



*Interim Report for the six
months ended 30th June 2008*



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

Important

重要提示

1. The board of directors (“**Board**”), supervisory committee (“**Supervisory Committee**”) of Tianjin Capital Environmental Protection Company Limited (the “**Company**”) and its Directors (“**Directors**”), supervisors (“**Supervisors**”) and senior management confirmed that the information in this 2008 interim report (“**Interim Report**”) does not contain any false information, misleading statements or material omissions, and accept joint and several responsibility for the truthfulness, accuracy and completeness of the contents of this report.

(一) 天津創業環保股份有限公司(「本公司」)董事會(「董事會」)、監事會(「監事會」)及其董事(「董事」)、監事(「監事」)及高級管理人員保證本2008年中期報告(「中期報告」)所載資料不存在任何虛假記載、誤導性陳述或者重大遺漏，並對其內容的真實性、準確性和完整性承擔個別及連帶責任。
2. The Chairman, Ms. Ma Baiyu, and the executive Director, Mr. Tan Zhaofu, were unable to attend the Board meeting due to business engagement and both have entrusted the Vice Chairman, Mr. Gu Qifeng, to vote on their behalf. The executive Director, Mr. An Pindong, was unable to attend the Board meeting due to business engagement and has entrusted executive Director, Ms. Fu Yana, to vote on his behalf. Mr. Ko Poming, an independent non-executive Director, was unable to attend this board meeting due to a business trip and he has entrusted Mr. Di Xiaofeng, an independent non-executive Director to vote on his behalf.

(二) 董事長馬白玉女士和執行董事譚兆甫先生因公務無法出席本次董事會會議，均委託副董事長顧啟峰先生代為表決；執行董事安品東先生因公務無法出席本次董事會會議，委託執行董事付亞娜女士代為表決；獨立非執行董事高寶明先生因公務出差，無法出席本次董事會會議，委託獨立非執行董事邱曉峰先生代為表決。
3. The interim financial statements of the Company for the six months ended 30 June 2008 are unaudited.

(三) 本公司截至2008年6月30日止半年度財務報告未經審計。
4. None of the major shareholders of the Company has misappropriated the Company's funds.

(四) 本公司不存在大股東佔用資金情況。
5. Ms. Ma Baiyu, the Chairman of the Company, Mr. Gu Qifeng, the person in charge of the accounting function, and Ms. Chen Yinxing, the person in charge of the accounting department of the Company, have warranted the truthfulness and completeness of the financial statements in this Interim Report.

(五) 本公司董事長馬白玉女士、主管會計工作負責人顧啟峰先生及會計機構負責人陳銀杏女士聲明：保證本半年度報告中財務報告的真實及完整。

I. Company Profile

(I) Basic Information of the Company

1. Legal Chinese name

天津創業環保股份有限公司

Abbreviation of the legal Chinese name

創業環保

English name

Tianjin Capital Environmental Protection Company Limited

Abbreviation of the English name

TCEPC

2. Place for listing of the A Shares

Shanghai Stock Exchange (the "SSE")

Short form of the A Shares

創業環保

Stock code of the A Shares

600874

Place for listing of the H Shares

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

Short form of the H Shares

Tianjin Capital

Stock code of the H Shares

1065

3. Registered address

No. 45 Guizhou Road

Heping District

Tianjin

The People's Republic of China (the "PRC")

Address of the Company's office

TCEP Building, 76 Weijin South Road

Nankai District

Tianjin

The PRC

Postal code

300381

Website

<http://www.tjcep.com>

E-mail address

tjcep@tjcep.com

一、本公司基本情況

(一) 本公司基本情況簡介

1、本公司法定中文名稱：

天津創業環保股份有限公司

本公司法定中文名稱縮寫：

創業環保

本公司英文名稱：

Tianjin Capital Environmental Protection Company Limited

本公司英文名稱縮寫：

TCEPC

2、本公司A股上市交易所：

上海證券交易所（「上交所」）

本公司A股簡稱：

創業環保

本公司A股代碼：

600874

本公司H股上市交易所：

香港聯合交易所有限公司（「聯交所」）

本公司H股簡稱：

天津創業環保

本公司H股代碼：

1065

3、本公司註冊地址：

中華人民共和國（「中國」）

天津市和平區貴州路45號

本公司辦公地址：

中國天津市南開區

衛津南路76號

創業環保大廈

郵政編碼：

300381

本公司國際互聯網網址：

<http://www.tjcep.com>

本公司電子信箱：

tjcep@tjcep.com

4. Legal representative of the Company

Ms. Ma Baiyu

5. Secretary to the Board

Ms. Fu Yana

Telephone number

86-22-23930128

Facsimile number

86-22-23930126

E-mail

fu_yn@tjcep.com

Correspondence address

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

Company Secretary

Mr. Lo Wai Keung, Eric

Telephone number

852-2218-0920

Facsimile number

852-2501-0028

E-mail

cosec@tjcep.com

Securities Affairs Representative

Ms. Guo Fengxian

Telephone number

86-22-23930128

Facsimile number

86-22-23930126

E-mail

guo_fx@tjcep.com

Correspondence address

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

4、本公司法定代表人：
馬白玉女士

5、本公司董事會秘書：
付亞娜女士

電話：

86-22-23930128

傳真：

86-22-23930126

E-mail：

fu_yn@tjcep.com

聯繫地址：

中國天津市南開區
衛津南路76號
創業環保大廈

本公司公司秘書：

盧偉強先生

電話：

852-2218-0920

傳真：

852-2501-0028

E-mail：

cosec@tjcep.com

本公司證券事務代表：

郭鳳先女士

電話：

86-22-23930128

傳真：

86-22-23930126

E-mail：

guo_fx@tjcep.com

聯繫地址：

中國天津市南開區
衛津南路76號
創業環保大廈

6. Newspapers for the Company's announcement:

Shanghai Securities News

Website designated by the China Securities Regulatory Committee ("CSRC") for the disclosure of the Interim Report:

<http://www.sse.com.cn>

Place where the Interim Report is available for Inspection

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

7. Other basic information:

Date of first registration of the Company

8 June 1993

The first registered address of the Company

No. 10 Hubei Road, Heping District, Tianjin, the PRC

Dates of changes in registration of the Company

26 August 1998, 8 January 2001,
23 July 2001 and 25 February 2003

Change in registered address of the Company

No. 45 Guizhou Road, Heping District, Tianjin, the PRC

Number of Business Licence of the Company

Qi He Jin Zong Zi No. 009079

Tax Registration Number of the Company:

State tax registration number

Guo Shui Jin Zi 120114103065501

Local tax registration number

Di Shui Jin Zi 120114103065501

Name of PRC auditor appointed by the Company

PricewaterhouseCoopers Zhong Tian Certified Public
Accountants Limited Company

Correspondence address of PRC auditor appointed by the Company

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

Name of International auditor appointed by the Company

PricewaterhouseCoopers

Correspondence address of International auditor appointed by the Company

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

6、本公司信息披露報紙名稱：

《上海證券報》

登載本公司中期報告的中國證券監督委員會（「中國證監會」）指定國際互聯網網址：

<http://www.sse.com.cn>

本公司中期報告備置地點：

中國天津市南開區
衛津南路76號創業環保大廈16樓
董事會秘書辦公室

7、本公司其他基本情況：

本公司首次註冊登記日期：

1993年6月8日

本公司首次註冊登記地點：

中國天津市和平區湖北路十號

本公司變更註冊登記日期：

1998年8月26日、2001年1月8日、
2001年7月23日、2003年2月25日

本公司變更註冊登記地點：

中國天津市和平區貴州路45號

本公司法人營業執照註冊號：

企合津總字第009079號

本公司稅務登記號碼：

國稅登記號：

國稅津字120114103065501號

地稅登記號：

地稅津字120114103065501號

公司聘請的中國會計師事務所名稱：

普華永道中天會計師事務所有限公司

公司聘請的中國會計師事務所辦公地址：

中國上海市湖濱路

202號

普華永道中心11樓

公司聘請的國際會計師事務所名稱：

羅兵咸永道會計師事務所

公司聘請的國際會計師事務所辦公地址：

香港中環

太子大廈22樓

(II) Principal accounting data and financial highlights as prepared in accordance with the PRC Accounting Standards

(二) 根據中國會計規則編製的主要會計數據和財務概要

1. Major Accounting Information and Financial Benchmarks

1、主要會計數據和財務指標

Unit: '000 Currency: RMB
單位：千元 幣種：人民幣

		At the end of the reporting period	At the end of last year	Comparison between the end of the reporting period and the end of last year Increase/ Decrease (%)
		本報告期末	上年度期末	本報告期末 比上年度期 末增減(%)
Total assets	總資產	6,959,029.00	5,886,672.00	18.22
Equity interests (or shareholder's equity)	所有者權益 (或股東權益)	2,931,722.00	2,893,168.00	1.33
Net assets value per share (Yuan)	每股淨資產 (元)	2.05	2.03	0.99
		Reporting period (January to June)	Corresponding period of last year	Comparison between the reporting period and corresponding period of last year Increase/ Decrease (%)
		報告期 (1 - 6 月)	上年同期	本報告期比上年 同期增減(%)
Operating profit	營業利潤	128,168.00	156,099.00	-17.89
Total profit	利潤總額	128,129.00	157,115.00	-18.45
Net profit	淨利潤	95,643.00	110,585.00	-13.51
Net profit after deduction of extraordinary items	扣除非經常性損益後的 淨利潤	95,672.00	109,904.00	-12.95
Basic earnings per Share (Yuan)	基本每股收益 (元)	0.07	0.08	-12.5
Basic earnings per Share after deduction of extraordinary items (Yuan)	扣除非經常性損益後的 基本每股收益 (元)	0.07	0.08	-12.5
Diluted earnings per Share (Yuan)	稀釋每股收益 (元)	0.07	0.08	-12.5
Return ratio on net assets (%)	淨資產收益率 (%)	3.26	4.07	Decreased by 0.81 percentage point 減少 0.81 個百分點
Net cash flow from operating activities	經營活動產生的現金流量淨額	218,804.00	54,528.00	301.27
Net cash flow from operating activities per Share	每股經營活動產生的 現金流量淨額	0.15	0.04	275

2. Extraordinary profit and loss items and amounts:

2、非經常性損益項目和金額：

Unit: '000 Currency: RMB
單位：千元 幣種：人民幣

Extraordinary profit and loss items

非經常性損益項目

Amount from the beginning of the year to the end of the reporting period

年初至報告期末金額

Profit and loss incurred from the disposal of non-current assets
Total

非流動資產處置損益
合計

-29

-29

3. Difference in accounting standards between PRC and overseas

3、國內外會計準則差異：

Unit: '000 Currency: RMB
單位：千元 幣種：人民幣

		Net profit		Net asset	
		淨利潤	淨資產	Amount at the beginning of the period	Amount at the end of the period
		Amount for the period	Amount at the previous period	Amount at the beginning of the period	Amount at the end of the period
		本期數	上期數	期初數	期末數
According to PRC Accounting Standards	按中國會計準則	95,643	110,585	2,893,168	2,931,722
Items adjusted according to Hong Kong Accounting Standard and the total:	按香港會計準則調整的分項及合計：				
According to Hong Kong Accounting Standards	按香港會計準則	104,843	127,847	2,960,548	3,008,301

Pursuant to the requirements of HK(IFRIC) Int. 12, adjustments were made retrospectively to the financial statements of H Shares. The net profit from January to June 2008 was adjusted upward to RMB9,200,000 and retained earnings at the end of the period was adjusted upward to RMB76,579,000.

按照《香港（國際財務報告詮釋委員會）詮釋第十二條》的要求對H股報表進行追溯調整，調增08年1-6月淨利潤人民幣9,200千元，調增期末留存收益人民幣76,579千元。

II. Changes in the Share Capital and Shareholders

二、股本變動及股東情況

(I) Changes in the Shares

During the reporting period, there was no change in the total number of shares and share structure of the Company.

(一) 股份變動情況表

報告期內，本公司股份總數及股本結構未發生變化。

(II) Changes in the Shareholders

(二) 股東情況

1. Number of the Shareholders and their shareholdings

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

122,126 Shareholders, including 75 Shareholders holding H Shares

1、股東數量和持股情況

報告期末股東總數：

122,126戶，其中H股股東75戶

Shareholdings of the top ten Shareholders

前十名股東持股情況

Shareholders 股東名稱	Nature of the Shareholders 股東性質	Percentage of shareholding 持股比例 (%) (%)	Total number of Shares held 持股總數 (Shares) (股)	Increase/Decrease during the reporting period 報告期內增減 (Shares) (股)	Number of restricted circulating Shares held 持有有限售條件股份數量 (Shares) (股)	Number of Shares pledged or frozen 質押或凍結的股份數量 (Shares) (股)
Tianjin Municipal Investment Company Limited ("TMICL") 天津市政投資有限公司 (「市政投資」)	State-owned Shareholder 國家	54.30	774,984,445	0	664,086,598	Pledged 質押 279,520,000
HKSCC Nominees Limited 香港中央結算(代理人)有限公司	Others 其他	23.68	338,014,900	-2,000	0	Unknown 未知
Zhou Jun 周軍	Others 其他	0.41	5,862,800	65,545	0	Unknown 未知
Shenyang Railway Coal Dealing Co., Ltd. 瀋陽鐵道煤炭經銷有限公司	Others 其他	0.21	3,000,000	-41,880	0	Unknown 未知
China Southern Securities Co., Ltd. 南方證券有限公司	Others 其他	0.19	2,725,000	0	0	Unknown 未知
BOC – Shanghai Shenzhen 300 Index Securities Investment Fund 中國銀行－嘉實滬深300指數證券投資基金	Others 其他	0.14	2,022,691	-338,300	0	Unknown 未知
Wang Ming Li 汪明麗	Others 其他	0.11	1,565,200	-4,632	0	Unknown 未知
Shuren Timber (Shenzhen) Company Limited 樹人木業(深圳)有限公司	Others 其他	0.09	1,300,085	1,300,085	0	Unknown 未知
Pan Zhi Hong 潘志紅	Others 其他	0.09	1,222,620	220,900	0	Unknown 未知
China Construction Bank – Bosera Yuhu Securities Investment Fund 中國建設銀行－博時裕富證券投資基金	Others 其他	0.08	1,145,809	1,145,809	0	Unknown 未知

Shareholdings of the top ten non-restricted circulating Shares Shareholders

前十名無限售條件股份股東持股數量

Shareholders 股東名稱		Number of non-restricted circulating Shares held 持有無限售條件流通股份數量 (Shares) (股)	Type of Shares 股份種類
HKSCC Nominees Limited	香港中央結算（代理人）有限公司	338,014,900	H Shares H 股
TMICL	市政投資	110,897,847	RMB Ordinary Shares 人民幣普通股
Zhou Jun	周軍	5,862,800	RMB Ordinary Shares 人民幣普通股
Shenyang Railway Coal Dealing Co., Ltd.	瀋陽鐵道煤炭經銷有限公司	3,000,000	RMB Ordinary Shares 人民幣普通股
China Southern Securities Co., Ltd.	南方證券有限公司	2,725,000	RMB Ordinary Shares 人民幣普通股
BOC – Shanghai Shenzhen 300 Index Securities Investment Fund	中國銀行－嘉實滬深300指數證券投資基金	2,022,691	RMB Ordinary Shares 人民幣普通股
Wang Ming Li	汪明麗	1,565,200	RMB Ordinary Shares 人民幣普通股
Shuren Timber (Shenzhen) Company Limited	樹人木業（深圳）有限公司	1,300,085	RMB Ordinary Shares 人民幣普通股
Pan Zhi Hong	潘志紅	1,222,620	RMB Ordinary Shares 人民幣普通股
China Construction Bank – Boseru Yuhu Securities Investment Fund	中國建設銀行－博時裕富證券投資基金	1,145,809	RMB Ordinary Shares 人民幣普通股

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

It is not certain whether there is any connected relationship among the top 10 shareholders.

It is not certain whether there is any connected relationship between the top 10 non-restricted circulating shares shareholders and the top 10 shareholders.

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

**前十名無限售條件流通股份股東持股情況
上述股東關聯關係或一致行動關係的說明**

第1名至第10名股東之間未知是否存在關聯關係。

前十名無限售條件流通股份股東和前十名股東之間未知是否存在關聯關係。

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

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

前十名有限售條件股份股東持股數量及限售條件

Serial No.	Names of restricted circulating Shares Shareholders	Number of restricted circulating Shares held	Listing and trading in restricted circulating Shares		Restriction conditions
			Number of Shares permitted to be listed and traded in the market	Number of Shares permitted to be listed and traded in the market	
	有限售條件股份股東名稱	持有有限售條件股份數量 (Shares) (股)	有限售條件股份可上市交易情況 Time permitted to be listed and traded in the market 可上市交易時間	新增可上市交易股份數量 (Unit: Shares) (股)	限售條件

1.	TMICL 市政投資	664,086,598	20 April 2009 2009年4月20日	664,086,598	All the Shares of the Company held by TMICL shall not be listed, traded or transferred within 12 months commencing from the date of the implementation of the Share Segregation Reform Proposal of the Company.
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Upon expiry of the aforesaid commitment period, the number of Shares sold through SSE shall not exceed 5% of the total number of shares of the Company within 12 months and shall not exceed 10% within 24 months.

