts in RMB thousand unless otherwise stated)

	附註 Note	截至 12 月 31 日止年度 Year ended 31 December	
		2006	2005
營運活動的現金流量			
營運產生的現金	29	281,317	206,569
已付中國所得稅		(89,258)	(109,389)
營運活動產生的淨現金		<u>192,059</u>	<u>97,180</u>
投資活動的現金流量			
購入物業、廠房及設備		(999,093)	(161,988)
購入投資物業		(10,754)	(119,411)
購入土地使用權		(122,572)	—
支付其他非流動資產		(50,998)	(40,802)
出售物業、廠房及設備所得款			
收購於非附屬公司的投資	29	1,534	373
應收貸款減少 / (增加)		(54,000)	—
已收利息		16,000	(16,000)
非銀行金融機構存款之減少		5,403	8,563
		<u>—</u>	<u>400,000</u>
投資活動 (所用) / 產生淨現金		<u>(1,214,480)</u>	<u>70,735</u>
融資活動的現金流量			
少數股東注資		77,233	7,998
發行可轉換債券擔保費用			
		(1,150)	(800)
借貸所得款		2,044,770	870,000
償還貸款		(935,020)	(983,902)
已付利息		(121,378)	(69,742)
已付股息		(53,584)	(133,174)
少數股東減少投資			
受限銀行存款之增加		(8,000)	—
		<u>(5,818)</u>	<u>(32,850)</u>
融資活動產生 / (所用) 淨現金		<u>997,053</u>	<u>(342,470)</u>
現金及銀行結餘之減少淨額		(25,368)	(174,555)
於年初之現金及銀行結餘		744,112	918,667
於年末之現金及銀行結餘		<u><u>718,744</u></u>	<u><u>744,112</u></u>

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

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。

本公司及其附屬公司（「本集團」）現時的經營業務包括污水處理，自來水供水，再生水供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

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

房位置
Plant Location

過往年度訂立但仍進行中的協議：
Prior years' agreements still in operation:

天津 東郊
Dong Jiao, Tianjin
天津 紀莊子
Ji Zhuang Zi, Tianjin
天津 咸陽路
Xian Yang Lu, Tianjin
天津 北倉
Bei Cang, Tianjin
江蘇 寶應
Bao Ying, Jiangsu
安徽 阜陽
Fu Yang, Anhui
雲南 曲靖
Qu Jing, Yunnan
湖北 洪湖
Hong Hu, Hubei

於2006年訂立的新協議：
New agreement in 2006:

浙江 杭州
Hang Zhou, Zhejiang

排水公司為國有企業，並受天津市政工程局（「天津市政工程局」）監控。

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, tap water supply, production of recycled water and construction materials and operation of toll roads.

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

(a) Sewage water processing

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

開始日期
Commencement date

客戶
Customer

2000年10月10日 10 October 2000	天津市排水公司（「排水公司」） Tianjin Sewage Company("TSC")
2000年10月10日 10 October 2000	排水公司 TSC
2000年10月10日 10 October 2000	排水公司 TSC
2000年10月10日 10 October 2000	排水公司 TSC
2005年6月13日 13 June 2005	寶應縣建設局 Baoying Construction Bureau
2005年12月18日 18 December 2005	阜陽市建設委員會 Anhui Fuyang Construction Committee
2005年12月25日 25 December 2005	曲靖市供排水總公司 Qujing City Water General Company
2005年12月29日 29 December 2005	洪湖市建設局 Honghu Construction Bureau

2006年11月12日 12 November 2006	杭州市排水有限公司 Hangzhou Sewage Company
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TSC is a state owned enterprise under supervisory control of Tianjin Municipal Engineering Bureau ("TMEB").

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

1 公司簡介及主要業務 (續)

(a) 污水處理業務 (續)

相關合同訂明的主要計價公式如下所述：

東郊：

本集團將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匯兌損益，最少將：

- (i) 賺取按污水處理廠的物業、機器及設備（定義見協議）的每月賬面淨值的年度平均數計算15%的回報，以及；
- (ii) 獲得節省成本及／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。

紀庄子、咸陽路及北倉：

根據於2006年3月10日與排水公司達成的補充協議，本公司於紀庄子、咸陽路及北倉污水處理廠的至竣工日至竣工驗收日的期間內，按照人民幣1.93元／立方米收取污水處理費。於此三家污水處理廠的竣工驗收日後，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。

此等污水處理廠的興建工程大致於2006年首季完工，而預期於2007年初完成的工程驗收則有延誤，惟預期將不會遲於2007年底。

1 Company profile and principal activities (Continued)

(a) Sewage water processing (Continued)

The background of principal terms of the pricing formula as set out in the relevant contracts 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) earn 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 stipulated in the agreement.

Ji Zhuang Zi, Xian Yang Lu and Bei Cang:

Based on the supplementary agreement reached with TSC on 10 March 2006, 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, Xian Yang Lu and Bei Cang plants. Processing fee after the completion of inspection of these three plants will be collected from TSC using the same principle as for Dong Jiao plant.

The construction of these plants was substantially completed during the first quarter of 2006 and inspection which was expected to be finalised in early 2007 has been delayed but is expected to be no later than end 2007.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

1 公司簡介及主要業務 (續)

(a) 污水處理業務 (續)

天津以外的所有污水處理廠：

初始污水處理費介乎人民幣 0.60 元至人民幣 1.12 元／立方米，其後處理費可能於考慮各項因素而調整，包括修理設備、額外投資、能源動力及勞動力，以及政府政策的重大變化。

除貴陽外，各客戶均會擔保天津市以外的所有污水處理廠的最低污水處理量。如果實際處理量低於擔保水量，將按擔保水量支付處理費。

如在貴陽，則兩年後的價格將按計價公式釐定，有效地全面彌補實際成本，包括經營成本、折舊、所得稅及污水處理廠的 8% 預算淨資產回報。

(b) 污水處理廠建設業務

於 2006 年，由於該等項目已於 2005 年底前完成，故此並無賺取任何建設費。自 2003 年起，前年度收入的協議背景資料詳情如下。

根據本公司於 2001 年 9 月 24 日與排水公司簽訂之協議（「建設收費協議」），本公司向排水公司提供建設咸陽路、紀莊子和北倉三個污水處理廠的服務。

1 Company profile and principal activities (Continued)

(a) Sewage water processing (Continued)

All sewage processing plants outside Tianjin:

Initial sewage water processing price ranges from Rmb 0.60 to Rmb 1.12 per cubic meter, thereafter processing price may be revised after considering various factors including renovation of equipment, additional investment, power and energy and labour force, and other significant changes of government policy.

All sewage processing plants outside Tianjin are guaranteed a minimum processing volume by their respective customers except for Gui Yang. If the actual volume is lower than the guaranteed volume, processing fee will be settled using the guaranteed volume.

In the case of Gui Yang, the price after two years will be determined by a pricing formula which will effectively allow full recovery of the actual costs, including operating cost, depreciation, income tax and a return of 8% on budgeted net assets of the plant.

(b) Construction of sewage water processing plants

In 2006, there was no construction fee earned as the projects were completed by end 2005. The background to the agreements for the prior year's income since 2003 is detailed below.

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.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

1 公司簡介及主要業務 (續)

(b) 污水處理廠建設業務 (續)

上述建設收費協議的主要條款概述如下：

- 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，作為鼓勵本公司承擔建設污水處理廠在建工程之報酬；
- 排水公司每月根據本公司編撰之有關各建設專案當月之估計完成百分比向本公司預支建設費用；
- 每季根據合資格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之籌集，以及
- 在天津市三個污水處理廠開始運營後，本公司與排水公司之權利與義務將按照污水處理委託協議之具體規定於天津污水處理廠執行（附註1(a)）。

1 Company profile and principal activities (Continued)

(b) Construction of sewage water processing plants (Continued)

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;
- a 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 in Tianjin 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 (Note 1(a)).

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

1 公司簡介及主要業務 (續)

(b) 污水處理廠建設業務 (續)

轉讓協議：

此外，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」），本公司將向排水公司收購上述三個污水處理廠，並承擔後續工程之建設及管理。轉讓工作被視為已於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協議（「合作協議」）。根據該合作協議：

- 本公司負責三家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兩項外資貸款（「外資貸款」）採購此等污水處理廠所需之若干物業、機器及設備；
- 排水公司利用外資貸款採購之物業、機器及設備在完成安裝並在發出驗收合格後由排水公司以賬面價值出售予本公司。本公司按照上述建設收費協議所取的建設費會包括該等物業、機器及設備成本作為基礎（附註14）；及
- 在工程建設期間，本公司負責該等物業、機器及設備之維護和保養。

1 Company profile and principal activities (Continued)

(b) Construction of sewage water processing plants (Continued)

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 will 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 (Note 14); and
- the Company would be responsible for the repairs and maintenance of these property, plant and equipment during the construction period.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

1 公司簡介及主要業務 (續)

(c) 道路收費站業務

自 2003 年以來，下列協議的條款並無變更，背景資料詳述如下：

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，並可向經過該等收費站的非天津市登記汽車（根據法例獲豁免者除外）收取路費，期限至 2029 年 2 月 28 日止。

於 2003 年度內，隨著天津周邊公路網的改造，天津市政府決定將包括本公司所有各收費站在內的所有道路收費站外遷到天津市與外省市公路交界處，並由天津市市政工程局（「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非天津登記車輛徵收車輛通行費。本公司的收費站已於 2003 年 5 月 31 日起拆除，因此天津市政局同意向本公司作出達成補償，主要包括以下事項：

- 天津市政局對本公司被拆除的收費站按其於 2003 年 6 月 30 日之資產賬面淨值約人民幣 3,300 萬元給予了一次性現金補償；

1 Company profile and principal activities (Continued)

(c) Road toll stations

There are no changes of terms in following agreements since 2003, the background is detailed as below:

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 Tianjin Municipal Engineering Bureau (“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;

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

1 公司簡介及主要業務 (續)

(c) 道路收費站業務 (續)

- 自2003年5月31日起至新收費站(如下段所述)興建完成之日止,按照相當於本公司去年同期所得收益約人民幣550萬元(扣除開支),就本公司的收益損失給予補償;及
- 本公司現擁有6個新收費站的收費權,期限自2003年7月1日起至2029年2月28日止。然而,未經天津市政局允許,本公司不得將該收費權轉讓、租賃或抵押予其他人士。

本公司於2003年7月24日與徵收辦簽訂了一份協議(「通行費委託徵收協議」),主要條款如下:

- 本公司委託徵收辦對6個新收費站收費並代其支付管理費;
- 本公司就相應期間/年度向6個新收費站收取實際通行費,惟不得低於按相應期間/年度的預測交通流量及通行費計費的各期間/年度最低通行費(如一家專業顧問公司於2003年7月就該6個新收費站發表的交通流量和通行費預測報告所規定者);以及

1 Company profile and principal activities (Continued)

(c) Road toll stations (Continued)

- compensation for loss in revenue, during the period from 31 May 2003 to the date of completion of construction of the new toll stations(mentioned in following paragraph), equivalent to the revenue received in the same period of last year of about Rmb5.5 million net of expenses; and
- the 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

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

1 公司簡介及主要業務 (續)

(c) 道路收費站業務 (續)

- 實際收入低於上述協定最低收入的差額將由徵收辦補給本公司。

(d) 自來水加工業務

依照與曲靖市城市供排水總公司於2005年12月25日簽訂的協議，本公司之附屬公司曲靖創業水務有限公司通過雲南曲靖自來水加工廠向曲靖市提供自來水供水服務。

於截至2008年止的三年內，自來水加工費為人民幣1.1元/立方米，此後將分階段至2036年提高至人民幣1.25元/立方米。此外：

- 上述加工費價將按照合同條款根據多項成本因素而進行調整；
- 曲靖市城市供排水總公司會確保最低自來水供水量，如果實際供水量低於該擔保水量，則支付按照擔保水量支付供水服務費。

2 主要會計政策概要

下文載列編製此綜合財務報表時採用的主要會計政策。除在本章節另有說明外，此等政策在所呈報的所有年度內貫徹應用。

1 Company profile and principal activities (Continued)

(c) Road toll stations (Continued)

- any shortfall to the Company between actual and the agreed minimum will be compensated to the Company by the Toll Collection Office.

(d) Tap water processing

Pursuant to agreement reached with Qujing City Water General Company on 25 December 2005, a subsidiary of the Company, Qujing Capital Water Co., Ltd., will provide tap water supply service to Qujing City via the Yunnan Qujing tap water processing plant.

Tap water processing price is Rmb1.1 per cubic meter for the three years to 2008, and will increase in stage to Rmb1.25 per cubic meter by 2036. In addition:

- Processing price as determined above may be revised after considering various cost factors based on contract terms;
- Qujing City Water General Company guarantees a minimum supply volume. If the actual volume is lower than the guaranteed volume, supply fee will be settled using the guaranteed volume.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, other than discussed in this section.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

2 主要會計政策概要 (續)

2.1 編製基準 (續)

本集團的綜合財務報表是根據香港財務報告準則（「香港財務報告準則」）編製。綜合財務報表已按照歷史成本法編製。

編製符合香港財務報告準則的財務報表需要使用若干關鍵會計估算。這亦需要管理層在應用本公司會計政策過程中行使其判斷。涉及高度的判斷或高度複雜性的範疇，或涉及對綜合財務報表屬重大假設和估算的範疇，在附註4中披露。

(a) 持續經營假設

截至2006年12月31日止，本集團及本公司的流動負債超過其流動資產分別約為人民幣4.06億元及人民幣2.68億元。

本公司董事會相信本集團及本公司已經獲取的未使用銀行授信額度已足夠支持本集團償還到期債務，如有必要。因此本集團及本公司仍以持續經營假設為基礎編製本年度的財務報表。

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(a) Going concern

As at 31 December 2006, the Group and the Company’s current liabilities exceeded their current assets by approximately Rmb406 million and RMB268 million respectively.