所持有的本公司股份自股權分置改革方案實施之日起，12個月內不上市交易或者轉讓。

在前項承諾期滿後，通過上交所掛牌交易出售股份，出售數量佔本公司股份總數的比例在十二個月內不超過百分之五，在二十四個月內不超過百分之十。

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

2、 控股股東及實際控制人變更情況

During the reporting period, there were no changes in the controlling Shareholder and the actual controllers of the Company.

本報告期內公司控股股東及實際控制人沒有發生變更。

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

As at 30th June 2008, the following entity, other than a Director, Supervisor or chief executive of the Company, had interests and/or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"):

Name of Shareholder	Capacity	Number and class of securities	Approximate percentage in the relevant class of securities	Approximate percentage in the total issued share capital of the Company
股東名稱	身份	證券數目及類別 (Note 1) (註1)	於有關證券類別的概約百分比	於本公司已發行的總股本的概約百分比
TMICL 市政投資	Beneficial owner 實益擁有人	774,984,445 Shares	71.28%	54.30%
		774,984,445股	71.28%	54.30%
Atlantis Investment Management Ltd.	Investment Manager 投資經理	29,500,000 H Shares (L)	8.68%	2.07%
		29,500,000 股 H股(好倉)	8.68%	2.07%
ISIS Asset Management Plc.	Investment Manager 投資經理	17,286,000 H Shares (L)	5.08%	1.21%
		17,286,000 股 H股(好倉)	5.08%	1.21%
HSBC Asset Management (Hong Kong) Limited 滙豐投資管理(香港)有限公司	Investment Manager 投資經理	20,000,000 H Shares (L)	5.88%	1.40%
		20,000,000 股 H股(好倉)	5.88%	1.40%

Note:

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

Save as disclosed above, there is no person (other than a Director, Supervisor or chief executive of the Company) who, as at 30th June 2008, had an interest and/or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

3. 主要股東及其他人士於本公司股份及相關股份中的權益及／或淡倉

截至2008年6月30日，以下實體(本公司董事、監事或最高行政人員除外)於本公司股份及相關股份中擁有根據《證券及期貨條例》(香港法例第571章)(「證券及期貨條例」)第336條規定存置的登記冊上記錄之權益及／或淡倉：

Name of Shareholder	Capacity	Number and class of securities	Approximate percentage in the relevant class of securities	Approximate percentage in the total issued share capital of the Company
股東名稱	身份	證券數目及類別 (Note 1) (註1)	於有關證券類別的概約百分比	於本公司已發行的總股本的概約百分比
TMICL 市政投資	Beneficial owner 實益擁有人	774,984,445 Shares	71.28%	54.30%
		774,984,445股	71.28%	54.30%
Atlantis Investment Management Ltd.	Investment Manager 投資經理	29,500,000 H Shares (L)	8.68%	2.07%
		29,500,000 股 H股(好倉)	8.68%	2.07%
ISIS Asset Management Plc.	Investment Manager 投資經理	17,286,000 H Shares (L)	5.08%	1.21%
		17,286,000 股 H股(好倉)	5.08%	1.21%
HSBC Asset Management (Hong Kong) Limited 滙豐投資管理(香港)有限公司	Investment Manager 投資經理	20,000,000 H Shares (L)	5.88%	1.40%
		20,000,000 股 H股(好倉)	5.88%	1.40%

附註：

1. 「好倉」指該實體於股份中的好倉。

除上述者外，於2008年6月30日，概無人士(本公司董事、監事或最高行政人員除外)於本公司股份及相關股份中擁有根據證券及期貨條例第336條規定存置的登記冊上記錄之權益及／或淡倉。

III. Directors, Supervisors and the Senior Management

三、董事、監事和高級管理人員

(I) Changes in the shareholding of the Directors, Supervisors and Senior Management

There was no change in the shareholding of the Directors, Supervisors and Senior Management during the reporting period.

(一) 董事、監事和高級管理人員持股變動

報告期內本公司董事、監事及高級管理人員持股未發生變化。

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

As at 30th June 2008, the interests and/or short positions of the Directors, Supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the HKSE pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or otherwise, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the HKSE were as follows:

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

於2008年6月30日，本公司董事、監事及最高行政人員於本公司或其相聯法團（定義見證券及期貨條例第XV部）的股份、相關股份及債務證券中擁有根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所的權益（包括證券及期貨條例被當作或視為擁有的權益及淡倉），或須根據證券及期貨條例第352條記錄於該條例所指的登記冊中的權益，或須根據上市規則有關《上市公司董事進行證券交易的標準守則》知會本公司及聯交所的任何權益及淡倉如下：

Name 姓名	The Company/ name of associated corporations 本公司/ 相關法團名稱	Capacity 身份	Number and class of securities 證券數目及類別 (Note) (附註)	Approximate percentage in the total issued share capital of the Company/ associated corporations 於本公司/ 相聯法團 已發行總股本中的 概約百分比
Director 董事				
Wang Zhanying 王占英	The Company 本公司	Beneficial owner 實益擁有人	6,850 domestic Shares (non-restricted circulating Shares) (L) 6,850 股內資股 (無限售條件流通股份) (好倉)	0.00048
Supervisor 監事				
Nie Youzhuang 聶有壯	The Company 本公司	Beneficial owner 實益擁有人	959 domestic Shares (non-restricted circulating Shares) (L) 959 股內資股 (無限售條件流通股份) (好倉)	0.00007

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

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

Save as disclosed above, none of the Directors, Supervisors or chief executives of the Company, who, as at 30th June 2008, had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the HKSE pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or otherwise, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the HKSE.

(III) Recruitment or removal of the Directors, Supervisors and Senior Management

The term of appointment of Mr. Wang Xiangfei and Mr. Gao Zongze, both independent non-executive Directors of the Fourth Board of the Company, expired on 15 April 2008.

At the 16th meeting of the Fourth Board of the Company held on 26th February 2008, the "Resolution on the Nomination of Mr. Xie Rong and Mr. Di Xiaofeng as Candidates for Independent Non-executive Directors of the Fourth Board of the Company" was considered and approved. At the 2008 First Extraordinary General Meeting of the Company held on 15 April 2008, the resolutions regarding the election of Mr. Xie Rong and Mr. Di Xiaofeng as independent non-executive Directors of the Fourth Board of the Company were passed, with both of their term of employment starting from 16 April 2008 until 18 December 2009. Upon consideration and approval by the general meeting, Mr. Xie Rong and Mr. Di Xiaofeng were also appointed as members of the the Board's Nomination Committee, Remuneration and Assessment Committee and Audit Committee. Mr. Di Xiaofeng is the chairman of the Remuneration and Assessment Committee and Mr. Xie Rong is the chairman of the Nomination Committee, their term of appointment is the same as that of their being independent non-executive Directors.

On 29 April 2008, the 18th meeting of the Fourth Board of the Company considered and approved the resolution regarding the resignation of Mr. Kwan Man Fai as the Company Secretary in Hong Kong and the appointment of Mr. Lo Wai Keung, Eric as the new Company Secretary in Hong Kong. The Company Secretary in Hong Kong, Mr. Kwan Man Fai, resigned due to job transfer and the Board of the Company has approved the resignation of Mr. Kwan Man Fai. Pursuant to the relevant requirements and the Company's needs in the Hong Kong capital market, the Company has appointed Mr. Lo Wai Keung, Eric as the new Company Secretary in Hong Kong from 30th April 2008 until 28th December 2009.

除披露者外，於2008年6月30日，本公司董事、監事或最高行政人員概無於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）的股份、相關股份及債務證券中擁有根據證券及期貨條例第XV部第7及8分部規定須知會本公司及聯交所的任何權益或淡倉，或須根據證券及期貨條例第352條記錄於該條例所指之登記冊中之權益，或須根據上市規則有關《上市公司董事進行證券交易之標準守則》知會本公司及聯交所之任何權益或淡倉。

(三) 新聘或解聘本公司董事、監事及高級管理人員的情況

本公司第四屆董事會獨立非執行董事王翔飛先生及高宗澤先生於2008年4月15日任期屆滿。

本公司第四屆董事會第十六次會議於2008年2月26日審議通過了《關於提名謝榮先生及邱曉峰先生為本公司第四屆董事會獨立非執行董事候選人的議案》；本公司2008年第一次臨時股東大會於2008年4月15日審議通過了選舉謝榮先生和邱曉峰先生為本公司第四屆董事會獨立非執行董事的決議，任期均自2008年4月16日至2009年12月18日；股東大會審議通過後，同時任命謝榮先生和邱曉峰先生為董事會提名委員會、薪酬與考核委員會、審核委員會委員；邱曉峰先生為薪酬與考核委員會主席，謝榮先生為提名委員會主席；任期與其任本公司獨立非執行董事任期一致。

本公司第四屆董事會第十八次會議於2008年4月29日審議通過了《關於關文輝先生辭去本公司香港秘書職務以及聘任盧偉強先生為本公司新任香港秘書的議案》；本公司香港秘書關文輝先生因工作調動原因，申請辭去本公司香港秘書職務，本公司董事會同意關文輝先生的辭職申請，並根據相關規定及本公司在香港資本市場的工作需要，聘任盧偉強先生為本公司新任香港秘書，任期自2008年4月30日起至2009年12月28日止。

IV. Report of the Board

四、董事會報告

(I) An overview of the overall operations of the the Company and its subsidiaries (the "Group") during the reporting period

During the first half year of 2008, the Group recorded income from principal operations of RMB518,968,000, representing an increase of 12.38% over the corresponding period of 2007. The increase in income from principal operations was mainly attributable to the increase in the Group's sewage water processing scale as compared to the same period last year, of which, the volume of charged water of the Hangzhou subsidiary increased significantly, and the Wendeng subsidiary and Xi'an subsidiary both commenced commercial operation during the reporting period. During the reporting period, the Group processed a total of 308,629,000 cubic metres of sewage water, an increase of 17.46% over the same period last year. The Group's tap water business supplied 19,042,000 cubic metres of water in the first half of the year, an increase of 15.04% over the same period last year, maintaining its upward momentum. In the first half of 2008, the Group's toll road business recorded a revenue of RMB36,930,000, representing an increase of 5.88% over the same period last year. During the reporting period, the Group recorded a net profit of RMB95,643,000, representing an increase of 13.51% over the corresponding period of 2007.

The decrease in net profit was mainly attributable to the significant increase in financial costs of the Group by 58.64% over the same period last year from RMB60,854,000 to RMB96,538,000 during the reporting period. The increase in financial costs was attributed to: firstly, the re-measurement of convertible interests according to the amortised cost method under the new accounting standards in the first half of last year, resulting in a write down financial costs of approximately RMB17,000,000, which lowered the financial costs for the same period last year; and secondly, an increase in the Group's bank borrowings in the first half of this year compared to last year; in addition, the interest rate for bank loans has increased in the first half of the year.

(一) 報告期內本公司及其附屬公司(「本集團」)總體經營情況

2008年上半年，本集團實現主營業務收入人民幣51,896.8萬元，較2007年同期增加了12.38%；主營業務收入增長主要是由於集團污水處理規模較去年同期增加，其中杭州子公司收費水量大幅增長，文登和西安子公司於報告期內相繼投入商業運營。報告期內，本集團共處理污水30,862.9萬立方米，比上年同期增長了17.46%。本集團自來水業務上半年完成供水量1,904.2萬立方米，比上年同期增長了15.04%，均保持了穩步增長的態勢。2008年上半年，本集團道路收費業務實現收入人民幣3,693萬元，比上年同期增長5.88%。報告期內，集團實現淨利潤人民幣9,564.3萬元，較2007年同期減少13.51%。

淨利潤減少主要是由於報告期內集團財務費用比去年同期大幅增加58.64%（由6,085.4萬元增至9,653.8萬元）。財務費用增加的原因：一是由於去年上半年按照新會計準則攤餘成本法對可轉債利息進行重新計量，沖減了約1,700萬元的財務費用，從而使得去年同期財務費用偏低；二是今年上半年集團銀行借款比去年增加；另外，今年上半年銀行貸款利率進行了上調。

In July 2005, the Municipal Government of Tianjin issued the "Administrative Measures on the Licensed Operation of Municipal Public Utilities of Tianjin" ("**Administrative Measures**"). Rule 22 of the Administrative Measures stipulates that: existing municipal public utilities projects within the required scope can be directly granted to the original operators for licensed operations after a review by the municipal construction administrative authority and the approval by the Municipal People's Government. The municipal construction administrative authority will sign a licensed operation agreement with the operator.

The Company has submitted an application to the Tianjin construction administrative authority to apply for the licensed operation of four sewage water treatment plants in the central area of Tianjin after the implementation of the Administrative Measures in November 2005. The Company expects that the licensed operation agreement will be signed in 2008 and the Company will make announcement according to the relevant requirements in due course.

The main requirements in respect of licensed operations under the Administrative Measures are as follow: licensed operators for new projects are generally determined by way of public tender; the municipal construction administrative authority is authorised to organise and implement the licensed operations of municipal public utility services; licensed operators shall follow the price and service charge standards for municipal public utility services of the PRC and Tianjin; the term of licensed operations shall not exceed 30 years; existing municipal public utilities projects can be directly granted to the original operators for licensed operations after a review by the municipal construction administrative authority and the approval by the Municipal People's Government and the municipal construction administrative authority will sign a licensed operation agreement with the operator.

2005年7月，天津市政府頒佈《天津市市政公用事業特許經營管理辦法》(「《管理辦法》」)，管理辦法第二十二條規定：規定範圍內的現有市政公用事業項目，經市建設行政主管部門審核並報市人民政府批准後，可以直接授予原經營者特許經營權，由市建設行政主管部門與經營者簽訂特許經營協議。

本公司已經於《管理辦法》施行後(2005年11月)向天津市建設行政管理部門遞交了申請天津市中心城區四座污水處理廠特許經營權的請示。本公司預計，特許經營協議將於2008年年內簽署，屆時本公司將按相關規定及時公告。

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

(II) Operations of the principal businesses of the Group

(二) 本集團主營業務的經營狀況

1. The principal business by industry

1、主營業務分行業情況表

Unit: Thousand dollar

Currency: RMB

單位：千元

幣種：人民幣

By industry or by products 分行業或分產品		Operating income 營業收入	Operating cost 營業成本	Gross profit margin 毛利率 (%)	Increase/ decrease of operating income as compared over the corresponding period of last year 營業收入 比上年 同期增減 (%)	Increase/ decrease of operating cost as compared over the corresponding period of last year 營業成本 比上年 同期增減 (%)	Increase/ decrease of gross profit margin as compared over the corresponding period of last year 毛利率 比上年 同期增減 (%)
By industry 分行業							
Income from sewage water treatment	污水處理收入	440,689	198,990	54.85	7.28	13.23	Decreased by 2.37 percentage points 減少2.37個百分點
Toll fee income	路費收入	36,930	7,404	79.95	5.88	-3.01	Increased by 1.84 percentage points 增加1.84個百分點
Income from provision of tap water	自來水供水收入	18,915	12,505	33.89	43.63	64.45	Decreased by 8.36 percentage points 減少8.36個百分點
Income from water recycling pipe connection and water supply	中水管道接駁及供水收入	22,434	17,770	20.79	1,185.62	188.05	Increased by 274.31 percentage points 增加274.31個百分點

Note:

- (1) During the current period, the total sales revenue of the five largest customers of the Group was RMB458,500,000, representing 88% of the Group's total sales revenue.
- (2) During the reporting period, the operating income and operating costs of the tap water business increased by 43.63% and 64.45% respectively compared to the same period last year. This was, on the one hand, due to the supply of 19,042,000 cubic metres of water by the tap water business in the first half of the year, an increase of 15.04% over the same period last year and on the other hand, due to the taking up of the water charge by the Qujing subsidiary from 1 January 2008 which has resulted in an increase of operating cost. The Qujing subsidiary also increased the price of tap water accordingly, resulting in an increase in both revenue and cost but a decrease in gross profit.
- (3) During the reporting period, the operating income and operating costs of the water recycling pipe connection and water supply business increased by 1,185.62% and 188.05% respectively over the same period last year. The increase was due to the inclusion of the income from water recycling pipe connection in "income from other operations" in the unaudited data in the interim report of last year and its reclassification into "income from principal business" in the current period in accordance with the opinion on auditing adjustments made by the auditor last year, which resulted in a higher year-on-year increase. Compared with the adjusted data of the same period last year, the operating income and operating costs of the current period increased by 60.96% and 91.26% respectively from the same period last year, which was mainly attributed to the significant increase in the business volume of the water recycling pipe connection business.