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

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

2 主要會計政策概要 (續)

2.1 編製基準 (續)

(b) 於2006年生效的對已頒佈準則的修訂及詮釋
於2006年1月1日或之後開始的會計期間強制實行的修訂及詮釋如下：

香港會計準則第39號及 香港財務報告準則 第4號 (修訂)	財務工具： 確認及計量及保險合約 －財務擔保合約
香港 (國際財務報告 詮釋委員會)－詮釋第4號	釐定安排是否包括租賃

採用該等修訂及詮釋並不會導致本集團的會計政策出現重大改變。

本集團並無提前採納尚未生效的現有標準詮釋。

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(b) *Amendments and interpretations to published standards effective in 2006*

The following amendments and interpretations are mandatory for accounting periods beginning on or after 1st January 2006:

HKAS 39 and HKFRS 4 Amendment	Financial Instruments: Recognition and Measurement and Insurance contracts - Financial Guarantee Contracts
HK(IFRIC) - Int 4	Determining whether an Arrangement contains a lease

The adoption of these amendments and interpretations did not result in any substantial changes to the Group's accounting policies.

Interpretations to existing standards that are not yet effective and have not been early adopted by the Group

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

2 主要會計政策概要 (續)

2.1 編製基準 (續)

(b) 於二零零六年生效的已頒佈準則的修訂及詮釋 (續)
以下對現有標準的詮釋經已頒佈，並對本集團由2006年5月1日或其後開始的會計期間或本集團並無提前採納的較後期間有強制性效力：

香港財務報告準則第7號	金融工具：披露
香港財務報告準則第8號	營運分類
香港（國際財務報告詮釋委員會） — 詮釋7	應用香港會計準則第29號 嚴重通脹經濟中的 財務報告下的重列法
香港（國際財務報告詮釋委員會） — 詮釋8	香港財務報告準則第2號 的範圍
香港（國際財務報告詮釋委員會） — 詮釋9	重估嵌入式衍生工具
香港（國際財務報告詮釋委員會） — 詮釋10	中期報告及減值
香港（國際財務報告詮釋委員會） — 詮釋11	香港財務報告準則第2號 — 集團及庫存股份交易
香港（國際財務報告詮釋委員會） — 詮釋12	服務特許權協議

本集團已開始評估該等新準則、詮釋及修訂的影響，但尚未能確定該等準則對其經營業績及財務狀況是否有重大影響。

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(b) *Amendments and interpretations to published standards effective in 2006 (continued)*

The following interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1st May 2006 or later periods that the Group has not early adopted:

HKFRS 7	Financial instruments: Disclosures
HKFRS 8	Operating Segments
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29, Financial Reporting Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of embedded derivatives
HK(IFRIC)-Int 10	Interim Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS2- Group and Treasury share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements.

The Group has already commenced an assessment of the impact of these new standards, interpretations and amendment but is not yet in a position to state whether they would have a significant impact on its results of operations and financial position.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

2 主要會計政策概要 (續)

2.2 綜合賬目

綜合財務報表包括本公司及其所有附屬公司截至12月31日止的財務報表。

(a) 附屬公司

附屬公司指本集團有權管控其財政及營運政策的所有實體，一般附帶超過半數投票權的股權。在評定本集團是否控制另一實體時，目前可行使或可兌換的潛在投票權的存在及影響均予考慮。

附屬公司在控制權轉移至本集團之日全面綜合入賬。附屬公司在控制權終止之日起停止綜合入賬。

會計收購法乃用作本集團收購附屬公司的入賬方法。收購的成本根據於交易日期所給予資產、所發行的股本工具及所產生或承擔的負債的公平值計算，另加該收購直接應佔的成本。在企業合併中所收購可識別的資產以及所承擔的負債及或然負債，首先以彼等於收購日期的公平值計量，而不論任何少數股東權益的數額。收購成本超過本集團應佔所收購可識別資產淨值公平值的數額記錄為商譽。若收購成本低於所購入附屬公司資產淨值的公平值，該差額直接在損益表確認。

2 Summary of significant accounting policies (Continued)

2.2 Consolidation (Continued)

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 December.

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

2 主要會計政策概要 (續)

2.2 綜合賬目 (續)

(a) 附屬公司 (續)

集團內公司之間的交易、結餘及未實現收益予以對銷。除非交易提供所轉讓資產減值之憑證，否則未實現虧損亦予以對銷。附屬公司的會計政策已按需要作出改變，以確保與本集團採用的政策一致。

在本公司之資產負債表內，於附屬公司之投資按成本值扣除減值虧損準備列賬。附屬公司之業績由本公司按已收及應收股息入賬。

(b) 交易及少數股東權益

本集團採納了一項政策，將其與少數股東進行之交易視為與本集團以外的人士進行的交易。向少數股東進行的出售而導致本集團的盈虧於綜合損益表記賬。向少數股東進行購置而導致的商譽，相當於所支付的任何代價與相關應佔所收購附屬公司淨資產之賬面值的差額。

2 Summary of significant accounting policies (Continued)

2.2 Consolidation (Continued)

(a) Subsidiaries (continued)

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

(b) Transactions and minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the consolidated income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

2 主要會計政策概要 (續)

2.2 綜合賬目 (續)

(c) 聯營公司

聯營公司指所有本集團對其有重大影響力而無控制權的實體，通常附帶有 20% 至 50% 投票權的股權。聯營公司投資以權益會計法入賬，初始以成本確認。本集團於聯營公司之投資包括收購時已識別的商譽（扣除任何累計減值虧損）。

本集團應佔收購後聯營公司的溢利或虧損於損益表內確認，而應佔收購後儲備的變動則於儲備賬內確認。投資賬面值會根據累計之收購後儲備變動而作出調整。如本集團應佔一家聯營公司之虧損等於或超過其在該聯營公司之權益，包括任何其它無抵押應收款，本集團不會確認進一步虧損，除非本集團已代聯營公司承擔責任或作出付款。

本集團與其聯營公司之間交易的未實現收益按本集團在聯營公司權益的數額對銷。除非交易提供所轉讓資產減值之憑證，否則未實現虧損亦予以對銷。聯營公司的會計政策已按需要作出改變，以確保與本集團採用的政策一致。

2 Summary of significant accounting policies (Continued)

2.2 Consolidation (Continued)

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

2 主要會計政策概要 (續)

2.2 綜合賬目 (續)

(c) 聯營公司 (續)

在聯營公司的攤薄盈虧於綜合損益表確認。

在本公司之資產負債表內，於聯營公司之投資按成本值扣除減值虧損準備列賬。聯營公司之業績由本公司按已收及應收股息入賬。

2.3 分部報告

業務分部指從事提供產品或服務的一組資產和業務，而產品或服務的風險和回報與其他業務分部的不同。地區分部指在某個特定經濟環境中從事提供產品或服務，其產品或服務的風險和回報與在其他經濟環境中營運的分部的不同。

2.4 外幣匯兌

(a) 功能和列賬貨幣

本集團每個實體的財務報表所列項目均以該實體營運所在的主要經濟環境的貨幣計量（「功能貨幣」）。綜合財務報表以人民幣（「人民幣」）呈報，人民幣為本公司及其主要附屬公司的功能及列賬貨幣。

2 Summary of significant accounting policies (Continued)

2.2 Consolidation (Continued)

(c) Associates (Continued)

Dilution gains and losses in associates are recognised in the consolidated income statement.

In the Company's balance sheet the investments in associated companies are stated at cost less provision for impairment losses. The results of associated companies are accounted for by the Company on the basis of dividend received and receivable.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2.4 Translation of foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Renminbi ('Rmb'), which is the Company's functional and presentation currency and also that of its principal subsidiaries.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

2 主要會計政策概要 (續)

2.4 外幣匯兌 (續)

(b) 交易及結餘

外幣交易採用交易日的匯率換算為功能貨幣。結算此等交易產生的匯兌盈虧以及將外幣計值的貨幣資產和負債以年末匯率換算產生的匯兌盈虧在損益表確認。

2.5 物業、機器及設備

物業、機器及設備是按成本減累計折舊／攤銷及累積減值虧損（如有）列賬。

有關通行費業務的道路折舊乃按單位使用量基準撇銷成本減累計減值虧損（如有）計算。根據此種方法，折舊乃按有關期間的預計交通流量佔該收費站獲授經營權利 30 年期間的預計交通總流量的比例計提。

租賃房屋及建築物的折舊是根據有關未屆滿租賃期、道路收費站的剩餘經營權利期限或其預計的可使用期限（以較短者為準）按直線法攤銷成本減累計減值虧損（如有）計算。折舊所採納的期限介乎 10 至 50 年不等。建築物包括廠房以外鋪設的管道網絡，估計可使用年期 25 年。

2 Summary of significant accounting policies (Continued)

2.4 Translation of foreign currencies (Continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

2.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation/amortisation and accumulated impairment losses, if any.

Depreciation of the road and in relation to the tolls business is calculated to write off their cost, less accumulated impairment losses, if any, on a units-of-usage basis whereby the depreciation is provided based on the share of projected 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 toll station is granted.

Depreciation of leasehold buildings and structures is calculated to write-off their cost less accumulated impairment losses, if any, on a straight-line basis over the unexpired periods of the leases, the unexpired periods of the rights to operate the road toll stations or their expected useful lives, whichever is shorter. The periods adopted for depreciation range from 10 to 50 years. Pipelines network laid outside the plant are included in structures with estimated useful lives of 25 years.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

2 主要會計政策概要 (續)

2.5 物業、機器及設備 (續)

其他物業、機器及設備以直線法按足夠撤銷成本減去資產在估計的使用年限內的累計減值虧損(如有)及減去估計殘值後的速度折舊。估計可使用期限如下：

機器及設備	10 至 20 年
運輸車輛及其他	5 至 15 年

資產的賬面值及可使用年期在每個結算日進行檢討，及在適當時調整。

若資產的賬面值高於其估計可收回價值，其賬面值即時撇減至可收回金額。

在建工程指正在興建中或安裝中以成本列賬的物業、機器及設備。成本的計價包括收購或興建樓宇及機器及機械的所有直接成本、以及於在投產日期前在興建、安裝及測試期間的相關借款的利息開支。在建工程在完成時轉撥至物業、機器及設備。

維修物業、機器及設備至其正常運作能力所產生的主要費用計入損益表中。改善物業、機器及設備的有關開支則被資本化，並按其對本集團的估計可使用期限攤銷。

2 Summary of significant accounting policies (Continued)

2.5 Property, plant and equipment (Continued)

Other property, plant and equipment are depreciated at rates sufficient to write-off the cost less accumulated impairment losses, if any, of the assets and 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

The assets' carrying value and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount.

Construction in progress represents property, plant and equipment under construction or installation and is stated at cost. Cost comprises all direct costs of acquisition or construction of buildings and plant and machinery as well as interest expenses on the related funds borrowed during the construction, installation and testing periods prior to the commissioning date. Construction in progress is transferred to property, plant and equipment upon completion.

Major costs incurred in restoring property, plant and equipment to their normal working condition are charged to the income statement. The expenses relating to improvements of property, plant and equipment are capitalised and amortised over their expected useful lives to the Group.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

2 主要會計政策概要 (續)

2.5 物業、機器及設備 (續)

在每年結算日，均須研究內外信息以評估物業、機器及設備是否出現減值。如有跡象顯示物業、機器及設備出現減值，則估計資產之可收回價值，及（如有關）確認減值虧損以將資產減至其可收回價值。此等減值虧損在損益表入賬。

出售物業、機器及設備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，並於損益表入賬。任何應記入有關資產的重估儲備結餘將轉撥往保留盈餘，並列作儲備變動。

維修及保養費用按其實際產生金額計入損益表。

2.6 土地使用權

土地使用權是按成本減累計攤銷及減值撥備列賬。

土地使用權的攤銷（不包括與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 年期以直線法撇銷其成本減累計減值虧損（如有）計算。

有關收費站業務的土地使用權攤銷是按照交通流量法撇銷其成本減累計減值虧損（如有）計算。根據此種方法，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。

2 Summary of significant accounting policies (Continued)

2.5 Property, plant and equipment (Continued)

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

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement. Any revaluation reserve balance being attributable to the relevant asset is transferred to retained earnings and is shown as a movement in reserves.

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

2.6 Land use rights

Land use rights are recorded at cost and presented net of accumulated amortization and impairment provision.

Amortisation of land use rights, other than those in relation to tolls business, is calculated to write-off their cost less accumulated impairment losses, if any, on a straight line basis over the period of land use rights of 50 years.

Amortisation of land use rights in relation to the tolls business is calculated to write off their cost, less accumulated impairment losses, if any, on a units-of-usage basis whereby the amortisation is provided based on the share of projected 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.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

2 主要會計政策概要 (續)

2.7 投資物業

物業是本集團為獲取長期出租收益而持有的，非為本集團任何所屬公司佔用的物業，該等物業已列作投資物業。

投資物業按照成本減去累計折舊及減值準備後的金額計量。投資物業的折舊以撇銷成本減去累計減值虧損（如有），以直線法在估計可使用年限 40 年內計算。

2.8 資產減值

減值虧損按資產之賬面值超出其可收回金額之差額確認。可收回金額以資產之公平值減銷售成本或使用價值兩者之較高者為準。就評估減值目的而言，資產將按可識別現金流量（現金產生單位）的最低層次組合。

2.9 投資

本集團將其財務資產分類如下：

- **貸款及應收款**

貸款及應收款為有固定或可釐定付款且沒有在活躍市場上報價的非衍生財務資產。此等款項包括在流動資產內，但到期日由結算日起計超過 12 個月者，則歸類為非流動資產。在資產負債表中，貸款及應收款被分類為貿易及其它應收款內。

2 Summary of significant accounting policies (Continued)

2.7 Investment property

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

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

2.8 Impairment of assets

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.9 Investments

The Group classifies its financial assets in the following categories:

- **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are grouped under as trade and other receivables in the balance sheet.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

2 主要會計政策概要 (續)

2.9 投資 (續)

- 可供出售財務資產

可供出售財務資產為非衍生工具，被指定為此類別或並無分類為任何其它類別。除非管理層有意在結算日後12個月內出售該項投資，否則此等資產列在非流動資產內。

投資的購入及出售在交易日確認—交易日本集團承諾購入或出售該資產之日。投資初步按公平值加交易成本確認。當從投資收取現金流量的權利經已到期或經已轉讓，而本集團已將絕大部分擁有權的所有風險和回報轉讓時，投資即終止確認。可供出售的財務資產其後按公平值列賬。貸款及應收款以及持至到期日的投資利用實際利息法按攤銷成本列賬。

2 Summary of significant accounting policies (Continued)

2.9 Investments (Continued)

- Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to disposal of the investment within 12 months of the balance sheet date.