註：

- (1) 本期本集團前五名客戶銷售的收入總額為人民幣458,500千元，佔本集團全部銷售收入的88%。
- (2) 報告期內，自來水業務的營業收入和營業成本較上年同期分別增長了43.63%和64.45%，一方面是由於自來水業務上半年完成供水量1,904.2萬立方米，比上年同期增長了15.04%；另一方面是由於自2008年1月1日起，源水費改由曲靖子公司承擔，造成營業成本提高，曲靖子公司相應也調高了自來水水價，因此造成收入和成本均同比上升，而毛利率有所下降。
- (3) 中水管道及接駁業務的營業收入及營業成本本報告期較上年同期分別增長1,185.62%和188.05%，為由於上年中期報告未審計數據中將中水公司的管道接駁收入計入了「其他業務收入」科目核算，本期則根據審計師去年的審計調整意見將其重分類至「主營業務收入」，故造成同比增幅較大。與上年同期調整後數據進行比較，則本期營業收入和營業成本較上年同期分別增長了60.96%及91.26%，主要是由於中水公司本期管道接駁業務大幅增加所致。

2. Principal businesses by geographical locations

2、主營業務分地區情況表

Region	地區	Operating income 營業收入	Unit: Thousand dollar Currency: RMB 單位：千元 幣種：人民幣
			Increase/ decrease in operating income compared to the same period last year 營業收入 比上年同期增減 (%)
Tianjin	天津	381,416	0.45
Guizhou	貴州	16,174	3.04
Qujing	曲靖	26,864	31.11
Honghu	洪湖	3,105	-17.13
Wendeng	文登	7,328	No business operations in the same period last year 上年同期 未商業運營
Hangzhou	杭州	56,480	49.28
Fuyan	阜陽	14,399	17.86
Xi'an	西安	8,106	No business operations in the same period last year 上年同期 未商業運營
Baoying	寶應	5,096	0.55
Note:			註：
(1) Operating income of the Hangzhou subsidiary increased by 49.28% over the same period last year, which was mainly attributed to the significant increase in volume of its charged water;			(1) 杭州子公司營業收入比去年同期增長49.28%，主要是由於其收費水量大幅增長所致；
(2) The Wendeng subsidiary commenced commercial operation from 1 January 2008; and			(2) 文登子公司於2008年1月1日開始商業運營；及
(3) The Xi'an subsidiary commenced commercial operation from 17 May 2008.			(3) 西安子公司於2008年5月17日開始商業運營。

(III) The Company's investments

(三) 本公司投資情況

1. Utilisation of the proceeds

The Company raised proceeds amounted to RMB1,165.39 million by issuing A Share Convertible Bonds in 2004 and RMB823.902 million was sold back in 2005. All proceeds raised, totalling RMB341.49 million, was used as at 31 December 2007.

1、募集資金使用情況

本公司於2004年通過發行A股可轉換債券募集資金116,539萬元人民幣，2005年回售82,390.2萬元人民幣。截至2007年12月31日，本次募集資金已全部使用完畢，累計使用34,149萬元人民幣。

2. Use of proceeds on project undertaken

2、承諾項目使用情況

Unit: Ten Thousand dollar

Currency: RMB

單位：萬元

幣種：人民幣

Name of project undertaken 承諾項目名稱	Construction project of Xianyanglu Sewage Water Treatment Plant 咸陽路污水處理廠工程項目	Jizhuangzhi Sewage Water Treatment Plant (Expansion) work (including the water drainage project near Dong Nan Jiao) 紀莊子污水處理廠(擴建)工程(含東南郊一帶排水工程)	Construction project of Beicang Sewage Water Treatment Plant 北倉污水處理廠工程項目	Total 合計
Proposed investment amount 擬投入金額	62,000	32,100	14,900	109,000
Any change in the project 是否變更項目	No 否	No 否	No 否	— —
Actual investment amount 實際投入金額	11,712	13,485	8,952	34,149
Progress of project	As of today, a small part of construction project has not yet completed and at their final stage. At the end of 2007, preliminary estimation were made to that part of uncompleted project and a financial budget was completed. At present, completion examination of this construction-in-progress is still underway.	As of today, a small part of construction project has not yet completed and at their final stage. At the end of 2007, preliminary estimation were made to that part of uncompleted project and a financial budget was completed. At present, completion examination of this construction-in-progress is still underway.	As of today, a small part of construction project has not yet completed and at their final stage. At the end of 2007, preliminary estimation were made to that part of uncompleted project and a financial budget was completed. At present, completion examination of this construction-in-progress is still underway.	—
項目進度	截至目前尚有小部分工程未完工，處在收尾階段，2007年底對該部分未完工程進行預估，完成了財務決算。目前，此在建工程竣工驗收工作仍在進行中。	截至目前尚有小部分工程未完工，處在收尾階段，2007年底對該部分未完工程進行預估，完成了財務決算。目前，此在建工程竣工驗收工作仍在進行中。	截至目前尚有小部分工程未完工，處在收尾階段，2007年底對該部分未完工程進行預估，完成了財務決算。目前，此在建工程竣工驗收工作仍在進行中。	—
Conform to project progress? 是否符合計劃進度	No 否	No 否	Yes 是	— —
Reasons for not conforming to project progress	Due to the outbreak of SARS in 2003 and the complicated purchasing procedures of foreign invested banks, etc, the progress of construction of the two projects under construction above experienced delays relative to the planned progress as set out in the share issuing prospectus. Subsequently, the construction went smoothly without further delays.			—
未達到計劃進度說明	由於2003年SARS、外資銀行採購程序複雜等原因，以上兩個在建工程的建設進度比募集說明書的計劃進度相應順延，其後工程順利進行沒有新的拖延。			—
Earnings from projects	Since three projects under construction have not yet been examined upon completion during the reporting period, they are charging in accordance with the "Sewage Water Processing Interim Service Agreement", therefore cannot be compared to the predicted earnings set on in the prospectus.			—
項目收益情況	由於報告期內三個在建工程尚未完成竣工驗收，目前採用《污水處理臨時服務協議》進行收費，故不能同募集說明書中預測收益進行比較。			—

3. Projects made out of funds other than proceeds raised

During the reporting period, the Company contributed RMB2 million to establish Tianjin Haiying Environmental Engineering Technology Consulting Limited, the shares of which are 100% held by the Company. The scope of operations of this company are: environmental treatment works, civil engineering, town planning and related consultation projects, surveying design, tender agency, construction projects management and technical services.

During the reporting period, the Company increased its contribution in Jing Hai Capital Water Company Limited by RMB 10 million for use in construction works.

During the reporting period, the Company contributed RMB270 million to establish Xi'an Capital Water Company Limited, the shares of which are 100% held by the Company. This company has acquired Xian Sewage Water Treatment Plant and Xian Beishiqiao Purification Center by way of open tender.

(IV) Liquidity and financial resources

There were no seasonal changes in the Group's borrowings requirement. As at 30th June 2008, there were no outstanding bank loans and interests nor repayable upon maturity. Details of the bank borrowings of the Group are stated in the notes to the condensed consolidated financial statements for the six months ended 30 June 2008 of the Company.

In accordance with the Accounting Report prepared in accordance with the PRC Enterprise Accounting Standards, as at 30 June 2008, the gearing ratio was 56.21%.

(V) Foreign exchange risk

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

(VI) Employee and Emolument Policy

As at 30 June 2008, the Company had 556 employees. During the reporting period, remuneration paid to staff of the Company was approximately RMB 19,476,000. The Company determined the income of the management in accordance with their management skills, the content of the management work completed, the risk and responsibility borne by the management and corporate economic effectiveness. The Company adopted a salary-point system for wages. For operating staff, their incomes were determined in accordance with their skill level, labour intensity and difficulty and corporate economic effectiveness. Wages were paid according to their posts and skills.

3、非募集資金項目情況

報告期內，本公司出資人民幣200萬元，成立天津凱英環境工程技術諮詢有限公司，持股比例100%；該公司經營範圍：環境治理工程、土木工程、城市規劃和相關項目的諮詢、勘察設計、招標代理、工程項目管理及技術服務。

報告期內，本公司對靜海創業水務有限公司增資人民幣1,000萬元，用於工程建設。

報告期內，本公司出資人民幣27,000萬元成立西安創業水務有限公司，持股比例100%，該公司通過公開投標方式收購西安市污水處理廠及北石橋污水處理廠。

(四) 流動資金及財務資源

本集團的借貸需要並無季節性變動。於2008年6月30日，概無已到期而尚未清還的銀行借款及利息。有關本集團的銀行借貸詳情載於本公司截至2008年6月30日簡明綜合財務報表附註。

根據中國企業會計準則所編製的會計報告，於2008年6月30日資產負債率為56.21%。

(五) 外幣兌換風險

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

(六) 僱員及酬金政策

截至到2008年6月30日，本公司在職員工556名。本報告期內，支付公司員工的酬金總額約為人民幣19,476千元。本公司對於管理層根據其管理技能、完成的管理工作內容、承擔的管理責任風險及企業經濟效益確定其收入，實行薪點制工資，對於操作層員工根據其技能水平、勞動強度和難度以及企業的經濟效益情況確定其收入，實行崗位技能工資。

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

In the first half of 2008, under the impact of various factors, the austerity macroeconomic adjustment policies of the central government increased the costs of indirect financing of enterprises. Inflation also drove up the price of various production elements. The capital market remained at its low and sudden natural disasters caused part of the financial resources to divert towards rebuilding.

Competition in the PRC water services market is fierce, with enterprises of various nature entering and leaving the market. Under the twofold pressure stemming from competition and the austerity environment, integration trend of the industry is set to increase; strategic cooperation, merger and acquisition and reorganization activities will become more frequent. As the pressure of the central government on emission reduction increases, local governments place more and more importance on project efficiency and quality. Demand for “restructuring towards the service industry” has surfaced in the industry. Forms of project such as DBO (design-building-operation) and entrusted operation are reassuming their importance. This has created better opportunities for development for operators focusing on technology and efficiency.

The Group’s future development strategies and operation plans of 2008 have been described and explained in the 2007 annual report. In the second half of the year, the Company will go through with its set operation plans to increase efforts on market development and to further regulate operations while at the same time operates each water plants well. It will also ensure quality and quantity in completing various construction assignments and endeavour to achieve its strategic goals of becoming a leading domestic and internationally acclaimed professional water investment company.

(VIII) Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 June 2008.

(IX) Rights of Debt

As at 30 June 2008, pursuant to the “Sewage Water Processing Agreement” and the “Sewage Water Processing Interim Service Agreement” and “Sewage Water Plants Fee Agreement” entered into between the Company and Sewage Water Company, total receivables and long-term receivables of the Company from Sewage Water Company amounted to RMB1,139,344,000, approximately 13.32% of the total market capitalization of the Company as at 30 June 2008.

(X) Charge on assets

The Group did not charge any assets of the Company or its subsidiaries as at 30 June 2008.

(XI) Acquisition and disposal of subsidiaries

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

(七) 行業分析及本公司下半年經營計劃情況

2008年上半年，受各種因素影響，中央的緊縮性宏觀經濟的調控政策提高了企業間接融資的成本，通貨膨脹也帶動各項生產要素的價格上漲，資本市場持續低迷，突發的自然災害，導致部分財政資金轉向災後重建。

中國水務市場競爭仍然激烈，各類型企業仍然在不斷進入和退出，在競爭和緊縮環境的雙重壓力下，行業整合的趨勢有所加強，戰略合作與並購重組事件頻繁出現。隨著中央減排工作的壓力增大，地方政府越來越重視項目的效率和質量問題，行業出現了向「服務業轉型」呼聲，DBO（設計—建設—運營），委託運營等項目模式重新受到重視，這也為專注於技術與效率的運營商提供了更好的發展機遇。

關於本集團未來發展戰略及2008年經營計劃，已經在2007年年度報告中作了描述和說明。下半年，本公司將貫徹既定的經營計劃，在做好各水廠運營工作的同時，加強市場開發工作，進一步規範運營工作，保質保量完成各項建設任務，為實現國內領先、國際知名的專業水務投資運營商的戰略目標而努力。

(八) 或然負債

於2008年6月30日，本集團並無任何重大或然負債。

(九) 債權

截至2008年6月30日，依據本公司與排水公司簽署的《污水處理委託協議》和《污水處理臨時服務協議》及《在建工程收費協議》，本公司對排水公司的應收帳款和長期應收帳款總額為人民幣1,139,344千元，約為本公司截至2008年6月30日總市值的13.32%。

(十) 資產抵押

於2008年6月30日，本集團並無就本公司及其附屬公司的資產增設任何抵押。

(十一) 收購及出售附屬公司

於報告期內，本公司並無購買及出售附屬公司。

V. Major Events

(I) Corporate governance of the Company

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

The Company authorizes the secretary to the Board to disclose information, handle visits and enquiries from the Shareholders and investors, and report the relevant matters to the relevant supervisory authorities in a timely and accurate manner.

During the reporting period, the Company held 7 Board’s meetings pursuant to the Articles of Association and the Rules Governing the Procedures of Meetings of the Company. Out of the 7 Board meetings held, Mr. Xie Rong, an independent non-executive director, was absent from the 18th Meeting of the Fourth Board held on 29 April 2008 due to business affairs, and have authorised Mr. Ko Poming, an independent non-executive Director to attend and vote as his representatives. For the 21st Meeting of the Fourth Board held on 21 August 2008, the Chairman, Ms. Ma Baiyu, and the executive Director, Mr. Tan Zhaofu were unable to attend due to business engagement and both have entrusted the Vice Chairman, Mr. Gu Qifeng, to vote on their behalf. The executive Director, Mr. An Pindong, was unable to attend the Board Meeting too due to business engagement and has entrusted executive Director, Ms. Fu Yana, to vote on his behalf. Mr. Ko Poming, an independent non-executive Director, was also unable to attend this Board meeting due to a business trip and he has entrusted Mr. Di Xiaofeng, an independent non-executive Director to vote on his behalf. Save for the above, in the other five Board meetings, all 9 Directors attended and voted in the meetings. Independent non-executive Directors did not make any objection against the proposals and issues as considered in the Board meetings during the reporting period. During the reporting period, the Company has held two shareholders’ general meeting, being the first extraordinary general meeting of 2007 held on 15 April 2008 and the 2007 annual general meeting held on 17 June 2008.

The meeting (for reviewing the 2008 interim results) of the Audit Committee and the Eighth meeting of the Fourth Supervisory Committee were held on 20 August 2008, to consider and approve this Interim Report.

五、重要事項

(一) 本公司治理的情況

報告期內，本公司嚴格按照中國《公司法》、《證券法》和中國證監會有關法律法規，以及上交所上市規則和聯交所證券上市規則（「上市規則」）附錄14所載《企業管治常規守則》所列表載條文的要求，不斷完善法人治理結構，建立現代企業制度，規範本公司運作。

本公司授權董事會秘書負責諮詢披露工作，接待股東、投資者來訪和諮詢，及時準確地向監管部門報告有關情況。

報告期內，本公司按照本公司《章程》和議事規則共召開七次董事會，其中於2008年4月29日舉行的第四屆董事會第十八次會議，獨立非執行董事謝榮先生因公事無法參加，授權獨立非執行董事高寶明先生代理出席並表決。於2008年8月21日舉行的第四屆董事會第二十一次會議，董事長馬白玉女士和執行董事譚兆甫先生因公務無法參加，均委託副董事長顧啟峰先生代為表決；執行董事安品東先生亦因公務無法參加會議，委託執行董事付亞娜女士代為表決；獨立非執行董事高寶明先生亦因公務出差無法參加會議，委託獨立非執行董事邱曉峰先生代為表決。除上述外，其餘五次董事會，9位董事均正常出席並表決。本公司獨立非執行董事未對報告期內董事會議案及其他事項提出異議。報告期內，本公司共召開兩次股東大會，即於2008年4月15日召開的2007第一次臨時股東大會及於2008年6月17日召開的2007年年度股東週年大會。

本公司於2008年8月20日召開2008年中期業績審核委員會及第四屆監事會第八次會議，審議本中期業績報告。

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

In the 2007 Annual General Meeting, the 2007 profit appropriation plan was considered and approved. The Company made a payment of RMB0.04 (including tax) in cash per Share to holders of domestic Shares and RMB0.04 (equivalent to HK\$0.045218) per Share to holders of H Shares. The Company published an announcement relating to divided payment to domestic shareholders in the PRC on 28 July 2008. The shareholding registration date was 31 July 2008. The Company also published an announcement in relation to the convening of the 2007 Annual General Meeting in Hong Kong on 18 June 2008. The shareholding registration date was 16 May 2008. Distributions of the dividends to the holders of the domestic Shares and H Shares have been completed on 7 August 2008.

(III) Significant litigation and arbitration

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

(IV) Asset transaction

In accordance with the "Resolution regarding the acquisition and licensed operation of two sewage treatment plants in Xian" considered and passed at the 14th meeting of the Fourth Board of the Company, the Company acquired the Xian Sewage Water Treatment Plant and Xian Beishiqiao Purification Center from Xian Infrastructure Investment and Construction Company during the reporting period. Such assets have a book value of RMB233,497,200 and an assessed value of RMB304,996,800. The actual purchase amount was RMB643,000,000. For details, please refer to the Company's announcement in relation to the Acquisition and Licensed Operation of Two Sewage Water Treatment Plants in Xian dated 21 December 2007 and the Company's announcement in relation to the Discloseable Transaction in respect of the Acquisition and Licensed Operation of Xian Sewage Water Treatment Plants dated 19 March 2008 which were published in "Shanghai Securities News". On 17 May 2008, the acquisition of the above assets was completed. The net profit contributed to the Company by the assets from the date of acquisition to the end of the reporting period was RMB1,820,000.

(V) Significant connected transactions

The Company has no significant connected transactions during the reporting period.

(VI) Custody

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

(VII) Subcontracting

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

(二) 報告期實施的利潤分配方案執行情況

本公司2007年度股東周年大會審議通過了本公司2007年度利潤分配方案：向內資股股東每1股派發現金人民幣0.04元(含稅)；向H股股東週年每1股派發人民幣0.04元，即0.045218港幣。本公司於2008年7月28日在境內刊登了內資股分紅派息公告，股權登記日為2008年7月31日；於2008年6月18日在香港刊登了關於召開2007年年度股東周年大會的公告，股權登記日為2008年5月16日；內資股和H股的紅利均於2008年8月7日分派完畢。

(三) 重大訴訟仲裁事項

本報告期內，本公司無重大訴訟、仲裁事項。

(四) 資產交易事項

根據公司第四屆董事會十四次會議審議通過的《關於收購並特許經營西安市兩座污水處理廠的議案》，報告期內，本公司向西安市基礎設施建設投資總公司購買西安市污水處理廠及北石橋污水處理廠，該資產的帳面價值為人民幣23,349.72萬元，評估價值為人民幣30,499.68萬元，實際購買金額為人民幣64,300萬元。該事項詳見2007年12月21日「關於收購並特許經營西安市兩座污水處理廠的公告」和2008年3月19日「關於收購並特許經營西安項目的須予披露交易的公告」，均刊登在《上海證券報》上。2008年5月17日，上述資產已完成收購。該資產自收購日起至報告期末為上市公司貢獻的淨利潤為人民幣182萬元。

(五) 重大關聯交易

本報告期內，本公司無重大關聯交易事項。

(六) 託管情況

本報告期內，本公司無託管事項。

(七) 承包情況

本報告期內，本公司無承包事項。

(VIII) Leasing

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

(八) 租賃情況

本報告期內，本公司無租賃事項。

(IX) Guarantee**(九) 擔保情況**

Unit: dollar Currency: RMB
單位：萬元 幣種：人民幣

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

本公司對外擔保情況(不包括對控股子公司的擔保)

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

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

Guarantee provided to the subsidiaries of the Company

本公司對控股子公司的擔保情況

Total amount of guarantee provided to the subsidiaries of the Company during the reporting period 7,600
報告期內對控股子公司擔保發生額合計

Total amount of outstanding guarantee provided to the subsidiaries as at the end of the reporting period (B) 88,591.5
報告期末對控股子公司擔保餘額合計(B)

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

本公司擔保總額情況(包括對控股子公司的擔保)

Total amount of guarantee (A+B) 88,591.5
擔保總額(A+B)

Percentage of the total amount of guarantee to the net assets of the Company 30.22%
擔保總額佔本公司淨資產的比例

Of which:
其中：

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

Amount of guarantee provided directly or indirectly to the borrowers with gear ratio of over 70% (D) 0
直接或間接為資產負債率超過70%的被擔保對象提供的債務擔保金額(D)

Total amount of guarantee exceeds 50% of net assets (E) 0
擔保總額超過淨資產50%部分的金額(E)

Total amount of the above three guarantees (C+D+E) 0
上述三項擔保金額合計(C+D+E)

(X) Trust arrangement

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

(XI) Implementation of commitments

Undertakings made by the Company or shareholders holding more than 5% of the shares during the reporting period or until the reporting period

Commitment of share reform and implementation:

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

As at the end of the reporting period, the relevant shareholders have implemented all the undertakings in the Share Segregation Reform.

(XII) Punishments and rectification to the Company, Directors, Supervisors, Senior Management, Shareholders and Actual Controllers

During the reporting period, the Company, Directors, Supervisors, Senior Management, Shareholders and actual controller of the Company were not subject to any investigation, administrative punishments, criticisms by CSRC or public reprimand by the SSE.

(XIII) Other major events and analysis on its impacts and solutions

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

(十) 委託理財情況

本報告期本公司無委託理財事項。

(十一) 承諾事項履行情況

本公司或持股5%以上股東在報告期內或持續到報告期內的承諾事項

股改承諾及履行情況：

- (1) 根據《上市公司股權分置改革管理辦法》第二十七條的規定，所有原非流通股股份自股權分置改革方案實施之日起，十二個月內不上市交易或者轉讓。
- (2) 市政投資承諾，在前項承諾期期滿後，通過上交所掛牌交易出售股份，出售數量佔本公司股份總數的比例在十二個月內不超過百分之五，在二十四個月內不超過百分之十。
- (3) 通過上交所掛牌交易出售的股份數量，達到本公司股份總數百分之一的，在自該事實發生之日起兩個工作日內做出公告。

截止報告期末，相關股東履行了在股權分置改革時所做出的各項承諾。

(十二) 本公司及其董事、監事、高級管理人員、公司股東、實際控制人處罰及整改情況

報告期內本公司及其董事、監事、高級管理人員、公司股東、實際控制人均未受中國證監會的稽查、行政處罰、通報批評及證券交易所的公開譴責。

(十三) 其他重大事項及其影響和解決方案的分析說明

報告期內本公司無其他重大事項。

(XIV) Index for disclosable information**(十四) 信息披露索引**

Items 事項	Names and pages of the publishing newspapers 刊載的報刊名稱及版面	Dates of Publication 刊載日期	Website 刊載的互聯網網站及檢索路徑
Announcement relating to the discharge of the pledge and the pledge of part of the shares held by the Company's first major shareholder 關於第一大股東部分股權解押及質押的公告	Page D56 of "Shanghai Securities News" 《上海證券報》D56版	22 January 2008 2008年1月22日	Website of SSE (www.sse.com.cn); website of HKSE (www.hkex.com.hk); website of IFN Financial Press (http://www.ifn.com.hk/ir/tjcep/) 上交所網站 www.sse.com.cn ; 聯交所網站 www.hkex.com.hk ; 訊捷財經印務有限公司網站 http://www.ifn.com.hk/ir/tjcep/
Announcement relating to the provision of guarantee in respect of a loan to Wendeng Capital Water Company Limited 關於為文登創業水務有限公司貸款提供擔保的公告	Page A17 of "Shanghai Securities News" 《上海證券報》A17版	28 January 2008 2008年1月28日	Website of SSE (www.sse.com.cn); website of HKSE (www.hkex.com.hk); website of IFN Financial Press (http://www.ifn.com.hk/ir/tjcep/) 上交所網站 www.sse.com.cn ; 聯交所網站 www.hkex.com.hk ; 訊捷財經印務有限公司網站 http://www.ifn.com.hk/ir/tjcep/
Announcement of the resolutions passed at the 16th meeting of the Fourth Board of Directors 第四屆董事會第十六次會議決議公告	Page D14 of "Shanghai Securities News" 《上海證券報》D14版	27 February 2008 2008年2月27日	Website of SSE (www.sse.com.cn); website of HKSE (www.hkex.com.hk); website of IFN Financial Press (http://www.ifn.com.hk/ir/tjcep/) 上交所網站 www.sse.com.cn ; 聯交所網站 www.hkex.com.hk ; 訊捷財經印務有限公司網站 http://www.ifn.com.hk/ir/tjcep/
Notice of the 2008 first extraordinary general meeting 關於召開2008年第一次臨時股東大會的通知	Page D14 of "Shanghai Securities News" 《上海證券報》D14版	27 February 2008 2008年2月27日	Website of SSE (www.sse.com.cn); website of HKSE (www.hkex.com.hk); website of IFN Financial Press (http://www.ifn.com.hk/ir/tjcep/) 上交所網站 www.sse.com.cn ; 聯交所網站 www.hkex.com.hk ; 訊捷財經印務有限公司網站 http://www.ifn.com.hk/ir/tjcep/
Announcement relating to usual trade volume of A shares A股股票交易異常波動公告	Page D24 of "Shanghai Securities News" 《上海證券報》D24版	5 March 2008 2008年3月5日	Website of SSE (www.sse.com.cn); website of HKSE (www.hkex.com.hk); website of IFN Financial Press (http://www.ifn.com.hk/ir/tjcep/) 上交所網站 www.sse.com.cn ; 聯交所網站 www.hkex.com.hk ; 訊捷財經印務有限公司網站 http://www.ifn.com.hk/ir/tjcep/

Items 事項	Names and pages of the publishing newspapers 刊載的報刊名稱及版面	Dates of Publication 刊載日期	Website 刊載的互聯網網站及檢索路徑
Discloseable transaction in respect of the acquisition and licensed operation of Xian Sewage Water Treatment Plants 關於收購並特許經營西安污水處理廠的須予披露交易的公告	Page D17 of "Shanghai Securities News" 《上海證券報》D17版	19 March 2008 2008年3月19日	Website of SSE (www.sse.com.cn); website of HKSE (www.hkex.com.hk); website of IFN Financial Press (http://www.ifn.com.hk/ir/tjcep/) 上交所網站www.sse.com.cn ; 聯交所網站www.hkex.com.hk ; 訊捷財經印務有限公司網站 http://www.ifn.com.hk/ir/tjcep/
Announcement relating to the H shares of the Company 本公司H股公告		1 April 2008 2008年4月1日	Website of SSE (www.sse.com.cn); website of HKSE (www.hkex.com.hk); website of IFN Financial Press (http://www.ifn.com.hk/ir/tjcep/) 上交所網站www.sse.com.cn ; 聯交所網站www.hkex.com.hk ; 訊捷財經印務有限公司網站 http://www.ifn.com.hk/ir/tjcep/
Date of convening meeting of the board of directors 董事會會議召開日期		1 April 2008 2008年4月1日	website of HKSE (www.hkex.com.hk); website of IFN Financial Press (http://www.ifn.com.hk/ir/tjcep/) 香港聯交所網站www.hkex.com.hk ; 訊捷財經印務有限公司網站 http://www.ifn.com.hk/ir/tjcep/
Meeting information relating to the 2008 first extraordinary general meeting 本公司2008年第一次臨時股東大會會議資料		4 April 2008 2008年4月4日	Website of SSE (www.sse.com.cn); website of HKSE (www.hkex.com.hk); website of IFN Financial Press (http://www.ifn.com.hk/ir/tjcep/) 上交所網站www.sse.com.cn ; 聯交所網站www.hkex.com.hk ; 訊捷財經印務有限公司網站 http://www.ifn.com.hk/ir/tjcep/
Circular relating to the H shares of the Company 本公司H股通函		4 April 2008 2008年4月4日	Website of SSE (www.sse.com.cn); website of HKSE (www.hkex.com.hk); website of IFN Financial Press (http://www.ifn.com.hk/ir/tjcep/) 上交所網站www.sse.com.cn ; 聯交所網站www.hkex.com.hk ; 訊捷財經印務有限公司網站 http://www.ifn.com.hk/ir/tjcep/
Announcement relating to the listing of restricted circulating shares 有限售條件的流通股上市公告	Page A17 of "Shanghai Securities News" 《上海證券報》A17版	14 April 2008 2008年4月14日	Website of SSE (www.sse.com.cn); website of HKSE (www.hkex.com.hk); website of IFN Financial Press (http://www.ifn.com.hk/ir/tjcep/) 上交所網站www.sse.com.cn ; 聯交所網站www.hkex.com.hk ; 訊捷財經印務有限公司網站 http://www.ifn.com.hk/ir/tjcep/

Items 事項	Names and pages of the publishing newspapers 刊載的報刊名稱及版面	Dates of Publication 刊載日期	Website 刊載的互聯網網站及檢索路徑
Legal opinion regarding the 2008 first extraordinary general meeting		16 April 2008	Website of SSE (www.sse.com.cn); website of HKSE (www.hkex.com.hk); website of IFN Financial Press (http://www.ifn.com.hk/ir/tjcep/)
2008年第一次臨時股東大會的法律意見書		2008年4月16日	上交所網站 www.sse.com.cn ; 聯交所網站 www.hkex.com.hk ; 訊捷財經印務有限公司網站 http://www.ifn.com.hk/ir/tjcep/
Announcement relating to postponement of the publication of the 2007 annual report and 2008 first quarterly report	Page D8 of “Shanghai Securities News”	16 April 2008	Website of SSE (www.sse.com.cn); website of HKSE (www.hkex.com.hk); website of IFN Financial Press (http://www.ifn.com.hk/ir/tjcep/)
關於延期刊登2007年年度報告和2008年第一季度報告的公告	《上海證券報》D8版	2008年4月16日	上交所網站 www.sse.com.cn ; 聯交所網站 www.hkex.com.hk ; 訊捷財經印務有限公司網站 http://www.ifn.com.hk/ir/tjcep/
Announcement of the resolutions passed at the 2008 first extraordinary general meeting	Page D8 of “Shanghai Securities News”	16 April 2008	Website of SSE (www.sse.com.cn); website of HKSE (www.hkex.com.hk); website of IFN Financial Press (http://www.ifn.com.hk/ir/tjcep/)
2008年第一次臨時股東大會決議公告	《上海證券報》D8版	2008年4月16日	上交所網站 www.sse.com.cn ; 聯交所網站 www.hkex.com.hk ; 訊捷財經印務有限公司網站 http://www.ifn.com.hk/ir/tjcep/
Announcement in relation to the transfer of state-owned assets of the controlling shareholder of the Company	Page A49 of “Shanghai Securities News”	28 April 2008	Website of SSE (www.sse.com.cn); website of HKSE (www.hkex.com.hk); website of IFN Financial Press (http://www.ifn.com.hk/ir/tjcep/)
關於本公司控股股東國有產權劃轉事項的公告	《上海證券報》A49版	2008年4月28日	上交所網站 www.sse.com.cn ; 聯交所網站 www.hkex.com.hk ; 訊捷財經印務有限公司網站 http://www.ifn.com.hk/ir/tjcep/
Annual report of the Company		30 April 2008	Website of SSE (www.sse.com.cn); website of HKSE (www.hkex.com.hk); website of IFN Financial Press (http://www.ifn.com.hk/ir/tjcep/)
本公司年報		2008年4月30日	上交所網站 www.sse.com.cn ; 聯交所網站 www.hkex.com.hk ; 訊捷財經印務有限公司網站 http://www.ifn.com.hk/ir/tjcep/

Items 事項	Names and pages of the publishing newspapers 刊載的報刊名稱及版面	Dates of Publication 刊載日期	Website 刊載的互聯網網站及檢索路徑
Notice of 2007 annual general meeting	Page D56 of "Shanghai Securities News"	30 April 2008	Website of SSE (www.sse.com.cn); website of HKSE (www.hkex.com.hk); website of IFN Financial Press (http://www.ifn.com.hk/ir/tjcep/)
關於召開2007年年度股東大會的通知	《上海證券報》D56版	2008年4月30日	上交所網站 www.sse.com.cn ; 聯交所網站 www.hkex.com.hk ; 訊捷財經印務有限公司網站 http://www.ifn.com.hk/ir/tjcep/
Description of the use of funds by controlling shareholders and other related parties 控股股東及其他關聯方佔用資金情況專項說明		30 April 2008 2008年4月30日	Website of SSE (www.sse.com.cn); website of HKSE (www.hkex.com.hk); website of IFN Financial Press (http://www.ifn.com.hk/ir/tjcep/) 上交所網站 www.sse.com.cn ; 聯交所網站 www.hkex.com.hk ; 訊捷財經印務有限公司網站 http://www.ifn.com.hk/ir/tjcep/
First quarterly report	Page D56 of "Shanghai Securities News"	30 April 2008	Website of SSE (www.sse.com.cn); website of HKSE (www.hkex.com.hk); website of IFN Financial Press (http://www.ifn.com.hk/ir/tjcep/)
第一季度季報	《上海證券報》D56版	2008年4月30日	上交所網站 www.sse.com.cn ; 聯交所網站 www.hkex.com.hk ; 訊捷財經印務有限公司網站 http://www.ifn.com.hk/ir/tjcep/
Highlights of annual report	Pages D55 and D56 of "Shanghai Securities News"	30 April 2008	Website of SSE (www.sse.com.cn); website of HKSE (www.hkex.com.hk); website of IFN Financial Press (http://www.ifn.com.hk/ir/tjcep/)
年報摘要	《上海證券報》D55版D56版	2008年4月30日	上交所網站 www.sse.com.cn ; 聯交所網站 www.hkex.com.hk ; 訊捷財經印務有限公司網站 http://www.ifn.com.hk/ir/tjcep/
Announcement of the resolutions passed at the Eighteenth Meeting of the Fourth Board of Directors 第四屆董事會第十八次會議決議公告	Page D56 of "Shanghai Securities News" 《上海證券報》D56版	30 April 2008 2008年4月30日	Website of SSE (www.sse.com.cn); website of HKSE (www.hkex.com.hk); website of IFN Financial Press (http://www.ifn.com.hk/ir/tjcep/) 上交所網站 www.sse.com.cn ; 聯交所網站 www.hkex.com.hk ; 訊捷財經印務有限公司網站 http://www.ifn.com.hk/ir/tjcep/