Regular purchases and sales of investments are recognized on trade-date- the date on which the Group commits to purchase or sell the assets. Investments are initially recognized at fair value plus transaction costs. Investments are derecognized when the rights to receive cash flows from investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale assets are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

2 主要會計政策概要 (續)

2.10 存貨

存貨包括原材料、零部件及其他耗品。

原材料及製成品乃按成本及可變現淨值兩者中較低者列賬。其他耗品按成本減陳舊庫存準備列賬。

成本按加權平均基準釐定。產成品成本包括原材料、直接人工及按正常生產能力產生的所有間接生產費用。當存貨賬面值高於其可變現淨值時，存貨跌價準備按單個存貨項目基準計提。可變現淨值按估計銷售所得款項減估計分派及銷售費用釐定。

2.11 貿易及其它應收款

貿易及其它應收款初步以公平值確認，其後利用實際利息法按攤銷成本扣除減值撥備計量。當應收賬項被認為屬呆賬時，便會就此等賬項作出撥備。應收賬款於扣除該等撥備後於資產負債表內列賬。

2.12 現金及銀行結餘

現金及銀行結餘包括手頭現金及銀行通知存款。

2 Summary of significant accounting policies (Continued)

2.10 Inventories

Inventories comprise raw materials, finished goods and other consumables.

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

Cost is determined on the weighted average basis. The cost of finished goods comprise raw materials, direct labour and an allocation of all production overhead expenditures incurred based on normal operating capacity. Provisions 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.

2.11 Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Provision is made against accounts receivable to the extent that they are considered to be doubtful. Accounts receivable in the balance sheet are stated net of such provision.

2.12 Cash and bank balances

Cash and bank balances include cash in hand, deposits held at call with banks.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

2 主要會計政策概要 (續)

2.13 貸款

貸款初步按公平值並扣除產生的交易成本確認。交易成本為收購、發行或出售某項財務資產或財務負債直接應佔的新增成本，包括支付予代理人、顧問、經紀和交易商的費用和佣金、監管機關及證券交易所的徵費，以及過戶稅項和印花稅。貸款其後按攤銷成本列賬；所得款項（扣除交易成本）與贖回價值的任何差額利用實際利息法於貸款期間內在損益表確認。

除非本集團有無條件權利將負債的結算遞延至結算日後最少 12 個月，否則貸款列作流動負債。

2.14 遞延所得稅

遞延稅項採用負債法就資產和負債之稅基與他們在財務報表之賬面值兩者之間產生的暫時性差異作全數撥備。遞延所得稅採用在結算日前已頒佈或實質頒佈之稅率釐定。

遞延所得稅項資產於未來應課稅盈利將有可能用作抵銷暫時性差異時確認。

2 Summary of significant accounting policies (Continued)

2.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.14 Deferred income tax

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

2 主要會計政策概要 (續)

2.14 遞延所得稅 (續)

遞延稅項乃就投資於附屬公司所產生的暫時性差異而撥備，但假若可以控制暫時差異之撥回時間，而暫時差異在可預見未來有可能不會撥回則除外。

當有法定可執行權力將現有稅項資產與現有稅務負債抵銷，且遞延所得稅涉及同一財政機關，則可將遞延所得稅資產與負債互相抵銷。

2.15 僱員福利

• 退休福利責任

本集團按月向中國有關市政府所組織的各類界定供款退休計劃供款。各省市政府承擔這些計劃中應付所有現有和未來退休職工的退休福利責任。此等計劃的供款於產生時作為費用支銷。

• 住房公積金

本集團按工資總額的一定比例且在不過規定上限的基礎上提取住房公積金，並向社會保障機構繳納，相應的成本列作本年度的銷售成本開支或計入本年度的銷售成本。

2 Summary of significant accounting policies (Continued)

2.14 Deferred income tax (Continued)

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

2.15 Employee benefits

• Retirement benefit obligation

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.

• Housing fund

The Group provides housing fund based on certain percentage of the wages and with no more than the upper limit of the requirement. The housing fund is paid to government social security organization and corresponding costs are expensed or included in the cost of sales for the current year.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

2 主要會計政策概要 (續)

2.16 收入確認

污水處理服務及提供食水的收益於提供服務時確認。

公路收費收入於從公路使用者實際收取及從徵收辦取得的任何補償(如有)時確認。

銷售產品收入在轉嫁產品擁有權的風險和回報時確認，確認時間一般與貨品交付予客戶及擁有權已轉移的時間相同。

利息收入於計及尚未償還的本金額及適用的利率後，按時間比例基準確認。

2.17 借貸成本

凡直接與收購、興建或生產某項資產(該資產必須經過頗長時間籌備以作預定用途或出售)有關之借貸成本，均資本化為該項資產之部分成本。

所有其它借貸成本均於發生年度內在損益表中支銷。

2 Summary of significant accounting policies (Continued)

2.16 Revenue recognition

Revenue from sewage water processing and provision of tap water is recognised when services are rendered.

Toll fee income is recognised on a actual collection from toll users and compensation from the Toll Collection Office, if any.

Revenue from the sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

2.17 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset.

All other borrowing costs are charged to the income statement in the year in which they are incurred.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

2 主要會計政策概要 (續)

2.18 營運租賃

如資產的擁有權絕大部份的風險和回報由出租公司保留，則租賃乃列作營運租賃。根據營運租賃支付的款項於租賃期內以直線法在損益表支銷。

2.19 股息分派

向本公司股東分派的股息在股息獲本公司股東批准的期間內於本集團的財務報表內列為負債。

3. 財務風險因素

本集團的業務活動中包含著信用風險、流動資金風險、現金流量利率風險等一系列財務風險。

(a) 財務風險因素

(i) 匯率風險

本集團主要在中國經營的業務中大部分交易是以人民幣結算，因此所承受的匯率風險不大。

2 Summary of significant accounting policies (Continued)

2.18 Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the lease periods.

2.19 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

3 Financial risk factors

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

(a) Financial risk factors

(i) Foreign exchange risk

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

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

3. 財務風險因素 (續)

(a) 財務風險因素 (續)

(ii) 信用風險

由於本集團大部分銷售對象均為小數政府機構，故此其承受的信用風險相當集中。應收貿易賬款的賬面值為本集團最大信用風險。本集團大部分的應收貿易賬款與向一個獲政府支持的團體的關聯方提供服務有關。本集團持續評估客戶的財務狀況。

(iii) 現金流量及公平值利率風險

本集團並無大量付息資產，但有以浮動利率取得之長期銀行借款。

(b) 公平值評估

本集團的財務資產包括現金及銀行存款、貿易及其它應收款、保證金及預付款，財務負債包括貿易應付款、短期借款、其他應付款及預提費用，除可轉換債券（附註4(d)）外，由於財務資產的期限較短或由於彼等按當期市場利率計算利息，因此其賬面價值與其公平值相若。

3 Financial risk factors (Continued)

(a) Financial risk factors (Continued)

(ii) Credit risk

The Group is exposed to concentrated credit risk because most sales are to a small number of government bodies. The carrying amount of trade receivables represented the Group's maximum exposure to credit risk. Majority of the Group's trade receivables relate to provision of services to a related party which is the government backed body. The Group performs ongoing credit evaluations of the customers' financial condition.

(iii) Cash flow and fair value interest rate risk

The Group has no significant interest-bearing assets but borrowed a substantial amount of short-term and long-term loans from banks at floating rates.

(b) Fair value estimation

The carrying amounts of the Group's financial assets including cash and bank, trade, other receivables, deposits and prepayments; and financial liabilities including trade payables, short-term borrowings, other payables and accruals, approximate their fair value due to their short maturities or because they bear interest at prevailing market rates, except for convertible bonds (Note 4(d)).

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

4. 關鍵會計估算及判斷

估算和判斷會被持續評估，並根據過往經驗和其它因素進行評價，包括在有關情況下相信為合理的對未來事件的預測。

本集團對未來作出估算和假設。所得的會計估算如其定義，很少會與其實際結果相同。很大機會導致下個財政年度的資產和負債的賬面值作出重大調整的估算和假設討論如下。

(a) 可轉換債券

公司會測試可轉換債券是否會在一年內贖回。按照附註 19(d)中所屬的債券的基本條款，在某些情況下，本公司有權贖回，持有人擁有回售債券予本公司的權利。但是，本公司並無贖回債券的意圖，但準備在有需要時調整轉換價。因此，管理層估計債券屬長期性質。

(b) 收費公路的車流量預計

收費公路之預計總交通流量乃參考內部及外部資料來源定期予以審閱，並於適當時作出調整。此外，會定期進行獨立專業交通流量研究，如有任何重大改變會作出適當調整。本公司之董事認為此等乃對預測總交通流量之現行最佳估計。

4 Critical accounting estimate and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are discussed below.

(a) Convertible bonds

The Company tests whether the convertible bonds will be redeemed within one year. In accordance with the principal terms of bonds detailed in Note 19(d), in particular circumstances, the Company has the option to redeem and the holder has the option to resell the bonds to the Company. However, the Company has no intention to redeem the bonds and is prepared to adjust the conversion price as necessary. Hence, management estimates that the bonds are non-current in nature.

(b) Projected traffic volume of toll road

The total projected traffic volume of toll road is reviewed regularly with reference to both internal and external sources of information and adjusted if appropriate. Independent professional traffic studies are performed periodically and appropriate adjustment will be made should there be a material change. The directors of the Company considered that these are the best current estimates on the total projected traffic volume.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

4. 關鍵會計估算及判斷 (續)

(c) 物業、廠房及設備減值估計

本集團每年測試其物業、廠房及設備是否存在根據財務報告附註 2.5 所述的會計政策計算的減值。現金產生單位的可收回金額根據使用價值釐定。此等計算需要使用估計。

(d) 金融工具的估值

沒有在活躍市場上買賣的金融工具的價值利用估值技術釐定。本集團利用判斷選取多個方法，並主要根據在每個結算日當時市場情況作出假設。對於沒有在活躍市場上買賣的多項財務資產及負債而言，本集團利用貼現現金流量分析法。

用作估計可轉換債券公平值的主要假設是貼現率 5.6% 及年期為兩年半（二零零五年：三年半）。

倘管理層計算時所採用的上述貼現率已增加或減少 10%，則可轉換債券的賬面值的上下範圍將約為人民幣 5,000,000 元。

4 Critical accounting estimate and judgements (Continued)

(c) Estimated impairment of property, plant and equipment

The Group tests annually whether property, plant and equipment has suffered any impairment, in accordance with the accounting policy stated in financial statements Note 2.5. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(d) Valuation of financial instruments

The value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. The Group has used discounted cash flow analysis for various financial assets and liabilities that were not traded in active markets.

The main assumptions used for estimating the fair value of convertible loans are discount rate of 5.6% and maturity of 2.5 years (2005: 3.5 years).

If the above discount rate used in management's computation had been increased or decreased by 10%, the carrying amount of the convertible loans would be approximately lower or higher by Rmb5 million.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

5 營業額及分部資料

以下為按主要業務劃分的除營業稅後銷售及經營溢利貢獻分析：

(a) 本集團的營業額及其它收入分析

		截至 12 月 31 日止年度 Year ended 31 December	
		2006	2005
營業額 (附註 5(b))	Turnover (Note 5(b))	770,098	580,495
其它收入，淨額	Other gains, net		
— 投資物業租金收入	- Rental income from investment property	2,394	7,552
— 利息收入	- Interest income	5,403	8,843
— 補貼收入	- Subsidy income	8,000	1,000
— 其它	- Others	—	(284)
		15,797	17,111
總收入	Total revenue	785,895	597,606

(b) 業務分部分析

		截至 12 月 31 日止年度 Year ended 31 December	
		2006	2005
營業額	Turnover		
污水處理服務及 污水處理廠建設 (附註 1(b))	Sewage water processing services and construction of sewage plants (Note 1(b))	651,709	504,539
通行費 (註釋(i))	Tolls (Note (i))	62,266	61,699
自來水業務	Tap water processing	30,923	—
中水處理及管道接駁	Water recycling and pipeline connection	23,046	12,482
建築材料	Construction materials	2,154	1,775
		770,098	580,495
分部業績	Segment result		
污水處理及污水處理廠建設	Sewage water processing and construction of sewage plants	327,344	313,252
通行費	Tolls	42,211	44,941
自來水業務	Tap water processing	2,927	—
中水處理及管道接駁	Water recycling and pipeline connection	4,053	(6,397)
建築材料	Construction materials	(12,830)	(5,151)
未分部	Unallocated	(2,212)	7,552
		361,493	354,197
融資成本	Finance costs	(129,961)	(94,216)
所佔一間聯營公司盈利 (附註 9)	Share of profit of an associate (Note 9)	4,474	—
除稅前盈利	Profit before taxation	236,006	259,981
稅項	Taxation	(79,572)	(84,345)
稅後年度淨利潤	Net profit after tax for the year	156,434	175,636

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

5 收入及分部資料 (續)

(b) 業務分部分析 (續)

註釋:

- (i) 通行費收入人民幣6,200萬元為通行費委託徵收協議規定的最低通行費收入(附註1(c))。
- (ii) 根據中國稅法，本集團須繳納按經營收入5%計算的營業稅及按營業稅款10%計算的政府附加稅。截至2006年12月31日止年度的營業稅及政府附加稅為人民幣3,700萬元(2005年：人民幣3,100萬元)，此金額已於計算本集團的營業額時從經營收入中扣除。

其它在損益表列賬的分部項目如下：

5 Revenue and segment information (Continued)

(b) Business segment analysis (Continued)

Notes:

- (i) The tolls income of Rmb62 million represents the minimum toll fee guaranteed under the Toll Fee Collection Subcontracting Agreement (Note 1(c)).
- (ii) Pursuant to the PRC tax rules, the Group is subject to PRC business tax levied at 5% of operating revenue and government surcharges levied at 10% of the amount of business tax. The business tax and government surcharges related to revenues derived from the Group during the year ended 31 December 2006 amounting to Rmb37 million (2005: Rmb31 million) and has been deducted from the operating revenue to arrive at the turnover of the Group.

Other segment items included in the income statements are as follows:

	截至12月31日止年度 Year ended 31 December	
	2006	2005
折舊	Depreciation	
污水處理及污水處理廠建設	Sewage processing and construction of sewage plants	89,234 40,427
通行費	Tolls	3,453 3,453
自來水業務	Tap water processing	9,176 —
中水處理及管道接駁	Water recycling and pipeline connection	7,414 7,280
建築材料	Construction materials	2,123 2,019
未分部	Unallocated	8,137 2,272
	119,537	55,451
攤銷	Amortisation	
污水處理及污水處理廠建設	Sewage processing and construction of sewage plants	14,634 10,584
通行費	Tolls	4,266 4,170
建築材料	Construction materials	85 85
未分部	Unallocated	817 602
	19,802	15,441

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

5 收入及分部資料 (續)

(b) 業務分部分析 (續)

於12月31日的分部資產和負債以及截至該日止年度的資本開支如下：

總資產
污水處理及污水處理廠建設

通行費
自來水業務
中水處理
建築材料
聯營公司 (附註9)
未分部

總負債
污水處理及污水處理廠建設

通行費
自來水業務
中水處理
建築材料
未分部

資本開支
污水處理及污水處理廠建設

自來水業務
中水處理
建築材料
未分部

由於本集團所有的業務均在中國經營，故並無呈列地區分部分析。

5 Revenue and segment information (Continued)

(b) Business segment analysis (Continued)

The segment assets and liabilities at 31 December and capital expenditure for the year then ended are as follows:

	2006	2005
Total assets		
Sewage processing and construction of sewage plants	4,714,602	3,723,959
Tolls	323,397	398,482
Tap water processing	242,630	—
Water recycling	296,891	238,694
Construction materials	33,845	46,583
Associate (Note 9)	61,660	—
Unallocated	209,434	138,135
	<u>5,882,459</u>	<u>4,545,853</u>
Total liabilities		
Sewage processing and construction of sewage plants	2,978,668	2,016,300
Tolls	17,020	7,948
Tap water processing	152,790	—
Water recycling	212,752	155,170
Construction materials	12,922	9,815
Unallocated	5,338	26,127
	<u>3,379,490</u>	<u>2,215,360</u>
Capital expenditure		
Sewage processing and construction of sewage plants	821,028	298,602
Tap water processing	236,149	—
Water recycling	57,065	4,794
Construction materials	1,191	12,375
Unallocated	13,864	121,009
	<u>1,129,297</u>	<u>436,780</u>

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

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

6 物業、廠房及設備

(a) 集團

6 Property, plant and equipment

(a) Group

		道路 Road	房屋及 建築物 Buildings and structures (註釋(i)) (Note (i))	廠房、 機器及設備 Plant, machinery and equipment	運輸車輛 及其它 Motor vehicles and others	在建工程 Construction in progress ("CIP") (附註(c)) (Note (c))	合計 Total
成本	Cost						
於 2005 年 1 月 1 日	At 1st January 2005	185,418	691,453	255,961	93,319	1,461,338	2,687,489
增添	Additions	—	23,710	3,240	2,732	251,098	280,780
投資物業轉入 (附註 7)	Transferred from investment properties (Note 7)	—	27,668	—	—	—	27,668
在建工程轉入	Transferred from CIP	—	102,124	41,229	14,409	(157,762)	—
出售	Disposals	—	(2,022)	(5,742)	(1,658)	—	(9,422)
於 2005 年 12 月 31 日	At 31st December 2005	185,418	842,933	294,688	108,802	1,554,674	2,986,515
增添	Additions	—	499,771	256,579	11,645	211,662	979,657
投資物業轉入 (附註 7)	Transferred from investment properties (Note 7)	—	1,907	—	—	—	1,907
在建工程轉入 (附註 6(c))	Transferred from CIP (Note 6(c))	—	1,289,730	57,826	3,362	(1,350,918)	—
出售	Disposals	—	(404)	(96)	(4,830)	—	(5,330)
於 2006 年 12 月 31 日	At 31 December 2006	185,418	2,633,937	608,997	118,979	415,418	3,962,749
累計折舊	Accumulated depreciation						
於 2005 年 1 月 1 日	At 1st January 2005	39,448	291,389	144,165	35,987	—	510,989
本年度支出	Charge for the year	3,453	22,492	14,521	12,713	—	53,179
出售	Disposals	—	(2,012)	(5,468)	(863)	—	(8,343)
於 2005 年 12 月 31 日	At 31st December 2005	42,901	311,869	153,218	47,837	—	555,825
本年度支出	Charge for the year	3,453	78,999	23,988	10,701	—	117,141
出售	Disposals	—	—	(88)	(2,737)	—	(2,825)
於 2006 年 12 月 31 日	At 31 December 2006	46,354	390,868	177,118	55,801	—	670,141
減值	Impairment						
於 2005 年 12 月 31 日	At 31st December 2005	—	—	—	—	—	—
本年度支出	Charge for the year	—	—	3,760	—	—	3,760
於 2006 年 12 月 31 日	At 31 December 2006	—	—	3,760	—	—	3,760
賬面淨值	Net book value						
於 2006 年 12 月 31 日	At 31 December 2006	139,064	2,243,069	428,119	63,178	415,418	3,288,848
於 2005 年 12 月 31 日	At 31 December 2005	142,517	531,064	141,470	60,965	1,554,674	2,430,690

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

6 物業、廠房及設備 (續)

(b) 公司

6 Property, plant and equipment (Continued)

(b) Company

		道路 Road	房屋及 建築物 Buildings and structures (註釋(i)) (Note (i))	廠房、 機器及設備 Plant, machinery and equipment	運輸車輛 及其它 Motor vehicles and others	在建工程 in progress ("CIP") (註釋(c)) (Note (c))	合計 Total
成本	Cost						
於 2005 年 1 月 1 日	At 1st January 2005	185,418	628,101	205,823	68,089	1,319,903	2,407,334
增添	Additions	—	—	1,544	696	178,133	180,373
投資物業轉入 (附註 7)	Transferred from investment property (Note 7)	—	27,668	—	—	—	27,668
在建工程轉入	Transferred from CIP	—	8,799	—	7,367	(16,166)	—
轉出至一家附屬公司 出售	Transferred to a subsidiary Disposals	—	(2,022)	(5,742)	(1,666)	(6,591)	(9,430)
於 2005 年 12 月 31 日	At 31st December 2005	185,418	662,546	201,625	74,486	1,475,279	2,599,354
增添	Additions	—	11,337	2,143	2,210	109,526	125,216
投資物業轉入 (附註 7)	Transferred from investment properties (Note 7)	—	1,907	—	—	—	1,907
在建工程轉入	Transferred from CIP	—	1,279,279	610	2,397	(1,282,286)	—
出售	Disposals	—	—	(96)	(3,335)	—	(3,431)
於 2006 年 12 月 31 日	At 31 December 2006	185,418	1,955,069	204,282	75,758	302,519	2,723,046
累計折舊	Accumulated depreciation						
於 2005 年 1 月 1 日	At 1 January 2005	39,448	289,527	137,376	34,863	—	501,214
本年度支出	Charge for the year	3,453	16,918	9,358	5,830	—	35,559
出售	Disposals	—	(2,012)	(5,468)	(863)	—	(8,343)
於 2005 年 12 月 31 日	At 31 December 2005	42,901	304,433	141,266	39,830	—	528,430
本年度支出	Charge for the year	3,453	65,311	9,119	6,382	—	84,265
出售	Disposals	—	—	(89)	(2,333)	—	(2,422)
於 2006 年 12 月 31 日	At 31 December 2006	46,354	369,744	150,296	43,879	—	610,273
賬面淨值	Net book value						
於 2006 年 12 月 31 日	At 31 December 2006	139,064	1,585,325	53,986	31,879	302,519	2,112,773
於 2005 年 12 月 31 日	At 31 December 2005	142,517	358,113	60,359	34,656	1,475,279	2,070,924

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

6 物業、廠房及設備 (續)

(b) 公司 (續)

註釋：

- (i) 本集團的所有道路、房屋及建築物均位於中國，按10至50年的中期租約持有。
- (ii) 折舊費用人民幣108,000,000元(2005年：人民幣46,000,000元)在銷售成本中支銷，而人民幣9,000,000元(2005年：人民幣7,000,000元)則計入行政費用中。
- (iii) 於本集團的固定資產及在建工程於2006年12月31日的賬面淨值約人民幣187,000,000元(2005年：人民幣138,000,000元)與本公司的附屬公司天津中水有限責任公司有關，該公司自其開始經營以來一直持續產生虧損。鑑於中國政府的鼓勵，中水行業的前景理想，本公司董事相信，在目前階段並無跡象顯示該等資產可能會永久減值。
- (iv) 價值為人民幣918,000,000元(2005年：人民幣178,000,000元)的若干土地及樓宇所有權(包括物業、廠房及設備；投資物業(附註7)及土地使用權(附註8))有待或現正轉至本集團。由於該等資產由合法買賣協議支持，故此本公司董事相信，將會於適當時候取得所有權而毋須向本集團支付額外龐大費用(如有)。
- (v) 樓宇及建築物及在建工程(包括管道網絡)於2006年12月31日的賬面值分別約人民幣519,000,000元及人民幣231,000,000元(2005年：人民幣47,000,000元及人民幣718,000,000元)。

6 Property, plant and equipment (Continued)

(b) Company (Continued)

Notes:

- (i) All of the Group's road, buildings and structures are located in the PRC and held on medium term leases of 10 to 50 years.
- (ii) Depreciation expense of Rmb108 million (2005: Rmb46 million) has been included in cost of sales and Rmb9 million (2005: Rmb7 million) in administrative expenses.
- (iii) Of the Group's net book value of fixed assets and construction in progress as at 31 December 2006, about Rmb187 million (2005: Rmb138 million) relates to the Company's subsidiary, Tianjin Water Recycling Co. Ltd., which has been incurring continuous losses since commencement of its operations. Given the promising prospects of 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.
- (iv) Ownership of certain land and buildings included in property, plant and equipment, investment properties (Note 7) and land use rights (Note 8) with cost of Rmb918 million (2005: Rmb178 million) has yet to be or is in the process of being transferred to the Group. As these assets are supported by legal sale and purchase agreements. The Directors of the Company believe that the titles will be received in due course without additional significant cost to the Group, if any.
- (v) Buildings and structures and CIP include pipeline networks with carrying value of approximately Rmb519 million and Rmb231 million respectively as at 31 December 2006 (2005: Rmb47 million and Rmb718 million).

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

6 物業、廠房及設備 (續)

(c) 在建工程包括項目如下：

6 Property, plant and equipment (Continued)

(c) Construction in progress comprised of following projects:

					轉出至物業、 廠房及設備及 土地使用權 Transfer to property, plant and equipment and land use rights	於 2006 年 12 月 31 日 As at 31 December 2006
工程項目名稱		預算數 Budget	於 2006 年 1 月 1 日 As at 1 January 2006	本期增加 Additions		
天津污水 處理廠：	Sewage water processing plants in Tianjin:					
— 紀莊子	- Ji Zhuang Zi	*	732,533	22,608	(565,670)	189,471
— 咸陽路	- Xian Yang Lu	*	597,110	57,043	(587,866)	66,287
— 北倉	- Bei Cang	*	131,824	22,671	(112,290)	42,205
研發中心	Research and development center	*	7,206	—	(7,206)	—
員工宿舍樓項目	Staff dormitory	*	5,977	—	(5,977)	—
其他	Others	*	629	7,204	(3,277)	4,556
合計—公司	Total -Company		1,475,279	109,526	(1,282,286)	302,519
紀莊子污水回用工程 於下列地點的污水 處理廠：	Tianjin Water Recycling Project Sewage water processing plants in:	140,000	4,584	69,235	(707)	73,112
— 江蘇寶應	- Bao Ying, Jiangsu	*	47,982	27,456	(75,438)	—
— 赤壁	- Chibi	97,000	26,585	10,998	—	37,583
其他	Others		244	2,662	(702)	2,204
合計—集團	Total -Group		1,554,674	219,877	(1,359,133)	415,418
包括：借貸成本 資本化金額	Including: Capitalised borrowing costs					
— 公司	- Company		73,485	10,929	(68,300)	16,114
— 集團	- Group		76,953	12,874	(71,768)	18,059

* 該等項目於 2006 年 12 月 31 日大致上已於預算
數範圍內完成。

* These projects have been substantially completed as at 31 December 2006 within budget.

儘管在商業運營前仍要經過有關機關驗收，然而，全部天津的三家污水處理廠在 2006 年 1 月 1 日已基本建設完成並已開始營運。竣工驗收程序預計將會在 2007 年內完成（附註 1(a)）。

All the three sewage water processing plants in Tianjin were substantially completed on 1 January 2006 and have commenced operations although still in process of inspection by relevant authorities before commencing commercial operations. The inspection process is expected to be completed by end 2007 (Note 1(a)).