Items 事項	Names and pages of the publishing newspapers 刊載的報刊名稱及版面	Dates of Publication 刊載日期	Website 刊載的互聯網網站及檢索路徑
Announcement of the resolutions passed at the Seventh Meeting of the Fourth Supervisory Committee 第四屆監事會第七次會議決議公告	Page D56 of "Shanghai Securities News" 《上海證券報》D56版	30 April 2008 2008年4月30日	Website of SSE (www.sse.com.cn); website of HKSE (www.hkex.com.hk); website of IFN Financial Press (http://www.ifn.com.hk/ir/tjcep/) 上交所網站 www.sse.com.cn ; 聯交所網站 www.hkex.com.hk ; 訊捷財經印務有限公司網站 http://www.ifn.com.hk/ir/tjcep/
Supplemental Announcement relating to the relevant matters in the 2007 Annual Report 關於2007年年度報告相關事項的補充公告	Page D16 of "Shanghai Securities News" 《上海證券報》D16版	22 May 2008 2008年5月22日	Website of SSE (www.sse.com.cn); website of HKSE (www.hkex.com.hk); website of IFN Financial Press (http://www.ifn.com.hk/ir/tjcep/) 上交所網站 www.sse.com.cn ; 聯交所網站 www.hkex.com.hk ; 訊捷財經印務有限公司網站 http://www.ifn.com.hk/ir/tjcep/
Annual report (amended) 年報(修訂版)		22 May 2008 2008年5月22日	Website of SSE (www.sse.com.cn); website of HKSE (www.hkex.com.hk); website of IFN Financial Press (http://www.ifn.com.hk/ir/tjcep/) 上交所網站 www.sse.com.cn ; 聯交所網站 www.hkex.com.hk ; 訊捷財經印務有限公司網站 http://www.ifn.com.hk/ir/tjcep/
Meeting information of the 2007 annual general meeting 2007年年度股東大會會議資料		7 June 2008 2008年6月7日	Website of SSE (www.sse.com.cn); website of HKSE (www.hkex.com.hk); website of IFN Financial Press (http://www.ifn.com.hk/ir/tjcep/) 上交所網站 www.sse.com.cn ; 聯交所網站 www.hkex.com.hk ; 訊捷財經印務有限公司網站 http://www.ifn.com.hk/ir/tjcep/
Legal opinion regarding the 2007 annual general meeting 2007年年度股東大會的法律意見書		18 June 2008 2008年6月18日	Website of SSE (www.sse.com.cn); website of HKSE (www.hkex.com.hk); website of IFN Financial Press (http://www.ifn.com.hk/ir/tjcep/) 上交所網站 www.sse.com.cn ; 聯交所網站 www.hkex.com.hk ; 訊捷財經印務有限公司網站 http://www.ifn.com.hk/ir/tjcep/
Announcement of the resolutions passed at the 2007 annual general meeting 2007年年度股東大會決議公告	Page D9 of "Shanghai Securities News" 《上海證券報》D9版	18 June 2008 2008年6月18日	Website of SSE (www.sse.com.cn); website of HKSE (www.hkex.com.hk); website of IFN Financial Press (http://www.ifn.com.hk/ir/tjcep/) 上交所網站 www.sse.com.cn ; 聯交所網站 www.hkex.com.hk ; 訊捷財經印務有限公司網站 http://www.ifn.com.hk/ir/tjcep/

VI. Financial Accounting Report (unaudited)

六、財務會計報告 (未經審計)

(1) Prepared in accordance with Hong Kong Financial Reporting Standards

(一) 根據香港財務報告準則編製

CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30 JUNE 2008

(All amounts in RMB thousand unless otherwise stated)

綜合中期資產負債表

於2008年6月30日

(除非特別指明所有金額單位均為人民幣千元)

	Note	As at	
		30 June 2008 Unaudited	31 December 2007 Restated
	附註	2008年 6月30日 未經審計	2007年 12月31日 經重列
ASSETS			
		資產	
Non-current assets		非流動資產	
Property, plant and equipment	5	物業、機器及設備	2,185,302
Investment property		投資物業	135,902
Land use rights		土地使用權	393,392
Investment in an associate	6	聯營企業投資	65,498
Available-for-sale financial assets		可供出售財務資產	4,000
Trade receivables due after one year	7	長期貿易應收款	697,763
Gross amounts due from customers for contract work		應收客戶合約 工程款項	199,487
Long-term loans receivables		長期應收款項	2,001,038
Other non-current assets	8	其他長期資產	4,455
			<u>5,686,837</u>
			<u>5,020,564</u>
Current assets		流動資產	
Inventories		存貨	9,040
Trade receivables	7	貿易應收款	541,335
Other receivables and prepayments		其他應收款及預付款項	162,572
Current income tax recoverable		預繳當期所得稅	9,317
Cash and bank balances		現金及銀行結餘	636,019
			<u>1,358,283</u>
			<u>926,282</u>
Total assets		資產總額	<u><u>7,045,120</u></u>
			<u><u>5,946,846</u></u>

	Note	As at	
		30 June 2008 Unaudited	31 December 2007 Restated
	附註	2008年 6月30日 未經審計	2007年 12月31日 經重列
EQUITY			
	權益		
Capital and reserves attributable to the Company's equity holders	本公司權益持有人應佔資本及儲備		
Share capital	股本	9	1,427,228
Other reserves	其他儲備		613,203
Retained earnings	保留盈利		920,116
- Proposed final dividend	— 擬派末期股息		57,089
- Undistributed	— 未分配		863,027
		3,008,301	2,960,547
Minority interests	少數股東權益		126,253
			123,241
Total equity	權益總額		3,134,554
			3,083,788
LIABILITIES	負債		
Non-current liabilities	非流動負債		
Borrowings	借款	10	2,052,198
Deferred income tax liabilities	遞延所得稅負債		25,927
			2,078,125
			1,815,577
Current liabilities	流動負債		
Trade and other payables	貿易及其它應付款	11	382,329
Current income tax payables	當期所得稅負債		—
Borrowings	借款	10	1,450,112
			1,832,441
			1,047,481
Total liabilities	負債總額		3,910,566
			2,863,058
Total equity and liabilities	權益及負債總額		7,045,120
			5,946,846
Net current liabilities	流動負債淨值		(474,158)
			(121,199)
Total assets less current liabilities	總資產減流動負債		5,212,679
			4,899,365

CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2008

(All amounts in RMB thousand unless otherwise stated)

綜合中期損益表

截至2008年6月30日止六個月期間

(除非特別指明所有金額單位均為人民幣千元)

Unaudited

未經審計

Six months ended 30 June

截至6月30日止六個月

		Note	2008	2007
		附註	2008年	2007年
				Restated
				經重列
Revenue	銷售收入	4	497,875	465,386
Business tax	營業稅金		(20,159)	(20,367)
Cost of sales	銷售成本		(225,796)	(189,515)
Gross profit	毛利		251,920	255,504
Other income	其他收益—淨值	4	3,400	5,666
Administrative costs	行政費用		(47,214)	(41,316)
Operating profit	經營盈利	12	208,106	219,854
Finance costs	融資成本	13	(66,006)	(33,906)
Share of profits of an associate	應佔聯營公司盈利		1,519	2,499
Profit before income tax	除所得稅前盈利		143,619	188,447
Income tax expense	所得稅	14	(35,764)	(57,990)
Profit for the period	半年度盈利		107,855	130,457
Attributable to:	應佔:			
Equity holders of the Company	本公司權益持有人		104,843	127,847
Minority interests	少數股東權益		3,012	2,610
			107,855	130,457
Earnings per share for profit attributable to the equity holders of the Company during the period (in RMB per share)	期間內本公司權益持有人應佔盈利的每股盈利 (以每股人民幣元計)			
- basic	— 基本	15	RMB0.07	RMB0.09
- diluted	— 攤薄		RMB0.07	RMB0.08
Interim dividends	中期股息	16	—	—

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2008

(All amounts in RMB thousand unless otherwise stated)

綜合中期權益變動報表

截至2008年6月30日止六個月期間

(除非特別指明所有金額單位均為人民幣千元)

		Unaudited				
		未經審計				
		Equity holders of the Company				
		本公司權益持有人				
	Note 附註	Share capital 股本	Reserves 其他儲備	Sub-total 合計	Minority Interests 少數股東權益	Total 總權益
Balance at 1 January 2008	2008年1月1日結餘					
– as previously reported	一如前呈報	1,427,228	1,465,940	2,893,168	114,870	3,008,038
– prior period adjustments in respect of HK(IFRIC) 12	–就《香港（國際財務 報告詮釋委員會）詮釋》 第12號所作之前期調整	—	67,379	67,379	8,371	75,750
As restated	已重列	1,427,228	1,533,320	2,960,548	123,241	3,083,789
Profit for the period	當期盈利	—	104,843	104,843	3,012	107,855
Dividends	股息	—	(57,089)	(57,089)	—	(57,089)
Balance at 30 June 2008	2008年6月30日結餘	1,427,228	1,581,073	3,008,301	126,253	3,134,554
Balance at 1 January 2007	2007年1月1日結餘					
– as previously reported	一如前呈報	1,330,666	1,056,192	2,386,858	116,111	2,502,969
– prior period adjustments in respect of HK(IFRIC) 12	–就《香港（國際財務 報告詮釋委員會）詮釋》 第12號所作之前期調整	—	22,688	22,688	2,516	25,204
As restated	已重列	1,330,666	1,078,880	2,409,546	118,627	2,528,173
Profit for the period	當期盈利	—	127,847	127,847	2,610	130,457
Conversion of convertible bonds	行使轉換權利的可轉換債券	71,971	205,839	277,810	—	277,810
Dividends	股息	—	(56,105)	(56,105)	—	(56,105)
Balance at 30 June 2007 (restated)	2007年6月30日結餘 (已重列)	1,402,637	1,356,461	2,759,098	121,237	2,880,335

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2008

(All amounts in RMB thousand unless otherwise stated)

簡明綜合中期現金流量表

截至2008年6月30日止六個月期間

(除非特別指明所有金額單位均為人民幣千元)

Unaudited

未經審計

Six months ended 30 June

截至6月30日止六個月

2008

2008年

2007

2007年

Net cash generated from/ (used in)	現金產生／(支用)之淨額		
– operating activities	– 營運活動	135,782	(13,103)
– investing activities	– 投資活動	(704,106)	(61,022)
– financing activities	– 融資活動	840,373	154,765
		<hr/>	<hr/>
Net increase in cash and bank balances	現金及銀行結餘之增加淨額	272,049	80,640
Cash and bank balances at beginning of the period	期初現金及銀行結餘	324,971	718,744
		<hr/>	<hr/>
Cash and bank balances at end of the period*	期終現金及銀行結餘*	597,020	799,384
		<hr/> <hr/>	<hr/> <hr/>

* Excluding restricted cash and bank balances of RMB39 million for 30 June 2008, representing collateral deposit as guarantee for project bidding (2007: RMB20.3 million).

* 不含2008年6月30日受限制之銀行結餘約人民幣3,900萬元，此受限制銀行結餘為項目投標保證金(2007年：人民幣2,030萬元)。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousand unless otherwise stated)

1 Company profile and principal activities

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

Plant Location 位置	Contract commencement date 合同簽訂日期	Customer 客戶
<i>Prior years' agreement still in operation:</i> 以前年度簽訂並仍在執行的合同		
Dong Jiao, Tianjin 天津 東郊	10 October 2000 2000年10月10日	Tianjin Sewage Company ("TSC") 天津市排水公司(「排水公司」)
Ji Zhuang Zi, Tianjin 天津 紀莊子	10 October 2000 2000年10月10日	TSC 排水公司
Xian Yang Lu, Tianjin 天津 咸陽路	10 October 2000 2000年10月10日	TSC 排水公司
Bei Cang, Tianjin 天津 北倉	10 October 2000 2000年10月10日	TSC 排水公司
Guiyang, Guizhou 貴州 貴陽	16 September 2004 2004年9月16日	Guiyang City Administration Bureau ("GCAB") 貴陽市城市管理局(「貴陽城管局」)
Bao Ying, Jiangsu 江蘇 寶應	13 June 2005 2005年6月13日	Baoying Construction Bureau 寶應縣建設局
Fuyang, Anhui 安徽 阜陽	18 December 2005 2005年12月18日	Anhui Fuyang Construction Committee ("AFCC") 安徽省阜陽市建設委員會(阜陽建委)
Qujing, Yunnan 雲南 曲靖	25 December 2005 2005年12月25日	Qujing City Water General Company ("QCWG") 曲靖市城市供排水總公司(曲靖供排水公司)
Hong Hu, Hubei 湖北 洪湖	29 December 2005 2005年12月29日	Honghu Construction Bureau 洪湖市建設局
Hang Zhou, Zhejiang 浙江 杭州	12 November 2006 2006年11月12日	Hangzhou Sewage Company 杭州市排水有限公司
Jing Hai, Tianjin 天津 靜海	12 September 2007 2007年9月12日	Tianyu Science Technology Park Administration Committee of Tianjin New Technology Industry Area 天津新技術產業園區天宇科技園管理委員會
Wen Deng, Shandong 山東 文登	19 December 2007 2007年12月19日	Wendeng Construction Bureau 文登市建設局
<i>Significant new agreement in 2008:</i> 2008年新簽訂的合同		
Xi An, Shanxi 陝西 西安	18 March 2008 2008年3月18日	Xi An Municipal Infrastructure Construction Investment General Company 西安市基礎設施建設投資總公司

簡明綜合中期財務資料附註

(除非特別指明所有金額單位均為人民幣千元)

1 公司簡介及主要業務

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」)現時的經營業務如下所述包括污水處理、自來水供水、中水、建築材料和道路收費站業務。

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：

The background of principal terms and 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 balances of the monthly net book value of property, plant and equipment (as defined in the agreement) of the plants; and
- (ii) incentive pricing adjustments will be made for cost saving and/or when actual processing volume exceeds the minimum processing volume as stipulated in the agreement.

Ji Zhuang Zi, Xian Yang Lu and Bei Cang:

Based on the supplementary agreement reached with TSC on 10 March 2006, the Company is entitled to a pre-determined sewage processing fee 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.

All other sewage processing plants :

Initial sewage water processing prices are predetermined , 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;

On 6 December 2006, Guiyang Price Bureau confirmed a new price for the year 2007 which will allow full recovery of all actual costs , including operating cost, depreciation , income tax and a return of 8% on budgeted net assets of the plant.

相關協議訂明的主要條款及計價公式如下所述：

東郊：

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

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

紀莊子、咸陽路及北倉：

根據於2006年3月10日與排水公司達成之補充協議，本公司於紀莊子、咸陽路及北倉的污水處理廠自竣工日至竣工驗收日的期間內，按照約定的價格收取污水處理費。於此三家污水處理廠竣工驗收日後，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。

其他污水處理廠：

協議規定以約定價格作為初始污水處理服務費單價，並且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；

除貴州外，其他地區客戶會對本集團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；

於2006年12月6日，貴陽市物價局核定2007年度新的價格，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。

(b) Construction of sewage water processing plants

Since, the construction of Ji Zhuang Zi, Xian Yang Lu and Bei Cang was completed in late 2005, the Company did not generate any sewage water processing plant construction fee. The background to the relevant agreements of sewage water processing plants since 2003 is shown below:

Construction Agreement:

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

The principal terms of the Construction Agreement are summarised below:

- a fee will be paid by TSC during the period of construction as a reward to remunerate the Company for accepting the responsibility to construct the sewage water processing plants;
- 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 Sewage Water Processing Agreement as applicable to the Tianjin plants (Note 1(a)).

Transfer Agreement:

In addition, on 24 September 2001, respective agreements (“Transfer Agreements”) were signed whereby, the Company 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.

(b) 污水處理廠建設業務

自紀莊子、咸陽路及北倉三項工程已於2005年末完工後，本公司未產生任何污水處理廠建設費收入。自2003年度污水處理廠建設業務相關協議背景如下：

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)在建工程收費協定》(「建設收費協定」)，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：

- 根據協定，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；
- 按照建設收費協定，排水公司應每月根據本公司編撰的有關各專案當月之估計完成百分比向本公司預支建設費用；
- 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定，在天津三個污水處理廠開始運營後，雙方的權利與義務將按照原污水處理委託協議的具體規定執行(如附註1(a)所述)。

轉讓協議：

此外，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定(「轉讓協定」)，本公司將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。

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 construction and the receipt of relevant verification reports, at their carrying value(Note F). The construction fee charged by the Company pursuant to the above mentioned Construction Agreement, would include the cost of these property, plant and equipment as the base; and
- The Company would be responsible for the repairs and maintenance of these property, plant and equipment during the construction period.

(c) Operation of toll road

There is no change of terms in following agreements since 2003, the background is detailed in following paragraphs;

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

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定(「合作協定」)。根據該合作協定：

- 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(「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建設並於收到相關驗收報告後一次性由排水公司以帳面價值(附註F)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；及
- 於前述該等固定資產轉讓予本公司之前，在污水處理廠在建工程建設期間，本公司負責該等固定資產的維護和保養。

(c) 經營收費道路

下文所述協定條款自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之公路交界設立收費站之權利，並可於該等收費站向進入天津城市之外埠車輛(根據有關中國法規及規例獲豁免支付路費的車輛除外)收取路費。該權利期限至2029年2月28日止。

於2003年度內，隨著天津周邊公路網之改造，天津市政府決定將包括本公司所屬各收費站在內之所有道路收費站外遷至天津市與外省市公路交界處，並由天津市政府設立天津市車輛通行費徵收辦公室(「徵收辦」)，統一對進入天津市之外埠車輛徵

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 confirmed by the Company in June 2003.