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

7 投資物業

7 Investment properties

		集團 Group	
		2006	2005
年初	Beginning of the year	93,411	—
已付款項	Payments made	10,754	119,411
代替現金支付貿易應收款 (附註(a))	Settlement of trade receivable in lieu of cash (Note (a))	16,314	—
到期應付結餘	Balance due	—	36,589
		<u>120,479</u>	<u>156,000</u>
減去：	Less:		
轉至物業、廠房及設備 (附註6)	Transfer to property, plant and equipment (Note 6)	(1,907)	(27,668)
轉至土地使用權 (附註8)	Transfer to land use right (Note 8)	(2,251)	(32,649)
		(4,158)	(60,317)
折舊支出	Depreciation charge	(2,396)	(2,272)
年末	End of the year	<u>113,925</u>	<u>93,411</u>
		公司 Company	
		2006	2005
年初	Beginning of the year	93,411	—
已付款項	Payments made	10,754	119,411
到期應付結餘	Balance due	—	36,589
		<u>104,165</u>	<u>156,000</u>
減去：	Less:		
轉至物業、廠房及設備 (附註6)	Transfer to property, plant and equipment (Note 6)	(1,907)	(27,668)
轉至土地使用權 (附註8)	Transfer to land use right (Note 8)	(2,251)	(32,649)
		(4,158)	(60,317)
本年折舊	Depreciation for the year	(2,396)	(2,272)
年末	End of the year	<u>97,611</u>	<u>93,411</u>

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

7 投資物業 (續)

- (a) 根據於2006年10月31日訂立的協議，位於中國的若干物業已轉入本集團作為代替現金支付貿易應收款。

根據一名獨立估值師的意見及管理層的最佳估計，董事相信，投資物業的公平市值與彼等於2006年12月31日的賬面淨值相當接近。

- (b) 該公司的投資物業指本集團位於中國的辦公室大樓租予第三方的部分所佔的成本。根據一份獨立專業估值報告，該辦公室大樓於2006年12月31日的公平值約人民幣168,000,000元。

8 土地使用權

本集團在土地使用權的權益指預付營運租賃款及彼等的賬面淨值分析如下：

於2005年1月1日
投資物業轉入
累計攤銷

於2006年1月1日
本年增添
物業、廠房及設備轉入(附註6(c))

投資物業轉入(附註7)
本年攤銷支出

於2006年12月31日

本集團的所有土地使用權均位於中國，按10至50年的中期租約持有。

7 Investment properties (Continued)

- (a) Pursuant to an agreement dated 31 October 2006, certain properties located in the PRC were transferred to the Group by a debtor as settlement of trade receivable in lieu of cash.

Based on advice of an independent valuer and the management best estimates, the Directors believe that the fair market values of the investment properties closely approximate their net book values as at 31 December 2006.

- (b) Investment property of the company represents the apportioned cost of the portion of the Group's office building located in the PRC leased to third parties. The fair value of the office building at 31 December 2006 based on independent professional valuation report was approximately Rmb168 million.

8 Land use rights

The Group's interests in land use rights represent prepaid operating lease payments and their net carrying values are analysed as follows:

	集團 Group	公司 Company
As at 1 January 2005	578,554	574,692
Transfer from investment properties	32,649	32,649
Accumulated amortisation	(15,441)	(15,356)
As at 1 January 2006	595,762	591,985
Additions for the year	114,357	—
Transfer from property, plant and equipment (Note 6(c))	8,215	—
Transfer from investment properties (Note 7)	2,251	2,251
Amortisation charge for the year	(16,119)	(15,495)
As at 31 December 2006	<u>704,466</u>	<u>578,741</u>

All of the Group's land use rights are located in the PRC and are held on medium term leases of 10 to 50 years.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

9 聯營公司投資

年初
收購
所佔盈利

年末

本集團於一家於中國天津註冊成立的非上市聯營公司擁有45%權益。聯營公司的財務狀況的詳情如下：

9 Investment in an associate

Beginning of the year
Acquisition
Share of profit

End of the year

The Group has a 45% interest in an unlisted associate, incorporated in Tianjin, PRC. Details of the associate's financial status are as follows:

		於2006年12月31日		截至2006年12月31日止年度	
		As at		For the year ended	
		31 December 2006		31 December 2006	
		資產	負債	收入	利潤
		Assets	Liabilities	Revenue	Profit
天津國際機械有限公司	Tianjin International Machinery Co., Ltd.	237,011	107,205	1,020,551	8,949

10. 可供出售財務資產

於本集團的同系附屬公司的非上市權益性投資
- 可供出售財務資產

由於該等投資的公平值因可能作出的公平值估計範圍廣闊而不能可靠地計量，且在有關範圍內各項估計的可能性不能合理地予以評估，則投資乃按成本減去減值而列賬。董事認為，在此等情況下，不可能披露公平值很大機會所屬的估計範圍。

10 Available-for-sale financial assets

Unquoted equity investments in the Group's fellow subsidiaries
- Available-for-sale financial assets

		集團		公司	
		Group		Company	
		2006	2005	2006	2005
		6,000	6,000	4,000	4,000

As the fair value of these investments cannot be measured reliably because the range of possible fair value estimates is wide and the probabilities of the various estimates within the range cannot be reasonably assessed, the investment is stated at cost less impairment. The directors are of the view that under such circumstances, it is also not possible to disclose the range of estimates within which a fair value is highly likely to lie.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

11 其它非流動資產

11 Other non-current assets

		集團 Group		公司 Company	
		2006	2005	2006	2005
受限銀行存款 (註釋(i))	Restricted bank deposits (Note (i))	40,067	47,000	40,067	47,000
阜陽項目的預付賬款 (註釋(ii))	Prepayment for Fuyang project (Note (ii))	98,321	40,802	—	—
其它	Others	3,758	7,173	—	—
		<u>142,146</u>	<u>94,975</u>	<u>40,067</u>	<u>47,000</u>

註釋：

Notes:

- (i) 該等存款指存放於金融機構作為發行本公司的可轉換債券擔保的抵押品。
- (ii) 根據於2005年12月18日簽訂的協議，本集團已取得使用、經營中國阜陽市污水處理廠及維持其資產（「阜陽項目」）的權利，對價為人民幣1.02億元，由2005年12月18日生效，為期30年。截至2006年12月31日止，未付款項為人民幣1,002萬元。

- (i) These deposits represent collateral deposited with a financial institution as security for the issuance of the Company's convertible bonds (Note 24).
- (ii) Pursuant to an agreement dated 18 December 2005, the Group obtained the right to use, operate and maintain assets of a sewage plant in Fuyang, PRC ("Fuyang project") at a consideration of Rmb102 million for a term of 30 years effective 18 December 2005. As at 31 December 2006 Rmb10.2 million remains to be settled.

12 附屬公司投資

12 Investments in subsidiaries

本公司於非上市投資的投資變動如下：

The movement of the Company's investments in unlisted investments is as follows:

按成本：
於2005年12月31日
本年增加

於2006年12月31日

At cost:	
31 December 2005	450,380
Additions during the year	242,371
	<u>692,751</u>
31 December 2006	

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

12 附屬公司投資 (續)

於 2006 年 12 月 31 日的附屬公司的數據如下，所有的附屬公司均為有限責任公司：

12 Investments in subsidiaries (Continued)

Particulars of the subsidiaries at 31 December 2006, all of which are limited liability companies, are as follows:

附屬公司名稱 Name of subsidiary	主要業務 Principal activities	繳足資本 Paid-up capital (百萬元) (In million)	投資 Investment (百萬元) (In million)	所持有的權益 Interest held (%)
於中國註冊成立： Incorporated in the PRC:				
杭州天創水務有限公司 (註釋(ii)) Hangzhou Tianchuang Water Co., Ltd. (Note (ii))	市政污水處理和中水廠建設、經營、維護和培訓 Municipal sewage water processing and recycled water plant construction operation, maintenance and training	人民幣 Rmb257	180	70
曲靖創業水務有限公司 Qujing Capital Water Co., Ltd.	市政污水處理及中水廠建設、經營、維護和管理 Municipal sewage water processing and recycled water plant construction operation, maintenance and management	人民幣 Rmb120	108	90
天津中水有限責任公司 (「中水」) Tianjin Water Recycling Co., ("TWRC")	中水生產、中水設施開發建設及中水技術諮詢 Production of recycled water, equipment development and technical consulting for water recycling business.	人民幣 Rmb100	98	98
貴州創業水務有限公司 Guizhou Capital Water Co., Ltd.	市政污水處理開發及建設 Development and construction of municipal sewage water plants	人民幣 Rmb100	95	95
阜陽創業水務有限公司 Fuyang Capital Water Co., Ltd.	市政污水處理及中水廠建設、經營、維護和管理 Municipal sewage water processing and recycled water plant construction operation, maintenance and management	人民幣 Rmb45	44	99.9
赤壁創業水務有限公司 Chibi Capital Water Co., Ltd.	市政污水處理及中水廠建設、經營、維護和管理 Municipal sewage water processing and recycled water plant construction operation, maintenance and management	人民幣 Rmb35	34	99.75
寶應創業水務有限公司 Baoying Capital Water Co., Ltd.	市政污水處理及中水廠建設、經營、維護和管理 Municipal sewage water processing and recycled water plant construction operation, maintenance and management	人民幣 Rmb38	27	70

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

12 附屬公司投資 (續)

12 Investments in subsidiaries (Continued)

附屬公司名稱 Name of subsidiary	主要業務 Principal activities	繳足資本 Paid-up capital (百萬元) (In million)	投資 Investment (百萬元) (In million)	所持有的權益 Interest held (%)
天津創業建材有限公司 (「創業建材」) Tianjin Capital New Materials Co., Ltd. ("TCNM")	新型建築材料的製造 Manufacture of new types of construction materials	人民幣 Rmb38	26	58
洪湖創業水務有限公司 Honghu Capital Water Co., Ltd.	市政污水處理及中水廠建設、 經營、維護和管理 Municipal sewage water processing and recycled water plant construction operation, maintenance and management	人民幣 Rmb20	18	90
於香港註冊成立： Incorporated in Hong Kong:				
天津創業環保(香港) 有限公司 Tianjin Capital Environmental Protection (HK) Co., Ltd.	污水處理及中水業務 Sewage water treatment and water recycling business	每股面值 1 美金的 780 萬股普通股 7.8 million ordinary shares of US\$ 1 each	63	100
			693	

13 存貨

13 Inventories

		集團 Group		公司 Company	
		2006	2005	2006	2005
原材料	Raw materials	4,233	2,918	2,610	2,510
產成品	Finished goods	5,424	6,423	—	—
其它易耗品	Other consumables	2,182	2,487	89	104
		11,839	11,828	2,699	2,614
減：存貨價值 下降的撥備	Less: Provision for declines in the value of inventories	(4,000)	—	—	—
		7,839	11,828	2,699	2,614

於 2006 年 12 月 31 日，本公司約有人民幣 150 萬元存貨按可變現淨值列賬 (2005 年：無)。

As at 31 December 2006, about Rmb1.5 million of inventories were carried at net realisable value (2005: nil).

存貨成本中確認為費用並列入銷售成本的金額共計人民幣 2,500 萬元 (2005 年：人民幣 1,400 萬元)。

The cost of inventories recognised as expense and included in cost of sales amounted to about Rmb25 million (2005: Rmb14 million).

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

14 貿易應收款

貿易應收款明細如下：

		集團 Group		公司 Company	
		2006	2005	2006	2005
應收排水公司：	Due from TSC				
— 污水處理服務	- Water processing services	283,788	45,544	283,788	45,544
— 污水處理廠建設 (附註 1(b))	- Construction of plants (Note 1(b))	466,185	466,185	466,185	466,185
		<u>749,973</u>	<u>511,729</u>	<u>749,973</u>	<u>511,729</u>
其他	Others	43,210	22,276	16,473	16,323
		<u>793,183</u>	<u>534,005</u>	<u>766,446</u>	<u>528,052</u>
減：長期部分	Less: non-current portion	(749,973)	(466,185)	(749,973)	(466,185)
短期部分	Current portion	<u>43,210</u>	<u>67,820</u>	<u>16,473</u>	<u>61,867</u>

根據合作協議，排水公司會在相關資產完工和驗收後，將其若干資產售予本公司（附註 1(b)）。因此，在 2007 年 4 月，本公司與排水公司就還款計劃達成協議，據此排水公司將會用上述資產支付積欠本公司的建設費。於 2006 年 12 月 31 日，這些資產的金額約為人民幣 7.50 億元。因此，董事相信應收排水公司的款項能夠透過資產掉期全部收回。

根據還款計劃，於 2006 年 12 月 31 日應收排水公司款項的賬面值人民幣 7.50 億元（2005 年：人民幣 4.66 億元）已被重新分類為於一年後到期的貿易應收款，導致貿易應收款的賬齡如下：

		集團 Group		公司 Company	
		2006	2005	2006	2005
1 至 2 年	One to two years	749,973	466,185	749,973	466,185
1 年以內	Within one year	43,210	67,820	16,473	61,867
		<u>793,183</u>	<u>534,005</u>	<u>766,446</u>	<u>528,052</u>

14 Trade receivables

Details of the trade receivables are as follows:

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 2007, the Company reached an agreement with TSC on a repayment plan, whereby TSC will use the above mentioned assets to settle the construction fees owed to the Company. As at 31 December 2006, these assets amount to about Rmb750 million. As such, the Directors believe that the amount due from TSC is fully recoverable by asset swap.

Pursuant to the repayment plan, the carrying value of balance due from TSC as at 31 December 2006 of Rmb750 million (2005: Rmb466 million) has been reclassified to trade receivables due after one year resulting in ageing of the trade receivable as follows:

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

15 其它應收款及預付賬款

其它應收款
預付賬款

Other receivables
Prepayments

		集團 Group		公司 Company	
		2006	2005	2006	2005
		17,235	5,872	83,866	4,600
		11,125	4,016	253	—
		<u>28,360</u>	<u>9,888</u>	<u>84,119</u>	<u>4,600</u>

由於其它應收款和預付賬款均會在短期內到期，故彼等的賬面價值與公平值相若。

15 Other receivables and prepayments

The carrying values of other receivables and prepayments approximate their fair values due to their short-term maturity.

16 現金及銀行結餘

現金及銀行存款
於其它長期資產列示的
受限銀行存款（附註11）

Cash on hand and in bank
Restricted bank deposits included in
other non-current assets (Note 11)

		集團 Group		公司 Company	
		2006	2005	2006	2005
		773,811	800,294	647,203	544,462
		(40,067)	(47,000)	(40,067)	(47,000)
		<u>733,744</u>	<u>753,294</u>	<u>607,136</u>	<u>497,462</u>

結餘包括：
建設污水處理廠的
專用資金

Balance include:
Special funds for construction of sewage
water processing plants

		103,846	281,742	96,022	266,329
		<u>103,846</u>	<u>281,742</u>	<u>96,022</u>	<u>266,329</u>

就現金流量表而言，現金及銀行結餘包括下列項目：

Cash and bank balances include the following for the purposes of the cash flow statement:

		集團 Group		公司 Company	
		2006	2005	2006	2005
現金及銀行結餘	Cash and bank balances	733,744	753,294	607,136	497,462
受限銀行存款—短期部分 （附註19(b)(iii)）	Restricted bank deposits-current (Note 19(b)(iii))	(15,000)	(9,182)	(6,000)	(9,000)
		<u>718,744</u>	<u>744,112</u>	<u>601,136</u>	<u>488,462</u>

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

17 股本

本公司的法定、已發行及繳足股本的變動表列如下。所有本公司的股份均為每股面值人民幣1元的普通股。

17 Share capital

Movement of the Company's authorised, issued and fully paid up capital is tabled below. All of the Company's shares are ordinary shares with par value of one Renminbi.

		A 股 “A shares”			H 股 “H shares”		合計 Total
		尚未 流通股份 Non circulating shares	受限 流通股份 Restricted circulating shares	流通股份 Circulating shares	小計 Subtotal	流通股份 Circulating shares	
於 2005 年 1 月 1 日 轉換可轉換債券	At 1 January 2005 Conversion of convertible bonds	877,505	—	112,495	990,000	340,000	1,330,000
		—	—	658	658	—	658
於 2005 年 12 月 31 日	At 31 December 2005	877,505	—	113,153	990,658	340,000	1,330,658
重新分類 (附註(i)) 轉換可轉換債券	Reclassification (Note (i)) Conversion of convertible bonds	(877,505)	835,638	41,867	—	—	—
		—	—	8	8	—	8
於 2006 年 12 月 31 日	At 31 December 2006	—	835,638	155,028	990,666	340,000	1,330,666

A 股指在上海證券交易所上市股份，H 股指在香港聯合交易所上市股份。所有 A 股及 H 股在各方面均享有同等權益。

“A” share represent shares listed on the Shanghai Securities Exchange and “H” shares represent shares listed on The Stock Exchange of Hong Kong. All the “A” and “H” shares rank pari passu in all respects.

註釋：

Note:

- (i) 本公司 A 股股東們於 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 (「天津市政」) 提出的更新後的股權分置改革方案。根據該股權分置改革方案，天津市政將會向本公司截止於 2006 年 3 月 8 日註冊的 A 股股東們支付每 10 股 3.7 股的股份，總共要支付 41,866,631 股。股權分置改革後，天津市政於本公司的股權從 63.05% 下降到了 59.91%。

- (i) On 20 March 2006, the revised stock reform plan proposed by the Company's controlling shareholder, Tianjin Municipal Investment Co., Ltd. (“TMICL”), was approved by the Company's shareholders of A shares. According to the stock reform plan, TMICL will pay 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 41,866,631 shares. After the stock reform, TMICL's equity interest in the Company reduced from 63.05% to 59.91%.

於本公司的股權分置改革後，除了支付給本公司的 A 股股東 41,866,631 股股份成為非限制性流動股以外，其餘所有非流通股轉換為限制性流通股。天津市政持有的股份受到限制，天津市政在股權分置完成後三年內最多可出售其股份總數 10% 的股份。

After the Company's stock reform, all of the non-circulating shares were converted into restricted circulating shares except for the 41,866,631 shares paid to the Company's A share holders which became non-restricted circulating shares. Shares held by TMICL are restricted to the extent that within 3 years after the stock reform TMICL can only dispose a maximum of 10% of its total shares. All other restricted circulating share holders may dispose of their interests one year after the share reform.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

18 儲備

18 Reserves

其他儲備的對賬及變動如下：

The reconciliation and movement of other reserves are as follows:

	集團 Group	資本儲備 Capital reserve (附註(i)) (Note(ii))	一般儲備 General reserve	可轉換 債券儲備 Convertible bonds reserves	保留盈餘 Retained earnings	合計 Total
2005年1月1日結餘	Balance at 1 January 2005	69,289	174,349	100,215	630,608	974,461
本年盈利	Profit for the year	—	—	—	177,475	177,475
撥入法定盈餘公積金 的盈利分配	Profit appropriation to statutory common reserves	—	26,372	—	(26,372)	—
可換股債券	Convertible bonds					
— 已贖回	— Redeemed	—	—	(74,126)	—	(74,126)
— 已轉換	— Converted	3,343	—	—	—	3,343
與2004年有關的股息	Dividend relating to 2004	—	—	—	(133,000)	(133,000)
一間附屬公司的實繳盈餘	Contributed surplus of a subsidiary	2,550	—	—	—	2,550
2005年12月31日結餘	Balance at 31 December 2005	75,182	200,721	26,089	648,711	950,703
本年盈利	Profit for the year	—	—	—	158,689	158,689
撥入法定盈餘公積金 的盈利分配 (附註(ii))	Profit appropriation to statutory common reserve(Note (ii))	—	19,635	—	(19,635)	—
可轉換債券 (附註19(d))	Convertible bonds(Note 19(d))					
— 已轉換	— Converted	27	—	—	—	27
與2005年有關的股息	Dividend relating to 2005	—	—	—	(53,227)	(53,227)
2006年12月31日結餘	Balance at 31 December 2006	75,209	220,356	26,089	734,538	1,056,192

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

18 儲備 (續)

18 Reserves (Continued)

公司 Company	資本儲備 Capital reserve (附註(i)) (Note(ii))	一般儲備 General reserve	可轉換 債券儲備 Convertible bonds reserves	保留盈餘 Retained earnings	合計 Total	
2005年1月1日結餘	Balance at 1 January 2005	69,289	174,349	100,215	636,865	980,718
本年盈利	Profit for the year	—	—	—	187,067	187,067
撥入法定盈餘公積金 的盈利分配	Profit appropriation to statutory common reserves:	—	26,372	—	(26,372)	—
可轉換債券	Convertible bonds	—	—	—	—	—
—已贖回	– Redeemed	—	—	(74,126)	—	(74,126)
—已轉換	– Converted	3,343	—	—	—	3,343
與2004年有關的股息	Dividend relating to 2004	—	—	—	(133,000)	(133,000)
2005年12月31日結餘	Balance at 31 December 2005	<u>72,632</u>	<u>200,721</u>	<u>26,089</u>	<u>664,560</u>	<u>964,002</u>
本年盈利	Profit for the year	—	—	—	156,687	156,687
撥入法定盈餘公積金 的盈利分配 (附註(ii))	Profit appropriation to statutory common reserve (Note (ii))	—	17,013	—	(17,013)	—
可轉換債券 (附註19(d))	Convertible bonds(Note 19(d))	—	—	—	—	—
—已轉換	– Converted	27	—	—	—	27
與2005年有關的股息	Dividend relating to 2005	—	—	—	(53,227)	(53,227)
2006年12月31日結餘	Balance at 31 December 2006	<u>72,659</u>	<u>217,734</u>	<u>26,089</u>	<u>751,007</u>	<u>1,067,489</u>

註釋:

Notes:

(i) 資本儲備金為發行股份產生的股份溢價。此項資本儲備金可用於抵銷以前年度虧損或發行紅股。

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

(ii) 一般儲備包含法定盈餘公積金 (2005: 包括達人民幣66,900,000元的法定公益金, 已根據財政部發出的有關規例轉入法定盈餘公積金)。

(ii) General reserves represent the statutory common reserve. (2005: Include the statutory provident fund amounting to Rmb66.9 million which in accordance with relevant regulations issued by Ministry of Finance has been transferred to statutory common reserve).

根據本公司章程, 應按中國會計規例編製的賬目內所示將本公司淨利潤的10%轉入法定盈餘公積金 (直至此項公積金達註冊資本的50%為止)。轉入該公積金的金額必須在派發股息予股東之前計提。

According to the Company's Articles of Association, it is required to transfer 10% of its net profit as shown in the accounts prepared under PRC accounting regulations to the statutory common reserve, until the reserve reaches 50% of the registered capital. Transfers to this reserve must be made before the distribution of dividends to shareholders.

此項法定盈餘公積金用途限於彌補虧損、擴充本公司生產營運; 或增加本公司的資本。

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

待股東在股東大會上以決議案通過後, 本公司可將其公積金轉為股本, 該儲備中仍未轉撥的金額必須不低於註冊資本的25%。

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

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

19 貸款 (續)

(a) 長期銀行貸款

貸款來自：	Borrowings from:
國家開發銀行	State Development Bank
中國光大銀行	China Everbright Bank
中國工商銀行	Industrial Commerce Bank of China
中國建設銀行	China Construction Bank
中信實業銀行	CITIC Industrial Bank
中國銀行	Bank of China

19 Borrowings (Continued)

(a) Long-term bank borrowings

註釋	集團		公司	
Note	Group		Company	
	2006	2005	2006	2005
(i)	545,000	585,000	545,000	585,000
(ii)	450,000	100,000	400,000	50,000
(iii)	250,000	—	—	—
(iv)	233,750	20,000	—	—
(v)	200,000	—	200,000	—
(vi)	40,000	—	—	—
	<u>1,718,750</u>	<u>705,000</u>	<u>1,145,000</u>	<u>635,000</u>

該等貸款的具體還款期如下：

These borrowings mature as follows:

		集團		公司	
		Group		Company	
		2006	2005	2006	2005
一年以內	Within one year	99,250	62,500	74,000	60,000
第二年在內	In the second year	416,250	136,500	334,000	134,000
第三年至第五年內	In the third to fifth year	466,750	448,500	337,000	391,000
五年以後	After the fifth year	736,500	57,500	400,000	50,000
		<u>1,718,750</u>	<u>705,000</u>	<u>1,145,000</u>	<u>635,000</u>

註釋：

Notes:

- (i) 該借款由天津市政局提供保證擔保並以其部分收費權作為質押。該銀行貸款的年利率界乎 6.1% 至 6.4% (2005 年：5.8% 至 6.1%)。
- (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天津市政投資有限公司提供擔保，年利率界乎 5.02% 至 6.84% (2005 年：5% 至 5.8%)。

- (i) This borrowing is secured by TMEB guarantee together with certain of its fee collection rights, and bears interest ranging from 6.1% to 6.4%. (2005: 5.8% to 6.1%) per annum.
- (ii) This borrowing is secured by the TSC's right to receive sewage water processing fees together with TMICL guarantee and bears interest rate ranging from 5.02% to 6.84% (2005: 5% to 5.8%) per annum.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

19 貸款 (續)

(a) 長期銀行貸款 (續)

註釋：(續)

- (iii) 該借款由本公司提供保證擔保，利率為中國人民銀行頒佈的長期借款利率，現時年利率界乎6.1%至6.4%。
- (iv) 結餘包括人民幣1.90億元的貸款，以自來水收入權和污水處理收入權作為質押；餘額約人民幣4,400萬元，乃由本公司提供保證擔保。該等借款年利率界乎6.1%至6.4%（2005年：6.1%）。
- (v) 該借款為無抵押貸款。借款年利率界乎6.1%至6.4%。
- (vi) 該借款由本公司提供保證擔保。借款的年利率界乎6.1%至6.4%。

19 Borrowings (Continued)

(a) Long-term bank borrowings (Continued)

Notes: (Continued)

- (iii) This borrowing is secured by the Company's guarantee and bears interest ranging from 6.1% to 6.4% per annum.
- (iv) The balance includes Rmb190 million secured by the right to receive tap water and sewage water processing fees. The remaining balance of about Rmb 44 million is secured by the Company's guarantee. These borrowings bear interest ranging from 6.1% to 6.4% (2005: 6.1%) per annum.
- (v) The borrowing is an unsecured loan and bears interest ranging from 6.1% to 6.4% per annum.
- (vi) This borrowing is secured by the Company's guarantee and bears interest ranging from 6.1% to 6.4% per annum.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

19 貸款 (續)

(b) 短期銀行借款

借款銀行：	Borrowings from:
中國民生銀行	China Minsheng Bank
中國工商銀行	Industrial Commerce Bank of China
中國興業銀行	Industrial Bank
北京銀行	Beijing Bank
上海浦東發展銀行	Shanghai Pudong Development Bank
中國華夏銀行	Huaxia Bank
其他	Others

註釋：

- (i) 由天津市政投資有限公司擔保。
- (ii) 由天津市高速公路投資建設發展公司擔保。
- (iii) 包括以人民幣1,700萬元銀行存款作為質押之借貸人民幣1,500萬元 (註釋16)。
- (iv) 所有短期借貸的年利率界乎5.5%至6.1%。

截至2006年12月31日止年度，由於以上貸款於到期期間以現行市場利率計息，故其賬面價值近似於公平值。

19 Borrowings (Continued)

(b) Short-term bank borrowings

註釋	集團		公司	
Note	Group	2005	Company	2005
	2006		2006	
(i)	200,000	300,000	200,000	300,000
	190,000	—	190,000	—
(ii)	100,000	—	100,000	—
	100,000	—	100,000	—
(iii)	65,000	100,000	50,000	100,000
(i)	36,000	—	36,000	—
	—	195,000	—	190,000
	<u>691,000</u>	<u>595,000</u>	<u>676,000</u>	<u>590,000</u>

Notes:

- (i) Guaranteed by TMICL.
- (ii) Guaranteed by Tianjin Expressway Investment and Construction Development Company.
- (iii) Include Rmb15 million borrowings secured by a bank deposit of Rmb17 million (Note 16).
- (iv) All short-term borrowings bear interest ranging from 5.5% to 6.1% per annum.