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

(d) Supply of tap water

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

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.

收車輛通行費。據此，本公司之收費站已於2003年5月31日起停止經營，並實施拆除工程。本公司與天津市政局達成補償安排包括(但不限於)以下事項：

- 對本公司被拆除之收費站按其於2003年6月30日之賬面淨值人民幣3,300萬元天津市政局給予了一次性現金補償；
- 自2003年5月31日起至新收費站建造完成之日，按照相當於本公司去年同期所得收益，就本公司之收益損失給予補償。本公司於2003年6月確認約人民幣550萬元之淨收益。

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

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

- 本公司委託徵收辦對6個新收費站實行統一收費並支付其管理費；
- 本公司以一家專業顧問公司對該6個新收費站於2003年7月簽署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／年底最低收取通行費收入的標準；及
- 實際收入低於上述最低收入標準之差額將由徵收辦補給本公司。

(d) 自來水供水業務

依照與曲靖市城市供排水總公司於2005年12月25日簽訂的協定，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處理廠按照約定價格提供自來水供水服務。

並且：

- (i) 供水服務單價將按照合同條款根據多項成本因素而進行調整；
- (ii) 曲靖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，則供水服務費按照擔保水量結算。

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2008 has been prepared in accordance with HKAS 34, "Interim financial reporting". The interim condensed financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2007.

(a) Going concern

As at 30 June 2008, the Group's current liabilities exceeded its current assets by approximately RMB474 million.

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

(b) Standard and interpretations effective in 2008 but not relevant to the Group

HK(IFRIC) - Int 11 HKFRS 2 – Group and treasury share transactions (effective from 1 March 2007)

HK(IFRIC) - Int 14 HKAS 19 – The limit on a defined benefit asset minimum funding requirements and their interaction (effective from 1 January 2008)

(c) Standards, amendment and interpretations effective in 2008 and relevant to the Group:

HK(IFRIC) - Int 12 Service concession arrangements (effective from 1 January 2008)

The adoption of the above resulted in material impact on the financial statements of the Group are separately described in Note 3 of these financial information.

(d) Standard, amendment and interpretations to the existing standards that are not yet effective and have not been early adopted by the Group

HKAS 1(Revised) Presentation of financial statements (effective from 1 January 2009)

2 編製基準

截至2008年6月30日止6個月之半年度簡明綜合中期財務資料系依據香港財務報告準則(財務準則)34號中期財務報告編製。本簡明中期財務報告應與截止於2007年12月31日之年度財務報表一並閱讀。

(a) 持續經營假設

截至2008年6月30日止，本集團的流動負債超過其流動資產約為人民幣4.74億元。

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

(b) 在二零零八年生效但與本集團營運無關的準則、修訂及詮釋：

香港(國際財務報告詮釋委員會) – 詮釋11 香港財務準則2 – 集團及司庫股份交易(由二零零七年三月一日起生效)

香港(國際財務報告詮釋委員會) – 詮釋14 香港財務準則19 – 界定利益資產之限制、最低撥款規定以及其相互關繫(由二零零八年一月一日起生效)

(c) 在二零零八年已生效的準則、修訂及詮釋並且和本集團相關的：

香港(國際財務報告詮釋委員會) – 詮釋12 「服務特許權的安排」(由二零零八年一月一日起生效)

採納上述準則、修訂及詮釋對本集團的財務報告造成重大影響，相關財務信息將在註釋3中分別敘述。

(d) 仍未生效而本集團亦無提早採納的準則、修訂及對現有準則的詮釋：

香港會計準則1 (經修訂) 「財務報表的呈報」(由二零零九年一月一日起生效)

HKAS 23 (Amendment)	Borrowing costs (effective from 1 January 2009)	香港會計準則23 (修訂)	「借貸成本」 (由二零零九年一月一日起生效)
HKAS 27 (Revised)	Consolidation and separate financial Statements (effective from 1 July 2009)	香港會計準則27 (經修訂)	「綜合及獨立財務報表」 (由二零零九年七月一日起生效)
HKFRS 2 (Amendment)	Share – based payment – Vesting conditions and cancellations (effective from 1 January 2009)	香港財務準則2 (修訂)	「股份支付」－行使權利的條件及失效 (由二零零九年一月一日起生效)
HKFRS 3 (Revised)	Business combination (effective from 1 July 2009)	香港財務準則3 (經修訂)	「企業合併」 (由二零零九年七月一日起生效)
HKFRS 8	Operating segments (effective from 1 January 2009)	香港財務準則8	「營運分部」 (由二零零九年一月一日起生效)
HK(IFRIC) - Int 13	Customer loyalty programmes (effective from 1 July 2008)	香港(國際財務報告詮釋委員會)－詮釋13	「客戶忠誠度計劃」 (由二零零八年七月一日起生效)

The Group is in the process of making an assessment of the impact of these standard, amendment and interpretations on the financial statements of the Group in the initial application whilst the adoption of above may not have a material impact on the financial statements of the Group other than disclosure changes.

本集團正在評估該等新準則、修訂及詮釋初次採用於財務報表所產生的影響，採納上述準則、修訂及詮釋除造成披露事項變化外對本集團的財務報告無重大影響。

3 Changes in accounting policies

The following sets out further information on the changes of accounting policies for the accounting period beginning on 1 January 2008 which has been reflected in this interim financial information.

(a) Restatement of prior periods and opening balances

The following tables disclose the adjustments have been made in accordance with the transitional provision of the respective HKFRSs to each line items of the consolidated income statement for the six months ended 30 June 2007 and consolidated balance sheet at 31 December 2007 as previous reported.

3 會計政策之變動

與二零零八年一月一日開始之年度會計期間有關，並已在本中期財務報告中反映之會計政策變動詳情如下：

(a) 重報過往期間及期初結餘

下表披露根據相關香港財務報告準則之過渡條文，就截至二零零七年六月三十日止六個月綜合損益表及於二零零七年十二月三十一日之綜合資產負債表內各個已呈報項目作出之調整。

(i) Consolidated income statement for the six months ended 30 June 2007

(ii) 截至二零零七年六月三十日止六個月之綜合損益表

		Six months ended 30 June 2007 (as previous reported) 截至 2007年 6月30日 止六個月 (如前呈報)	Effect of HK(IFRIC) 12 (increase / (decrease) in profit for the period) 《香港(國際財務 報告詮釋委員 會)詮釋》第12號 之影響(期內盈利 增加/(減少))	Six months ended 30 June 2007 (as restated) 截至 2007年 6月30日 止六個月 (已重列)
Revenue	營業額	473,316	(7,930)	465,386
Business tax	營業稅金	(20,367)	—	(20,367)
Cost of sales	銷售成本	(201,346)	11,831	(189,515)
Gross profit	毛利	251,603	3,901	255,504
Other income	其他收益—淨值	5,666	—	5,666
Administrative costs	行政費用	(41,836)	520	(41,316)
Operating profit	經營盈利	215,433	4,421	219,854
Finance costs	融資成本	(60,817)	26,911	(33,906)
Share of profits of an associate	應佔聯營公司盈利	2,499	—	2,499
Profit before income tax	除所得稅前盈利	157,115	31,332	188,447
Income tax expense	所得稅	(47,741)	(10,249)	(57,990)
Profit for the period	半年度盈利	109,374	21,083	130,457
Attributable to:	應佔:			
Equity holders of the Company	本公司權益持有人	110,585	17,262	127,847
Minority interests	少數股東權益	(1,211)	3,821	2,610
		109,374	21,083	130,457
Earnings per share for profit attributable to the equity holders of the Company during the period (in RMB per share)	期間內本公司權益持有人應佔盈利的每股盈利(以每股人民幣元計)			
- Basic	— 基本	RMB0.08 人民幣 0.08	RMB0.01 人民幣 0.01	RMB0.09 人民幣 0.09
- Diluted	— 攤薄	RMB0.08 人民幣 0.08	— —	RMB0.08 人民幣 0.08

(ii) Consolidated balance sheet at 31 December 2007

(ii) 於二零零七年十二月三十一日之綜合資產負債表

		31 December 2007 (as previous reported)	Effect of HK(IFRIC) 12 (increase / (decrease) in net assets) 《香港(國際財務 報告詮釋委員會) 詮釋》第12號之 影響(淨資產 增加/(減少))	31 December 2007 (as restated)
ASSETS	資產			
Non-current assets	非流動資產			
Property, plant and equipment	物業、機器及設備	3,261,450	(1,063,714)	2,197,736
Investment property	投資物業	137,588	—	137,588
Land use rights	土地使用權	676,912	(275,778)	401,134
Investment in an associate	聯營企業投資	63,979	—	63,979
Available-for-sale financial assets	可供出售財務資產	4,000	—	4,000
Trade receivables due after one year	長期貿易應收款	697,763	—	697,763
Gross amounts due from customers for contract work	應收客戶合約工程款項	—	172,204	172,204
Long-term loans receivables	長期應收款項	—	1,322,382	1,322,382
Other non-current assets	其他長期資產	118,698	(94,920)	23,778
		<u>4,960,390</u>	<u>60,174</u>	<u>5,020,564</u>
Current assets	流動資產			
Inventories	存貨	6,634	—	6,634
Trade receivables	貿易應收款	442,944	—	442,944
Other receivables and prepayments	其他應收款及預付款項	136,733	—	136,733
Cash and bank balances	現金及銀行結餘	339,971	—	339,971
		<u>926,282</u>	<u>—</u>	<u>926,282</u>
Total assets	資產總額	<u>5,886,672</u>	<u>60,174</u>	<u>5,946,846</u>
EQUITY	權益			
Capital and reserves attributable to the Company's equity holders	本公司權益持有人應佔資本及儲備			
Share capital	股本	1,427,228	—	1,427,228
Other reserves	其他儲備	613,203	—	613,203
Retained earnings	保留盈利	852,737	67,379	920,116
— Proposed final dividend	— 擬派末期股息	57,089	—	57,089
— Undistributed	— 未分配	795,648	67,379	863,027
		<u>2,893,168</u>	<u>67,379</u>	<u>2,960,547</u>
Minority interests	少數股東權益	<u>114,870</u>	<u>8,371</u>	<u>123,241</u>
Total equity	權益總額	<u>3,008,038</u>	<u>75,750</u>	<u>3,083,788</u>

		31 December 2007 (as previous reported)	Effect of HK(IFRIC) 12 (increase / (decrease) in net assets) 《香港(國際財務 報告詮釋委員會) 詮釋》第12號之 影響(淨資產 增加/(減少))	31 December 2007 (as restated)
		二零零七年 十二月三十一日 (如前呈報)		二零零七年 十二月三十一日 (已重列)
LIABILITIES	負債			
Non-current liabilities	非流動負債			
Borrowings	借款	1,793,523	—	1,793,523
Deferred income tax liabilities	遞延所得稅負債	—	22,054	22,054
		<u>1,793,523</u>	<u>22,054</u>	<u>1,815,577</u>
Current liabilities	流動負債			
Trade and other payables	貿易及其它應付款	312,700	(37,630)	275,070
Current income tax payables	當期所得稅負債	62,299	—	62,299
Borrowings	借款	710,112	—	710,112
		<u>1,085,111</u>	<u>(37,630)</u>	<u>1,047,481</u>
Total liabilities	負債總額	<u>2,878,634</u>	<u>(15,576)</u>	<u>2,863,058</u>
Total equity and liabilities	權益及負債總額	<u>5,886,672</u>	<u>60,174</u>	<u>5,946,846</u>
Net current liabilities	流動負債淨值	<u>(158,829)</u>	<u>37,630</u>	<u>(121,199)</u>
Total assets less current liabilities	總資產減流動負債	<u>4,801,561</u>	<u>97,804</u>	<u>4,899,365</u>

(b) Estimated effect of changes in accounting policies on the current period

The following tables provide estimates of extent to which each of the line items of the consolidated income statement and balance sheet for the six months then ended 30 June 2008 is higher or lower than it would have been had the previous policies still been applied in the year, where it is practicable make such estimates

(i) *Estimated effect on the consolidated income statement for the six month ended 30 June 2008*

(b) 會計政策變動對本期間之估計影響

下表載列假設本年度繼續採用過往會計政策，計算截至二零零八年六月三十日止六個月綜合損益表及資產負債表內各個項目時，可能增加或減少之估計金額（倘計算有關估計金額屬切實可行）。

(i) *截至二零零八年六月三十日止六個月之綜合損益表*

		Estimated effect of HK(IFRIC) 12 (increase / (decrease) in profit for the period) 《香港（國際財務 報告詮釋委員會） 詮釋》第 12 號之 影響（期內盈利 增加／（減少））
Revenue	銷售	(25,042)
Cost of sales	銷售成本	11,661
Gross profit	毛利	(13,381)
Administrative costs	行政費用	890
Operating profit	經營盈利	(12,491)
Finance costs	融資成本	27,981
Profit before income tax	除所得稅前盈利	15,490
Income tax expense	所得稅	(3,872)
Profit for the period	半年度盈利	11,618
Attributable to:	應佔：	
Equity holders of the Company	本公司權益持有人	9,199
Minority interests	少數股東權益	2,419
		11,618
Earnings per share for profit attributable to the equity holders of the Company during the period	期間內本公司權益持有人應佔盈利的每股盈利	
- Basic and diluted	— 基本和攤薄	RMB0.64cents 人民幣 0.64 分

(ii) Estimated effect on the consolidated balance sheet at 30 June 2008

(ii) 對二零零八年六月三十日綜合資產負債表之估計影響

		Estimated effect of HK(IFRIC) 12 (increase / (decrease) in net assets) 《香港(國際財務 報告詮釋委員會) 詮釋》第12號之 估計影響(資產淨額 增加/(減少))
ASSETS	資產	
Non-current assets	非流動資產	
Property, plant and equipment	物業、機器及設備	(1,756,463)
Land use rights	土地使用權	(274,068)
Gross amounts due from customers for contract work	應收客戶合約 工程款項	199,487
Long-term loans receivables	長期應收款項	2,001,038
Other non-current assets	其他長期資產	(93,220)
Total assets	資產總額	<u>76,744</u>
EQUITY	權益	
Capital and reserves attributable to the Company's equity holders	本公司權益 持有人應佔 資本及儲備	
Retained earnings	保留盈利	76,579
Minority interests	少數股東權益	<u>10,790</u>
Total equity	權益總額	<u>87,369</u>
LIABILITIES	負債	
Non-current liabilities	非流動負債	
Deferred income tax liabilities	遞延所得稅負債	25,927
Current liabilities	流動負債	
Trade and other payables	貿易及其它應付款	(36,522)
Total liabilities	負債總額	<u>(10,595)</u>
Total equity and liabilities	權益及負債總額	<u>76,774</u>
Net current liabilities	流動負債淨值	<u>36,522</u>
Total assets less current liabilities	總資產減流動負債	<u>113,296</u>

(c) Service concession arrangements (HK(IFRIC) 12: Service concession arrangements)

In prior years, the Group recognised plant property and equipment of certain of its build-operate-transfer (“BOT”) and transfer-operate-transfer (“TOT”) arrangements as plant property and equipment or other non-current assets.

Apart from above, the Group recognised toll road exchanged from the controlling shareholder of the Company by the Company's previous controlling shareholder as plant property and equipment. Toll road was depreciated on an units-of-usage basis which was based on actual traffic volume for a particular period over the projected total traffic volume throughout the periods for which the Group was granted the right to operate the road.

With effective from 1 January 2008, in accordance with HK(IFRIC) 12, the BOT and TOT arrangements of the Group, such as sewage water processing projects outside of Tianjin, tap water processing projects and tolls road, are service concession arrangements under HK(IFRIC) 12. Infrastructure within the scope of HK(IFRIC) 12 is not recognised property, plant and equipment or other non-current assets as control of the infrastructure of the projects remain in public hands but the Group is responsible for construction or upgrade activities, as well as for operating and maintaining the public sector infrastructure.

As a result, the Group accounts for revenue and costs relating to construction or upgrade services of infrastructure in accordance with HKAS 11, Construction contracts. In accordance with HKAS 11, when the outcome of a construction contract can be estimated reliably, revenue from construction services is recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract. When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable. Construction contracts in progress at the balance sheet date are recorded in the balance sheet at the net amount of costs incurred plus recognised profits less recognised losses and progress billings, and are presented in the balance sheet as the “Gross amounts due from customers for contracts work” (as an asset) or the “Gross amounts due to customers for contract work” (as a liability), as applicable. Progress billings not yet paid by the customers are included in the balance sheet under “Debtors, other receivables, deposits and prepayments”.