The carrying amounts of all borrowings approximate their fair values as at 31 December 2006 either due to their short-term maturity or because they bear interest of prevailing market rates throughout their maturity period.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

19 貸款 (續)

19 Borrowings (Continued)

(c) 應付貸款：

(c) Loans payable:

		集團 Group		公司 Company	
		2006	2005	2006	2005
長期 應付：	Long-term Due to:				
— 天津市政局 (註釋(i))	-TMEB (Note(i))	<u>163,636</u>	<u>180,000</u>	<u>163,636</u>	<u>180,000</u>
短期 應付：	Short-term Due to:				
— 天津市政局	-TMEB				
— 長期貸款的即期部份 (註釋(i))	• Current portion of long term loans (Note(i))	16,364	—	16,364	—
— 其他 (註釋(ii))	• Others (Note(ii))	81,215	81,215	—	—
— 天津市政府 (註釋(iii))	-Tianjin Municipal Government (Note(iii))	<u>10,685</u>	<u>10,613</u>	<u>—</u>	<u>—</u>
		<u>108,264</u>	<u>91,828</u>	<u>16,364</u>	<u>—</u>

註釋：

Notes:

- (i) 由天津市政局轉貸之應付貸款人民幣 1.8 億元為 2005 年污水處理廠建設專項轉貸資金。有關貸款從 2007 年起分 11 年均償付。因此，此項貸款於 2007 年到期的即期部份約為人民幣 1,600 萬元 (2005 年：零)。貸款利率前 6 年為 5%，從第七年起至到期，利率為一年期存款利率加 0.3 個百分點。
- (ii) 欠負天津市政局的款項共人民幣約 8,100 萬元 (2005 年：人民幣 8,100 萬元)，其借款目的與借款使用方法如下註釋(iii)所示。
- (iii) 人民幣 1,100 萬元 (2005 年：人民幣 1,100 萬元) 為借自天津市市政府其它部門，用於紀莊子污水回用工程建設。以上貸款並不計息而還款日期和方法擬於上述廠房落成後釐定。
- (i) A Rmb180 million was taken from TMEB during 2005 specifically for construction of sewage water processing plants. The loan is repayable in equal instalments over eleven years from 2007. Therefore, the current portion of this loan due in 2007 amounts to approximately Rmb16 million (2005: Nil). 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.
- (ii) Amount due to TMEB of Rmb81 million (2005: 81millin) is specifically for the same purpose and under same terms as loan stated in Note (iii) below.
- (iii) The Rmb11 million (2005: Rmb11 million) was borrowed from a Tianjin Municipal Government body 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.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

19 貸款 (續)

(c) 應付貸款 (續)

以上在附註(ii)和(iii)中列示的人民幣8,100萬元和人民幣1,100萬元貸款的還款計劃尚在商討中。由於尚未確定還款期限，這些貸款已經被重分類至流動負債。

長期應付貸款之公平值約等於其賬面值。

(d) 應付可轉換債券：

可轉換債券之負債部份

可轉換債券數量 (千張)

本公司於2004年7月1日發行1200萬份A股可轉換公司債券，每份面值為人民幣100元，該債券於2004年7月19日在上海證券交易所上市交易。可轉換公司債券金額總額為人民幣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。

• 贖回：

根據債券的條款，本公司在2005年8月贖回了8,239,020份債券。因此，債券中權益部分人民幣7,400萬元被沖回。相應回售的補償為人民幣1,650萬元。

19 Borrowings (Continued)

(c) Loans payable: (Continued)

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.

The fair values of long-term loans payable approximate their book values.

(d) Convertible bonds payable:

	2006	2005
Liability component of convertible bonds	<u>374,844</u>	<u>362,623</u>
Number of units (1,000)	<u>3,721</u>	<u>3,721</u>

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 on 19 July 2004. 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.

• Redemption:

In accordance with the term of the bonds, 8,239,020 units were redeemed in August 2005. Accordingly, the equity component of the bonds redeemed of Rmb74 million was reversed. The premium for the redemption was Rmb16.5 million.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

19 貸款 (續)

(d) 應付可轉換債券 (續)

- 轉股：

於2006年，合共價值為400萬元的債券轉換為本公司的A股股票，轉股價格為每股人民幣6.08元。

- 確認及隨後計量：

於初始發行時：

負債部分的分類和權益部分的轉換在發行債券時確認。

負債部份的價值，乃計入長期貸款並以攤銷成本列賬以及使用相等非轉換債券的市場利率計算。剩餘金額（相當於股本轉換部份的價值）乃計入其他儲備的股東股本，扣除遞延所得稅。債券之利息費用使用實際利率法以5.6%之折現率按實際利率計算。

於回售和轉股時：

於2006年12月31日，使用實際利率法計算之剩餘負債部份的價值約為人民幣3.75億元（2005：人民幣3.63億元），採用之實際利率為5.6%（2005年：5.6%）。

19 Borrowings (Continued)

(d) Convertible bonds payable: (Continued)

- *Conversion:*

During 2006, Bonds with aggregate value of Rmb4 million (2005: Rmb 4 million) were converted into the Company's A share at Rmb6.08 per share.

- *Recognition and subsequent measurement:*

At inception:

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

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.

Upon redemption and conversion:

The value of the remaining liability component of the bonds at 31 December 2006 is estimated at about Rmb375 million (2005: Rmb363 million) using the effective interest rate of 5.6% (2005: 5.6%).

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

19 貸款 (續)

(d) 應付可轉換債券 (續)

- 發行費用：

可轉換債券之發行費用在債券存續期間內攤銷。於2009年6月30日，如可轉換公司債券獲贖回、轉股、回售、或註銷，則未攤銷之金額於年度之收益表內扣除。2005年8月，於部份可轉換債券贖回時，相關的發行費用撤減至約人民幣2,300萬元。於2005年，於採納新的香港國際財務準則時，未攤銷之發行費用約為人民幣750萬元，與應付債券相互抵銷。

19 Borrowings (Continued)

(d) Convertible bonds payable: (Continued)

- *Issuance expense:*

The issuance expense of the convertible bonds is being amortised over the duration of the bonds. Any unamortized amount would be charged to income statement in the year when the bonds are redeemed, converted or purchased and cancelled before the maturity date on 30 June 2009. In August 2005, upon redemption of a certain portion of these bonds, the related issuance expense that was written off amounted to about Rmb23million. In 2005, the unamortised issuance expense of about Rmb7.5 million was offset with convertible bonds payable upon the adoption of new HKFRS.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

19 貸款 (續)

(d) 應付可轉換債券 (續)

- 債券的主要條款
 - (i) 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。可於 2005 年 7 月 1 日及之後至 2009 年 6 月 30 日前轉換為本公司的 A 股。初始轉股價為每股人民幣 7.7 元，而本公司有權於轉換期間根據市價修訂轉股價。除非之前並無贖回、轉股、回售或註銷，債券將於 2009 年 6 月 30 日屆滿期後 5 日內按本金額 100% 贖回，並於第 5 年累計利息，另加第 5 年的債券利息的五倍與於五年內實際已付總利息之間的差額的利息補償。

19 Borrowings (Continued)

(d) Convertible bonds payable: (Continued)

- *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 the Company’s A share at any time on and after 1 July 2005 and prior to 30 June 2009. The initial conversion price of the Bonds was 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.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

19 貸款 (續)

(d) 應付可轉換債券 (續)

- 債券的主要條款 (續)

該等債券按界乎 1.7% 至 2.7% 的利率計息。實際須付予債券持有人的利息，將根據債券賬面利息並按照國家頒佈的五年固定存款利率作出調整。就於 2005 年 12 月 31 日止期間，本公司應計的相關債券利息約為人民幣 1,900 萬元 (2004 年: 人民幣 1,400 萬元)。

本公司可選擇於債券發行後一年，透過債券全部或部份到期，按面值的 102% 另加本年度的利息贖回債券，惟於轉換期內，於 30 個連續交易日的任何 20 日，A 股的收市價不超過轉換價的 130%。

19 Borrowings (Continued)

(d) Convertible bonds payable: (Continued)

- *Principal terms of bonds: (Continued)*

These Bonds bear interest ranging from 1.7% to 2.7%. The actual interest payable to the bond holders will be based on the carrying bond interest rate and adjusted according to the five-year fixed deposit rate published by the State. For the period ended in 31 December 2005, the Company accrued the related bonds interest of about Rmb19 million (2004: Rmb14 million).

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

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

19 貸款 (續)

(d) 應付可轉換債券 (續)

- 債券的主要條款 (續)

債券持有人可選擇於轉換期內根據債券的到期期間，將債券全部或部份重售予本公司，惟於轉換期內，於30個連續交易日的任何20日，A股的收市價不超過轉換價的70%。

- (ii) 根據債券的條款，於2005年12月31日，轉換價已由初步的人民幣7.7元下調至人民幣3.9元。轉股價格於2006年沒有改變。

19 Borrowings (Continued)

(d) Convertible bonds payable: (Continued)

- *Principal terms of bonds: (Continued)*

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

- (ii) Pursuant to terms of the Bonds, the conversion price has been revised downwards from the initial Rmb7.7 to Rmb3.9 as at 31 December 2005. There was no change during 2006.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

20 遞延所得稅

本集團的遞延所得稅變動如下所示：

遞延稅務資產：

年初
在損益表確認（附註 25）

年末

遞延稅務負債：

年初
採納香港會計準則第 39 號期初調整
在損益表確認（附註 25）
在權益中扣除稅項

年末

20 Deferred income tax

Movement of the Group's deferred income tax is as follows:

		集團與公司 Group and Company	
		2006	2005
遞延稅務資產：			
年初	Beginning of the year	—	—
在損益表確認（附註 25）	Recognised in the income statement (Note 25)	2,288	—
		<u>2,288</u>	<u>—</u>
年末	End of the year	<u>2,288</u>	<u>—</u>
遞延稅務負債：			
年初	Beginning of the year	5,691	43,799
採納香港會計準則第 39 號期初調整	Opening adjustment for the adoption of HKAS 39	—	(9,964)
在損益表確認（附註 25）	Recognised in the income statement (Note 25)	(3,329)	(8,303)
在權益中扣除稅項	Tax charged to equity	—	(19,841)
		<u>2,362</u>	<u>5,691</u>
年末	End of the year	<u>2,362</u>	<u>5,691</u>

21 應付賬款及其它應付款

應付建設成本
預收管道接駁費
應付購買物業
機器及設備
應付阜陽建委
（註釋 11(ii)）
預收賬款（排水公司）
預提費用
貿易應付款
其它

Construction costs payable
Advances of pipeline connection
Payable for purchase of property,
plant and equipment
Payable to Fuyang Construction
Committee (Note 11(ii))
Advance receivable from TSC
Accrued expenses
Trade payables
Others

		集團 Group		公司 Company	
		2006	2005	2006	2005
		64,696	70,547	47,261	70,547
		50,431	11,209	—	—
		30,371	50,512	—	36,589
		10,200	—	—	—
		27,385	38,594	27,385	27,385
		11,879	7,266	7,805	6,050
		9,852	8,414	3,563	2,774
		48,444	17,231	62,285	25,322
		<u>253,258</u>	<u>203,773</u>	<u>148,299</u>	<u>168,667</u>

由於均為短期內到期，應付賬款及其它應付款的賬面價值和公允價值十分接近。

於 2006 年 12 月 31 日，大多數貿易應付賬款的賬齡為一年內。

21 Trade and other payables

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

As at 31 December 2006, the majority of trade payables are aged within one year.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

22 按性質分類的費用

計入售出貨品成本、銷售及推廣成本和行政費用內的費用分析如下：

折舊及攤銷費用
僱員福利開支 (附註 23)
動力費
維修及保養費用
使用的原材料及消耗品
天津市車輛通行費徵收辦公室酬金
資產減值
核數師酬金
出售物業、廠房及設備虧損
土地及房屋經營性租賃開支
其它

22 Expense by nature

Expenses included in cost of sales, selling and marketing costs and administrative costs are analyzed as follows:

截至 12 月 31 日止年度
Year ended 31 December
2006 2005

Depreciation and amortisation expenses	139,339	70,892
Staff costs (Note 23)	55,138	41,678
Utilities	82,009	33,742
Repair and maintenance expenses	29,775	22,111
Raw materials and consumables used	24,827	13,666
Management fee to Toll Fee Collection Office	8,164	7,262
Impairment of assets	7,760	—
Auditors' remuneration	3,840	3,380
Loss on disposal of property, plant and equipment	971	706
Operating lease rentals for land and buildings	2,648	—
Others	69,931	49,972
	<u>424,402</u>	<u>243,409</u>

23 僱員福利開支

(a) 僱員福利開支分析如下：

工資及酬金
社會保障成本
退休金成本—界定供款計劃
其它福利

23 Employee benefit expense

(a) The analysis of employee benefit expense is as follows:

截至 12 月 31 日止年度
Year ended 31 December
2006 2005

Wages and salaries	40,382	30,300
Social security costs	4,543	4,264
Pension costs – defined contribution plans	3,565	1,915
Other benefits	6,648	5,199
	<u>55,138</u>	<u>41,678</u>

(b) 董事及高級管理層薪酬

年內須付予本公司董事的薪酬總額如下：

獎金
薪金及其它酬金
退休福利計劃供款

(b) Directors' and senior management's emoluments

The aggregate amounts of emoluments payable to Directors of the Company during the year are as follows:

截至 12 月 31 日止年度
Year ended 31 December
2006 2005

Fees	624	624
Salaries and other emoluments	1,157	1,188
Contribution to retirement benefit scheme	24	21
	<u>1,805</u>	<u>1,833</u>

本年度支付給獨立非執行董事的薪酬總額達人民幣 624,000 元，已包括在以上餘額中 (2005 年：人民幣 624,000 元)。

Emoluments paid to independent non-executive directors amounted to Rmb624,000 during the year have been included in the above balance (2005: Rmb624,000).