(c) 服務特許經營權安排（《香港（國際財務報告詮釋委員會）詮釋》第12號－「服務特許經營權安排」）

於過往年度，本集團把其在若干「建造－運營－轉移」（「BOT」）及「轉移－運營－轉移」（「TOT」）安排下的物業、廠房及設備，確認為物業、廠房及設備或其他長期資產。

除上述者外，本集團把在本公司的控股股東和本公司前控股股東所置換的道路及收費站確認為物業、廠房及設備。道路及收費站之折舊乃按照交通流量法計提。其按有關期間之實際交通流量佔本集團獲授該道路經營權期間之預計交通總流量之比例計提。

自二零零八年一月一日起，根據《香港（國際財務報告詮釋委員會）詮釋》第12號之規定，本集團的BOT及TOT安排，天津以外的污水處理項目、自來水供水項目和道路及收費站項目均屬《香港（國際財務報告詮釋委員會）詮釋》第12號下的服務特許經營權安排。在《香港（國際財務報告詮釋委員會）詮釋》第12號範圍內的基礎建設不會確認為物業、廠房及設備或其他長期資產，因為有關項目的基礎設施的控制權乃在公眾手裡，惟本集團負責建造或改造工作，以及運營及維修保養公共基礎設施。

因此，本集團根據《香港會計準則》第11號－「建造合約」之規定確認基礎建設之建造或改造服務所涉及之收益與成本。根據《香港會計準則》第11號，當建造合約之成果可以可靠估計時，建造服務之收益將會根據完工比率方法，按迄今為止已產生之合約成本佔估計合約成本總額之比例計算確認。當建造合約之成果未能可靠估計時，收益只會按已產生之合約成本之可收回部份確認。於結算日尚在進行中之工程合約，則按已產生之成本加上已確認之盈利，再減去已確認之虧損及按進度開列之款項入賬資產負債表，並於資產負債表中呈列為「應收客戶合約工程款項總額」（作為資產）或「應付客戶合約工程款項總額」（作為負債）（視何者適用）。客戶尚未支付之進度款項在資產負債表中「應收賬款、其他應收款項、按金及預付款項」入賬。

Considerations received or receivable by the Group for the construction or upgrade services are recognised at their fair values as financial assets (for sewage water processing projects, tap water processing projects and tolls road). For financial assets recognised, they are reduced when payments, being a portion of the sewage water processing revenue, tap water processing revenue, and tolls revenue are received. Finance income on the financial assets is recognised using an estimate of the service concession grantors' incremental borrowing rate of interest.

Borrowing costs incurred for the construction and upgrade services are not capitalised and are expensed in the period in which they are incurred.

The new accounting policy has been applied retrospectively with comparatives restated. The adjustments for each financial statement line affected for accounting periods beginning on 1 January 2007 and 2008 are set out in notes 3(a) and 3(b).

本集團就建造或改造服務而已收或應收之代價，將按彼等之公允值確認為金融資產（污水處理項目、自來水供水項目及道路及收費站項目）。就已確認之金融資產而言，其會於有關款項（即部份污水處理收益、自來水供水收益及道路及收費站收益）獲收取後扣減。金融資產之財務收入會透過利用服務特許經營權授予人之估計累升借貸利率計算確認。

建造及改造服務所產生之借貸成本不會資本化，並將於產生之期間列支。

上述新會計政策已追溯應用，並已重報比較數字。附註3(a)及3(b)載列就二零零七年及二零零八年一月一日開始之會計期間之財務報表各個受影響項目所作之調整。

4 Revenue and segment information

An analysis of sales and contributions to operating profit for the year by principal activities is as follows:

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

4 營業額及分部資料

以下為按主要業務劃分的營業額及業績分析：

(a) 本集團的營業額及其他收入淨額分析

		Unaudited 未經審計	
		For the six months ended 截至6月30日止六個月	
		30 June 2008 2008年	30 June 2007 2007年
			Restated 經重列
Turnover	營業額		
– Construction revenue	– 建造收入	28,383	23,438
– Sewage water processing (Note 1(a))	– 污水處理業務 (註釋 1(a))	402,127	368,329
– Tolls (note(i))	– 道路及收費站 (註釋(i))	23,157	27,691
– Tap water processing	– 自來水供水	17,825	11,127
– Water recycling and pipeline connection	– 中水處理及管道接駁	22,434	13,224
– Construction materials	– 建築材料	—	1,210
– Others	– 其他	3,949	20,366
		<u>497,875</u>	<u>465,386</u>
Other income	其他收入·淨額		
– Rental income from investment property	– 投資物業租金收入	3,400	2,546
– Subsidy income	– 補貼收入	—	1,340
– Others	– 其他	—	1,780
		<u>3,400</u>	<u>5,666</u>
Total	總收入	<u>501,275</u>	<u>471,052</u>

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

		Unaudited	
		未經審計	
		For the six months ended	
		截至6月30日止六個月	
		30 June 2008	30 June 2007
		2008年	2007年
		Restated	
		經重列	
Revenue	營業額		
Sewage water processing projects	污水處理項目		
construction and operation (Note 1(a))	建造及運營 (註釋 1(a))	430,510	391,765
Tolls road operation (note(i))	道路及收費站運營 (註釋(i))	23,157	27,694
Tap water processing operation	自來水供水運營	17,825	11,127
Water recycling and pipeline connection	中水處理及管道接駁	22,434	13,224
Construction materials	建築材料	—	1,210
Others	其他	3,949	20,366
		<u>497,875</u>	<u>465,386</u>
Segment results	分部業績		
Sewage water processing projects	污水處理項目		
construction and operation (Note 1(a))	建造及運營 (註釋 1(a))	110,347	146,585
Tolls road operation (note(i))	道路及收費站運營 (註釋(i))	17,190	25,904
Tap water processing operation	自來水供水運營	11,236	9,279
Water recycling and pipeline connection	中水處理及管道接駁	4,354	(8,727)
Construction materials	建築材料	(388)	(1,187)
Others	其他	(639)	14,094
		<u>142,100</u>	<u>185,948</u>
Share of profits of an associate	應佔聯營公司盈利	1,519	2,499
		<u>143,619</u>	<u>188,447</u>
Profit before income tax	除所得稅前盈利	143,619	188,447
Taxation	所得稅費用	(35,764)	(57,990)
		<u>107,855</u>	<u>130,457</u>

note:

- (i) The tolls income of RMB37 million (2007: RMB33 million) represented 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 period from 1 January 2008 to 30 June 2008 amounting to RMB20 million (2007: RMB20 million).

註釋:

- (i) 通行費收入人民幣3,700萬元(2007: 人民幣3,300萬元)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,本集團的經營業務須繳納按經營收益5%計算的營業稅及按營業稅款10%計算的政府附加稅。截至2008年6月30日止半年度的營業稅及政府附加稅為人民幣2,000萬元(2007: 人民幣2,000萬元)。

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

其他在損益表中列賬的分部項目如下：

		Unaudited	
		未經審計	
		For the six months ended	
		截至6月30日止六個月	
		30 June 2008	30 June 2007
		2008年	2007年
		Restated	
		經重列	
Depreciation			
		折舊	
Sewage water processing projects	污水處理項目		
construction and operation (Note 1(a))	建造及運營 (註釋 1(a))	49,118	37,549
Tap water processing operation	自來水供水運營	286	632
Water recycling and pipeline connection	中水處理和管道接駁	4,114	4,113
Sale of construction materials	銷售建築材料	592	941
Others	其他	1,350	8,180
		<u>55,460</u>	<u>51,415</u>
Amortisation			
		攤銷	
Sewage water processing projects	污水處理項目		
construction and operation (Note 1(a))	建造及運營 (註釋 1(a))	4,246	5,606
Water recycling and pipeline connection	中水處理和管道接駁	9	—
Sale of construction materials	銷售建築材料	20	—
Others	其他	141	40
		<u>4,416</u>	<u>5,646</u>

The segment assets and liabilities as at 30 June 2008 and capital expenditure for the period then ended are as follows:

於2008年6月30日之分部資產和負債以及截至該日止六個月期間之資本開支如下：

		Unaudited	Audited
		30 June	31 December
		2008	2007
		未經審計	已經審計
		2008年	2007年
		6月30日	12月31日
			Restated
			經重列
Total assets	總資產		
Sewage water processing projects	污水處理項目		
construction and operation (Note1(a))	建造及運營 (註釋 1(a))	5,564,135	4,572,502
Tolls road operation (note(i))	道路及收費站運營 (註釋(i))	394,631	342,970
Tap water processing operation	自來水供水運營	317,148	271,597
Water recycling and pipeline connection	中水處理和管道接駁	416,339	425,947
Construction materials	建築材料	35,966	3,149
Associate	聯營公司	65,498	63,979
Unallocated	未分部	251,403	266,703
		<u>7,045,120</u>	<u>5,946,847</u>
Total liabilities	總負債		
Sewage water processing projects	污水處理項目		
construction and operation (Note1(a))	建造及運營 (註釋 1(a))	3,355,758	2,345,262
Tolls road operation (note(i))	道路及收費站運營 (註釋(i))	19,607	19,789
Tap water processing operation	自來水供水運營	187,163	158,638
Water recycling and pipeline connection	中水處理和管道接駁	334,087	323,979
Construction materials	建築材料	2,504	2,136
Unallocated	未分部	11,447	13,254
		<u>3,910,566</u>	<u>2,863,058</u>
			Unaudited
			未經審計
			For the six months ended
			截至6月30日止六個月
		30 June 2008	30 June 2007
		2008年	2007年
			Restated
			經重列
Capital expenditure	資本開支		
Sewage water processing construction	污水處理項目		
and operation (Note1(a))	建造及運營 (註釋 1(a))	39,601	38,653
Tap water processing operation	自來水供水運營	73	—
Water recycling	中水處理	222	11,516
Unallocated	未分部	2,822	2,233
		<u>42,718</u>	<u>52,402</u>

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

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

5 Capital expenditure

5 資本開支

		Unaudited	
		For the six months ended	
		未經審計	
		截至 6 月 30 日止六個月	
		30 June 2008	30 June 2007
		2008 年	Restated 2007 年 經重列
Net book value, at beginning of period	期初淨值	2,197,736	2,223,690
Additions in construction in progress in respect of:	在建工程增加：		
– sewage plant construction projects	– 污水處理廠建設工程	—	1,805
– water recycling project of subsidiaries	– 子公司中水處理工程	37,693	1,697
– others	– 其他	1,482	1,958
Acquisition of sewage water process plant	取得污水處理廠	2,138	—
Additions of other property, plant and equipment	其他物業、機器及 設備增加	1,405	46,942
Disposals	報廢	(1,067)	(1,549)
Depreciation	折舊	(54,085)	(51,585)
Net book value, at end of period	期末淨值	<u>2,185,302</u>	<u>2,222,958</u>

6 Investment in an associate

6 聯營企業投資

		Unaudited
		2008
		未經審計
		2008 年
Beginning of the period	期初	63,979
Share of net profits of associate	應佔盈利	1,519
End of the period	期末	<u>65,498</u>

The Group has a 45% interest in an unlisted associate, incorporated in Tianjin, PRC.

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。

7 Trade receivables

Details of the trade receivables are as follows:

		Unaudited 30 June 2008	Audited 31 December 2007
		未經審計 2008年 6月30日	已經審計 2007年 12月31日
Due from TSC for:	應收排水公司：		
– Water processing services	– 污水處理服務	689,609	616,043
– Construction of plants	– 污水廠建設	466,185	466,185
		<u>1,155,794</u>	<u>1,082,228</u>
Less: Portion deemed non-current (<i>note (e)</i>)	減：長期部份（註釋(e)）	(697,763)	(697,763)
		458,031	384,465
Due from others	其他	<u>83,304</u>	<u>58,479</u>
Current portion	短期部份	<u>541,335</u>	<u>442,944</u>

(a) Under the Co-operative Agreement (Note 1(b)), TSC agrees to sell to the Company certain of its property, plant and equipment upon completion of their construction and receipt of relevant verification reports, at their carrying value. On 17 April 2004, TSC confirmed its intention to settle its debt due to the Company with these mentioned assets.

The construction of these assets was completed in late 2005, and based on the construction verification reports dated 27 December 2007, the Tianjin Finance Bureau approved the verified value of these completed assets which amounted to about RMB698 million (2006: The estimated carrying value then was RMB750 million, which included about RMB50 million exchange loss now absorbed by TSC in 2007).

(b) On 17 April 2007, Tianjin Construction Administration Committee (“TJCAC”) (天津市建設管理委員會), the government body overseeing the management of construction and operation of infrastructure in Tianjin, reconfirmed that the Tianjin Municipality has agreed to the settlement of the Company’s debts in manner as agreed by TSC in (a) above. In addition, the remaining debt outstanding after such assets settlement will be settled by way of cash.

(c) In January 2008, the Company has requested TJCAC to accelerate the settlement of the Company’s debts. The final settlement is still pending relevant governmental authorities approvals, the timing of which is not totally within the management’s control.

7 貿易應收款

貿易應收款明細如下：

	Unaudited 30 June 2008	Audited 31 December 2007
	未經審計 2008年 6月30日	已經審計 2007年 12月31日
Due from TSC for:		
– 污水處理服務	689,609	616,043
– 污水廠建設	466,185	466,185
	<u>1,155,794</u>	<u>1,082,228</u>
減：長期部份（註釋(e)）	(697,763)	(697,763)
	458,031	384,465
其他	<u>83,304</u>	<u>58,479</u>
短期部份	<u>541,335</u>	<u>442,944</u>

(a) 根據本公司與排水公司簽訂的合作協定（附註1(b)），排水公司同意在相關資產完成建設並取得驗收報告後，將其以賬面價值轉讓給本公司。於2004年4月17日，排水公司確認擬利用上述資產償還積欠本公司的款項：

上述水廠的建設於2005年末基本完成，根據2007年12月27日出具的經天津市財政局批准的財務決算報告，上述資產決算總金額為人民幣6.98億元（2006年：估計賬面數為人民幣7.5億元，其中包括排水公司2007年承擔的匯兌損益約人民幣0.5億元）；

(b) 天津市基礎設施建設和運營的政府主管部門－天津市建設管理委員會（「市建委」）於2007年4月17日出具承諾函，確認市政府已同意排水公司以(a)中所述的方式償還其欠付本公司的債務，所差部分用資金補齊；

(c) 2008年1月，本公司向市建委提交儘快完成上述欠款償付的申請。最終償付安排尚需政府有關部門的審批，時間不完全受本公司控制；

- (d) On 8 April 2008, TJCAC confirmed that there will be no legal obstacle to the above mentioned assets settlement.
- (e) On the basis that the assets settlement will eventually be finalised, about RMB698 million due from TSC as at 30 June 2008, representing the verified cost of the assets, has been reclassified to non-current trade receivables (2007: RMB698 million).

Based on the above information and confirmations on hand, the Directors believe that the amount due from TSC is eventually fully recoverable.

The Group in general grants a credit period range from 30 to 90 days. Management considered trade receivables less than one year past due are not impaired as all trade receivables are due from government bodies of the PRC. Aging of trade receivable is as follows:

Within one year	1年以內
Over two years	2年以上

- (d) 2008年4月8日，市建委承諾上述以資產清償債務的交易不存在實質性法律障礙；
- (e) 鑒於上述以資產清償債務的交易最終能夠完成，截至2008年6月30日擬用於清償債務的資產決算額約為人民幣6.98億元，相應的應收賬款重分類至長期應收款(2007年：人民幣6.98億元)。

根據上述資訊及已取得所有確認函，董事相信應收排水公司款項最終能夠全部收回。

本集團大部分銷售的信貸期限為30至90天。管理層認為一年內到期的貿易應收款沒有減值的風險，因為所有的應收款項為應收中國政府機構的款項。貿易應收款的賬齡如下：

Unaudited	Audited
30 June	31 December
2008	2007
未經審計	已經審計
2008年	2007年
6月30日	12月31日
541,335	442,944
697,763	697,763
<u>1,239,098</u>	<u>1,140,707</u>

8 Other non-current assets

Restricted bank deposits (note (i))	受限制銀行存款 (註釋(i))
Others	其他

notes:

- (i) These deposits represent collateral deposited with a financial institution as guarantee for the issuance of the Company's convertible bonds stated at fair value.

8 其他長期資產

Unaudited	Audited
30 June	31 December
2008	2007
未經審計	已經審計
2008年	2007年
6月30日	12月31日
	經重列
—	19,770
4,455	4,008
<u>4,455</u>	<u>23,778</u>

註釋：

- (ii) 按公允價值列賬的該等存款指存放於金融機構作為本公司的可轉換債券擔保的抵押品。

9 Share capital

9 股本

Issued and fully paid up capital 已發行及繳足股本	Number of shares (‘000) 股份數 千股	Unaudited 30 June 2008 未經審計 2008年 6月30日	Audited 31 December 2007 已經審計 2007年 12月31日
A shares with par value of RMB1: 每股面值為人民幣 1 元之 A 股：			
– Circulating shares 一已流通股份	423,142	423,142	356,608
– Restricted circulating shares 一限制性流通股份	664,086	664,086	730,620
	<u>1,087,228</u>	<u>1,087,228</u>	<u>1,087,228</u>
H shares with par value of RMB1: 每股面值為人民幣 1 元之 H 股：			
Circulating shares outside China 中國境外流通股份	340,000	340,000	340,000
	<u>1,427,228</u>	<u>1,427,228</u>	<u>1,427,228</u>

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

The restricted circulating “A” Shares is in respect of the shares held by TMICL, whereby TMICL can only sell a maximum of 10% of its total shares within 3 years after the stock reform in March 2006.