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

23 僱員福利開支 (續)

(b) 董事及高級管理層薪酬 (續)

個別董事及監事的酬金詳情載列如下：

執行董事：

馬白玉
顧啟峰
譚兆甫
王佔英
安品東
付亞娜

非執行董事：

高寶明
高宗澤
王翔飛

於年內無任何本公司董事的薪酬超過港幣 1,000,000 元。

(c) 五位最高薪酬人事

本年度本集團最高薪酬的五位人士包括兩名 (2005年：兩名) 董事，彼等的酬金在上文呈報的分析中反映。本年度支付予其餘三名 (2005年：三名) 個別人士的酬金如下：

基本薪金及其他酬金
退休福利計劃供款

23 Employee benefit expense (Continued)

(b) Directors' and senior management's emoluments (Continued)

Details of emoluments of individual directors and supervisors are set out as below:

	截至 12 月 31 日止年度 Year ended 31 December	
	2006	2005
Executive Directors:		
Ma Baiyu	150	150
Gu Qifeng	399	401
Tan Zhaofu	100	100
Wang Zhanying	100	100
An Pindong	100	100
Fu Yana	332	358
Non-executive Directors:		
Gao Baoming	208	208
Gao Zongze	208	208
Wang Xiangfei	208	208
	<u>1,805</u>	<u>1,833</u>

None of the Directors of the Company received emoluments in excess of HK\$1,000,000 during the year.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include 2 (2005: 2) Directors of the Company whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 3 (2005: 3) individuals during the year are as follows:

	截至 12 月 31 日止年度 Year ended 31 December	
	2006	2005
Salaries and other emoluments	921	732
Contribution to retirement benefit scheme	36	32
	<u>957</u>	<u>764</u>

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

24 融資成本

利息費用：
— 銀行貸款
— 須於五年內全數償還的可轉換債券

減：資本化利息

受限制銀行存款公平值調整
(附註 11)
可轉換債券的贖回補償
其它補償性貸款成本

利息費用資本化率

24 Finance costs

Interest expense on:
- bank borrowings
- convertible bonds wholly repayable
 within five years
Less: Capitalised interest

Fair value adjustment of restricted
bank deposits (Note 11)
Redemption premium of convertible bonds
Other ancillary borrowing costs

Interest rate per annum at which
finance costs were capitalised

截至 12 月 31 日止年度
Year ended 31 December
2006 2005

111,920	60,723
22,828	49,019
(12,870)	(35,254)
<u>121,878</u>	<u>74,488</u>
6,933	—
—	16,478
1,150	3,250
<u>129,961</u>	<u>94,216</u>
6.1%	6.1%

25 所得稅費用

由於本集團在香港並無應課稅盈利（二零零五：無），故本年度並無為香港所得稅計稅撥備。中國所得稅率介乎優惠稅率 7.5% 至法定稅率 33%（2005：33%）。

25 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 ranges from concessionary rate of 7.5% to statutory rate 33% (2005: 33%).

截至 12 月 31 日止年度
Year ended 31 December
2006 2005

稅項開支構成如下：
當期中國所得稅
遞延所得稅（附註 20）

Tax charge comprises:
Current PRC income tax
Deferred income tax (Note 20)

85,189	92,648
(5,617)	(8,303)
<u>79,572</u>	<u>84,345</u>

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

25 所得稅費用 (續)

本集團就除稅前盈利的稅項，與採用適用的所得稅稅率而產生之理論稅額的差額如下：

除稅前盈利

按適用的稅率計算的稅項
就稅項目的而不可扣稅之費用
無須課稅之收入
未動用之附屬公司稅項虧損

25 Income tax expense (Continued)

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using applicable income tax rates, and the difference is set out as follows:

	截至 12 月 31 日止年度 Year ended 31 December	
	2006	2005
Profit before taxation	236,006	259,981
Calculated at applicable income tax rate	77,023	85,794
Expenses not deductible for taxation purposes	2,943	—
Income not subject to tax	(5,776)	(6,642)
Unutilised tax losses of subsidiaries	5,382	5,193
	<u>79,572</u>	<u>84,345</u>

26 本公司權益持有人應佔盈利

於本年度本公司財務報表內處理之本公司權益持有人應佔盈利以約人民幣 1.88 億元 (2005 年：人民幣 1.87 億元) 為限。

26 Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company for the year is dealt with in the financial statements of the Company to the extent of approximately Rmb188 million (2005: Rmb 187 million)

27 每股盈利

每股基本盈利根據本期間股東應佔盈利人民幣 1.59 億元 (2005 年：人民幣 1.77 億元) 以及年內已發行股份 13.31 億股計算 (2005 年：13.31 億股)。

27 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of Rmb159 million (2005: Rmb177 million) and 1,331 million shares in issue during the year (2005: 1,331 million shares).

	2006	2005
本公司權益持有人應佔盈利	<u>158,689</u>	<u>177,475</u>
已發行普通股的加權平均數 (百萬計)	<u>1,331</u>	<u>1,331</u>
每股基本盈利 (每股人民幣元)	<u>0.12</u>	<u>0.13</u>

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

27 每股盈利 (續)

每股攤薄盈利假設所有可攤薄的潛在普通股被兌換後，根據已發行普通股的加權平均股數計算。本公司有一類別可攤薄潛在普通股：可轉換債券。可轉換債券假設被兌換為普通股，而淨盈利經調整以對銷利息費用減稅務影響。

本公司權益持有人應佔盈利
可轉換債券的利息費用 (扣除稅項)

用以釐定每股攤薄盈利的盈利

已發行普通股的加權平均數 (千計)

調整—假設可轉換債券被兌換 (千計)

計算每股攤薄盈利的普通股的
加權平均數 (千計)

每股攤薄盈利 (每股人民幣元)

27 Earnings per share (Continued)

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: convertible debt. The convertible debt is assumed to have been converted into ordinary shares and the net profit is adjusted to eliminate the interest expense less the tax effect.

	截至12月31日止年度 Year ended 31 December	
	2006	2005
Profit attributable to equity holders of the Company	158,689	177,475
Interest expense on convertible debt (net of tax)	13,787	17,061
Profit used to determine diluted earnings per share	172,476	194,536
Weighted average number of ordinary shares in issue (thousands)	1,330,666	1,330,658
Adjustments for – assumed conversion of convertible debt (thousands)	96,389	61,858
Weighted average number of ordinary shares for diluted earnings per share (thousands)	1,427,055	1,392,516
Diluted earnings per share (Rmb per share)	0.12	0.13

28 股息

於年內，已付的股息分別為人民幣53,000,000元 (每股人民幣0.04元) 及人民幣133,000,000元 (每股人民幣0.1元)。2006年的股息每股人民幣0.04元，合計為人民幣53,226,641元將於即將舉行的股東周年大會上建議派發。該等財務報表未反映此項應付股息。

28 Dividend

During the year, dividend amounting to Rmb 53 million (Rmb0.04 per share) were paid (2005: Rmb133 million (Rmb0.1 per share)). A dividend in respect of 2006 of Rmb0.04 per share, amounting to a total dividend of Rmb53,226,641 is to be proposed at the forthcoming Annual General Meeting. These financial statements do not reflect this dividend payable.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

29 營運產生的現金

29 Cash generated from operations

		截至 12 月 31 日止年度	
		Year ended 31 December 2006	2005
年度盈利	Profit for the year	156,434	175,636
調整項目：	Adjustments for:		
— 稅項	- Taxation	79,572	101,086
— 折舊和攤銷	- Depreciation and amortisation	139,339	70,892
— 資產減值	- Impairment of assets	7,760	—
— 以投資物業代替現金支付的服務提供	- Sale of service settled by investment properties in lieu of cash	(16,314)	—
— 來自聯營公司的投資收入	- Investment income from associate company	(4,474)	—
— 出售物業、廠房及設備的虧損	- Loss on sale of property, plant and equipment	971	706
— 利息收入	- Interest income	(5,403)	(8,563)
— 利息費用—淨額	- Interest expense-net	129,961	93,934
營運資金變動前的經營盈利	Operating profit before working capital changes	487,846	433,691
存貨的增加	Increase in inventories	(11)	(6,028)
貿易和其它應收款及預付賬款的增加	Increase in accounts receivable, other receivables and prepayments	(277,425)	(183,829)
應付和其它應付賬款及預收賬款的增加／(減少)	Increase/(decrease) in accounts payable, advances from customers and other payables	70,907	(37,265)
營運產生的現金	Cash generated from operations	<u>281,317</u>	<u>206,569</u>

在現金流量表內，出售物業、廠房及設備的所得款包括：

In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

		2006	2005
賬面淨值 (附註 6)	Net book amount (Note 6)	2,505	1,079
出售物業、廠房及設備的虧損	Loss on sale of property, plant and equipment	(971)	(706)
出售物業、廠房及設備的所得款	Proceeds from sale of property, plant and equipment	<u>1,534</u>	<u>373</u>

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

30 承擔事項

資本承擔

截止資產負債表日，本集團有關建設的資本支出如下所列：

污水處理廠項目：	Sewage water processing plants in:
- 紀莊子	- Ji Zhuang Zi
- 咸陽路	- Xian Yang Lu
- 北倉	- Bei Cang
- 赤壁	- Chi Bi
- 阜陽	- Fu Yang
- 寶應	- Bao Ying
- 曲靖	- Qu Jing
- 杭州	- Hang Zhou
- 洪湖	- Hong Hu
中水廠：	Recycled Water Factory:
- 咸陽路	- Xian Yang Lu
- 北辰	- Bei Chen
香港附屬公司	HK subsidiary
資本貢獻	capital contribution

30 Commitments

Capital commitments

The Group's capital expenditure at the balance sheet date in respect of construction projects is as follows:

已簽約未撥備		已批准未簽約	
Contracted but not provided for		Authorised but not contracted for	
As at 31 December	As at 31 December	As at 31 December	As at 31 December
於 2006 年	於 2005 年	於 2006 年	於 2005 年
12 月 31 日	12 月 31 日	12 月 31 日	12 月 31 日
2006	2005	2006	2005
人民幣百萬元	人民幣百萬元	人民幣百萬元	人民幣百萬元
Rmb' million	Rmb' million	Rmb' million	Rmb' million
	4	—	—
	2	—	—
	2	—	—
	59	—	—
	—	—	—
	—	—	—
	—	—	—
	341	—	180
	16	—	—
	67	—	—
	2	107	—
	—	—	—
	62	—	—
	493	107	180

31 關聯方交易

本公司及其子公司之主要業務都是與國有企業進行（統稱為「國有企業」）。本公司及其子公司已制定程序來識別客戶與供貨商是否為國有企業。管理層相信，所有重大數額之關聯方餘額及交易均已充分地披露。

31 Related party transactions

The majority of the business activities of the Company and its subsidiaries are conducted with state-owned enterprises (thereafter "SOE"). The Company and its subsidiaries have established procedures to determine, to the extent possible, the identification of the ownership 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.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

31 關聯方交易 (續)

除了在財務報表其它部分列示之關聯方資料外，下文概述本公司與其子公司與其關聯方在日常業務過程中訂立之重大關聯方交易和自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實體：

於排水公司賺取之收入
— 污水處理服務費及建設收入

天津市政投資有限公司
所持有可轉換證券

(b) 國有企業關聯方交易及結餘

採購物業、廠房及設備
採購工程物資
採購原材料及配件
支付廠房建築費
支取短期借款
支取長期借款
利息支出

於貿易及其他應付款項持有的結餘

(c) 核心管理層報酬已在附註 31(c)披露。

32. 結算日後事項

截止至 2007 年第一季，面值為人民幣 217,534,000 元的可轉換債券乃轉換為 55,309,987 股本公司「A」股。

31 Related party transactions (Continued)

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 year and balances arising from related party transactions at the end of the year.

(a) Transactions with TMICL and its supervisory entities:

	截至 12 月 31 日止年度	
	Year ended 31 December	
	2006	2005
	人民幣百萬元	人民幣百萬元
	Rmb'million	Rmb'million
Revenue earned from TSC for sewage water processing services and construction of sewage plant	591	506
Convertible bonds held by TMICL	—	209

(b) Transactions and balances with other state-owned enterprises:

Purchase of property, plant and equipment	823	14
Purchase of construction materials	15	10
Purchase of raw materials and accessories	7	19
Payment for plants construction	146	113
Drawdown of short-term loan	615	40
Drawdown of long-term loan	1,050	80
Interest expenses	119	54
Balance held in trade and other payables	202	166

(c) Key management compensation is disclosed in Note 31(c).

32 Subsequent event

As of the first quarter of 2007, convertible bonds with a par value of Rmb217,534,000 were converted into 55,309,987 of the Company's "A" shares.

(除非特別指明所有金額單位均為人民幣千元)
(All amounts in RMB thousand unless otherwise stated)

33 最終控股公司

於2006年12月31日，本公司董事視天津市政投資有限公司為本公司的最終控股公司。

33 Ultimate holding company

As at 31 December 2006, the Directors of the Company regard Tianjin Municipal Investment Company Limited (“TMICL”) as the ultimate holding company.

34 綜合財務報表的核准

賬目於2007年4月18日經由本公司董事會核准發出。

34 Approval of consolidated financial statements

The accounts were approved by the Directors of the Company on 18 April 2007.