During this period, about 66 million restricted circulating shares were become non-restricted and none share belonging to TMICL was sold. As at 30 June 2008, TMICL’s equity interest in the Company were remained as 54.3% by end of period.

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

此限制性流通股份系控股股東天津市政投資有限公司持有之股份，控股股東於2006年3月股權改置完成後三年內最多可出售其所持有股份之10%。

本期間內約有大概有6,600股受限流通股份變成流通股份，並且控股股東所持有的股份沒有任何售出。截止2008年6月30日，天津市政投資有限公司仍對本公司持有股份約為54.3%。

10 Borrowings

10 貸款

			Unaudited 30 June 2008	Audited 31 December 2007
		<i>note</i>	未經審計 6月30日 2008年	已經審計 12月31日 2007年
		<i>註釋</i>		
<i>Non-current:</i>	<i>長期：</i>			
Long-term bank borrowings	長期銀行借款	(a)	2,359,915	2,062,500
Loans payable	應付借款	(c)	176,073	147,273
			<u>2,535,988</u>	<u>2,209,773</u>
<i>Less: Current portion</i>	<i>減：短期部分</i>		(483,790)	(416,250)
			<u>2,052,198</u>	<u>1,793,523</u>
<i>Current:</i>	<i>短期：</i>			
Current portion of long-term bank borrowings	長期銀行借款的短期部分	(a)	483,790	416,250
Short-term bank borrowings	短期銀行借款	(b)	844,890	155,000
Loans payable	應付借款	(c)	121,432	138,862
			<u>1,450,112</u>	<u>710,112</u>

note:

(a) Long-term bank borrowings

註釋：

(a) 長期銀行貸款

			Unaudited 30 June 2008	Audited 31 December 2007
		<i>note</i>	未經審計 2008年 6月30日	已經審計 2007年 12月31日
		<i>註釋</i>		
Borrowings from:	貸款包括：			
State Development Bank	國家開發銀行	(i)	404,000	471,000
Industrial Commerce Bank of China	中國工商銀行	(ii)	699,000	399,000
Shanghai Pudong Development Bank	上海浦東發展銀行	(iii)	320,000	320,000
Agricultural Bank Of China	中國農業銀行	(iv)	622,540	300,000
China Construction Bank	中國建設銀行	(v)	214,375	222,500
China CITIC Bank	中國中信銀行		—	200,000
China Everbright Bank	中國光大銀行	(vi)	50,000	95,000
Bank of China	中國銀行	(vii)	50,000	55,000
			<u>2,359,915</u>	<u>2,062,500</u>

These borrowings mature as follows:

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

該等貸款的具體還款期如下：

Unaudited	Audited
30 June	31 December
2008	2007
未經審計	已經審計
2008年	2007年
6月30日	12月31日
483,790	416,250
863,790	476,790
491,220	791,820
521,115	377,640
<u>2,359,915</u>	<u>2,062,500</u>

notes:

- (i) Secured by TMEB's guarantee together with certain of its fee collection rights.
- (ii) Includes RMB541 million secured by the Company's guarantee while remaining RMB158 million is unsecured.
- (iii) Includes RMB20 million secured by the Company's guarantee while remaining RMB300 million is unsecured.
- (iv) Includes RMB498 million and RMB60 million secured by the guarantee of Tianjin Municipal Infrastructure Construction Investment Group Co., Ltd and the Company, respectively. The remaining balance of about RMB65 million is secured by the Company's guarantee during the construction period of a subsidiary together with certain of the subsidiary's property, plant and equipment.
- (v) Includes RMB180 million secured by the right to receive tap water and sewage water processing fees. The remaining balance of about RMB34 million is secured by the Company's guarantee.
- (vi) Secured by TSC's right to receive sewage water processing fees together with TMICL's guarantee.
- (vii) Secured by the Company's guarantee.

These long term bank borrowings are all interest bearing with weighted average effective interest rate at the balance sheet date of 7.5% (2007: 6.9%).

Bank borrowings which are exposed to interest-rate changes and the contractual repricing dates are as follows:

6 months or less	6個月及其以內
6 – 12 months	6至12個月

As at 30 June 2008, the fair value of the long-term fixed-rate bank borrowings is RMB158 million (2007: RMB158 million).

註釋：

- (i) 該等借款由天津市政局提供擔保並以部份收費權作為質押。
- (ii) 該借款包含人民幣5.41億元由本公司提供擔保。餘下約人民幣1.58億元餘額為無抵押借款。
- (iii) 該借款包含人民幣0.2億元由本公司提供擔保。餘下約人民幣3億元餘額為無抵押借款。
- (iv) 該借款包含人民幣4.98億元和人民幣0.6億元由天津市政投資公司和本公司分別提供擔保。餘下約人民幣6,500萬元餘額在一家附屬公司的建設期間由本公司提供擔保並以該附屬公司的物業、機器及設備作為抵押。
- (v) 結餘包括人民幣1.8億元的借款，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3,400萬元由本公司提供擔保。
- (vi) 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。
- (vii) 該借款由本公司提供擔保。

這些長期銀行借款於資產負債表日的加權平均實際利率為7.5% (2007年：6.9%)。

按照合同規定利息浮動的期間披露銀行借款如下：

Unaudited	Audited
30 June	31 December
2008	2007
未經審計	已經審計
2008年	2007年
6月30日	12月31日
883,000	627,000
835,125	861,250
<u>883,000</u>	<u>861,250</u>

截至2008年6月30日止，固定利率長期銀行借款的公允價值約為人民幣1.58億元 (2007年：人民幣1.58億元)。

(b) Short-term bank borrowings

Borrowings from:
 China Construction Bank
 Bohai Bank
 China Minsheng Bank
 China CITIC Bank
 China Zheshang Bank

貸款銀行：
 中國建設銀行
 渤海銀行
 中國民生銀行
 中國中信業銀行
 中國浙商銀行

(b) 短期銀行貸款

		Unaudited 30 June 2008	Audited 31 December 2007
	<i>note</i>	未經審計 2008年 6月30日	已經審計 2007年 12月31日
	(i)	499,890	100,000
	(ii)	—	55,000
		100,000	—
		200,000	—
	(i)	45,000	—
		<u>844,890</u>	<u>155,000</u>

notes:

- (i) Guaranteed by TMICL.
- (ii) Guaranteed by Tianjin Expressway Investment and Construction Development Company.
- (iii) All short-term borrowings bear interest ranging from 6.6% to 8.2% (2007: 6.1% to 7.5%) per annum.

註釋：

- (i) 由天津市政投資有限公司提供擔保。
- (ii) 由天津市高速公路投資建設發展公司提供擔保。
- (iii) 所有短期借款的年利率介乎6.6%至8.2% (2007年：6.1%至7.5%)。

The carrying amounts of short-term bank borrowings approximate their fair values as at 30 June 2008 either due to their short-term maturity or because they bear interest at prevailing market rates throughout their maturity period.

截止2008年6月30日，由於以上短期借款於到期期間以現行市場利率計息，故其帳面價值近似於公平值。

(c) Loans payable:

Long-term
 Due to:

- TMEB (*note(i)*)
- TFB (*note(ii)*)

長期
 應付：

- 天津市政局 (*註釋(i)*)
- 天津財政局 (*註釋(ii)*)

		Unaudited 30 June 2008	Audited 31 December 2007
		未經審計 2008年 6月30日	已經審計 2007年 12月31日
		147,273	147,273
		28,800	—
		<u>176,073</u>	<u>147,273</u>

Short-term
 Due to:

- TMEB
 - Current portion of long term loan (*note(i)*)
 - Others (*note(iii)*)
- Tianjin Municipal Government (*note(iv)*)

短期
 應付：

- 天津市政局
 - 長期借款的短期部分 (*註釋(i)*)
 - 其他 (*註釋(iii)*)
- 天津市政府 (*註釋(iv)*)

		16,364	32,727
		94,455	95,522
		10,613	10,613
		<u>121,432</u>	<u>138,862</u>

notes:

- (i) A RMB180 million loan 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. The loan bears interest at 5% per annum for the first two years. From 2008 to maturity, the interest will be based on the one-year deposit plus 2% premium.
- (ii) Amount due to Tianjin Finance Bureau (TFB) is specifically for construction of two recycling water processing plants.
- (iii) Amount due to TMEB of RMB94 million (2007: RMB96 million) is specifically for the same purpose and under same terms as the loan described in Note (iv) below.
- (iv) The RMB11 million (2007: 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.

The repayment scheme for the RMB94 million and RMB11 million loans mentioned in (iii) and (iv) above is still being negotiated. As the terms are uncertain, these loans have been classified as current liabilities.

All loans payable are deemed government assistance and are measured at the amount of loans received. The fair value of the long-term loans payable amounted to RMB96 million (2007: RMB105 million)

- (d) As at year end, the Group has the following committed undrawn banking facilities:

Floating rate:
– Expiring within one year

浮動利率：
– 1年以內到期

註釋：

- (i) 由天津市政局轉貸之應付借款人民幣1.8億元為2005年污水處理廠建設專項轉貸資金。有關借款從2007年起分11年均衡償付。借款年利率前2年為5%，從2008年起至到期，年利率為1年期存款利率加2個百分點。
- (ii) 由天津市財政局獲得的專項資金，用於2座再生水廠的工程建設。
- (iii) 欠付天津市政局的款項人民幣約9,400萬元(2007年：9,600萬元)，其借款目的和借款使用方法如下註釋(iv)所示。
- (iv) 人民幣1,100萬元(2007年：1,100萬元)為借自天津市市政府其他部門，用於污水回用工程建設。以上借款不計息且還款日期和方法於上述廠房落成後商定。

在以上註釋(iii)和(iv)中列示的人民幣9,400萬元和人民幣1,100萬元的借款還款計畫尚在商討中。由於尚未確定還款期限，這些借款已經被重分類至流動負債。

所有應付借款均由政府提供援助並以收到的借款金額計量。這些應付借款的公允價值約為人民幣96百萬元(2007年：人民幣105百萬元)。

- (d) 截止年底，本公司有如下未使用的銀行授信額度：

Unaudited	Audited
30 June	31 December
2008	2007
未經審計	已經審計
2008年	2007年
6月30日	12月31日
189,000	505,000

11 Trade and other payables

11 貿易應付款及其他應付款

		Unaudited 30 June 2008	Audited 31 December 2007 Restated
		未經審計 6月30日 2008年	已經審計 12月31日 2007年 經重列
Advances for pipeline connection	預收管道接駁費用	155,510	143,092
Construction costs payable	應付建設成本	97,921	56,377
Advance receivable from TSC	預收排水公司款項	—	27,385
Advance receivable from Project Hangu	預收漢沽項目款項	27,909	—
Trade payables	貿易應付款	14,617	12,469
Accrued expenses	預提費用	10,811	5,317
Others	其他	75,561	30,430
		<u>382,329</u>	<u>275,070</u>

As at 30 June 2008, the majority of trade payables are aged within one year.

截止2008年6月30日，大部分貿易應付款的賬齡在一年以內。

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

由於均為短期內到期，以上應付賬款及其它應付款的帳面價值近似於其公允價值。

12 Operating profit

12 經營盈利

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

經營盈利已計入及扣除下列項目：

		Unaudited For the six months ended 未經審計 截至6月30日止六個月	
		30 June 2008	30 June 2007 Restated
		2008年	2007年 經重列
Crediting:	收入：		
Rental	租金收入	(4,642)	(4,632)
Interest income on bank deposits	銀行存款所產生利息收入	(2,829)	(1,935)
Interest income on financial assets	金融財產所產生利息收入	(27,981)	(29,539)
		<u> </u>	<u> </u>
Charging:	支出：		
Depreciation and amortisation expenses	折舊及攤銷費用	59,876	57,061
Staff costs	員工成本	35,330	13,501
Raw materials and consumables used	原材料及消耗品使用	15,275	12,382
Repair and maintenance expenses	修理費	10,834	8,050
		<u> </u>	<u> </u>

13 Finance costs

13 融資成本

		Unaudited	
		For the six months ended	
		未經審計	
		截至6月30日止六個月	
		30 June 2008	30 June 2007
		2008年	Restated 2007年 經重列
Interest expense on:	利息費用：		
– bank borrowings	– 銀行貸款利息	99,792	64,381
– liability component of convertible bonds	– 負債部分列賬的可轉換債券	—	999
– Capitalized interests	減：資本化利息	(2,976)	—
		<u>96,816</u>	<u>65,380</u>
Less: Interest income on bank deposits	減：銀行存款所產生利息收入	(2,829)	(1,935)
Interest income on financial assets	金融財產所產生利息收入	(27,981)	(29,539)
		<u>66,006</u>	<u>33,906</u>

14 Income tax expense

No Hong Kong profits tax has been provided as the Group has no assessable profit in Hong Kong (2007: Nil). PRC income tax has been charged at 25% on the respective assessable profits of the Company and its subsidiaries (2007: 33%).

14 所得稅費用

由於本集團截至2008年6月30日止六個月期間並無在香港地區的應課稅盈利（2007年：無），所以本期間無香港所得稅。中國盈利之稅款則按照本公司及其附屬公司本期間各自估計應課稅盈利按照25%的稅率計算（2007年：33%）。

		Unaudited	
		For the six months ended	
		未經審計	
		截至6月30日止六個月	
		30 June 2008	30 June 2007
		2008年	Restated 2007年 經重列
Tax charge comprises:	所得稅構成如下：		
Current PRC income tax	當期中國所得稅	31,892	47,114
Deferred income tax	遞延所得稅	3,872	10,876
		<u>35,764</u>	<u>57,990</u>

15 Earnings per share

Basic earnings per share is calculated based on the profit attributable to equity holder of the Company of RMB105 million (2007: RMB128 million) and weighted average number of ordinary shares of 1,427 million shares in issue during the period (2007: 1,367 million shares).

Diluted earnings per share is calculated using the same base as described above for calculating basic earnings per share after adjusting for the Company's Bonds during the six months ended 30 June 2007, which were fully converted to ordinary shares or redeemed during 2007, as follows:

15 每股盈利

每股基本盈利根據本期間股東應佔盈利人民幣1.05億元(2007年：人民幣1.28億元)，以及年內已發行股份14.27億股(2007年：13.67億股)計算。

每股攤薄盈利乃根據上述相同基準在截止2007年6月30日止期間經調整本公司債券後計算，該等債券已於2007年度獲悉數轉換為普通股或贖回，如下：

		Unaudited	
		For the six months ended	
		未經審計	
		截至6月30日止六個月	
		30 June 2008	30 June 2007
		2008年	2007年
Profit attributable to equity holders of the Company	本公司債券持有人應佔盈利	104,843	127,847
Finance costs on convertible debt (net of tax)	可轉換債券的利息費用(扣除稅項)	—	1,484
Profit used to determine diluted earnings per share	用以釐定每股攤薄盈利的盈利	<u>104,843</u>	<u>129,331</u>
Weighted average number of ordinary shares in issue (million)	已發行普通股的加權平均數(百萬計)	1,427	1,367
Adjustments for – assumed conversion of convertible debt (million)	調整—假設可轉換債券被兌換(百萬計)	—	24
Weighted average number of ordinary shares for diluted earnings per share (million)	計算每股攤薄盈利的普通股的加權平均數(百萬計)	<u>1,427</u>	<u>1,391</u>
Diluted earnings per share (RMB per share)	每股攤薄盈利(每股人民幣元)	<u>0.07</u>	<u>0.08</u>

16 Interim dividends

16 中期股息

		Unaudited	
		For the six months ended	
		未經審計	
		截至6月30日止六個月	
		30 June 2008	30 June 2007
		2008年	2007年
2007 final, declared of RMB0.04 (2006 final, paid of RMB0.04) per share	2007年度，宣告股息 人民幣0.04元每股 (2006年度，支付股息 人民幣0.04元每股)	<u>57,089</u>	<u>56,105</u>

No interim dividend was proposed by the Board of Directors of the Company for the six months ended 30 June 2008 (2007: nil).

本公司董事會於截止2008年6月30日止六個月期間並無建議派發股息(2007年：無)。

17 Commitments

17 承擔事項

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

於結算日有關污水處理廠建設的資本承擔如下所列：

		Contracted but not provided for		Authorised but not contracted for	
		已簽約未撥備		已批准未簽約	
		Unaudited	Audited	Unaudited	Audited
		未經審計	已經審計	未經審計	已經審計
		30 June 2008	31 December 2007	30 June 2008	31 December 2007
		2008年	2007年	2008年	2007年
		6月30日	12月31日	6月30日	12月31日
		<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
		人民幣百萬元	人民幣百萬元	人民幣百萬元	人民幣百萬元
Sewage water processing plants in:	污水處理廠項目：				
– Hang Zhou	– 杭州	341	341	—	—
– Wen Deng	– 文登	60	96	—	—
– Jing Hai	– 靜海	37	43	—	—
– Chi Bi	– 赤壁	—	12	—	7
– Xi An	– 西安	—	—	—	643
– E Zhou	– 鄂州	—	—	—	95
Recycled water factories:	中水廠：				
– Dong Jiao	– 東郊	32	50	59	59
– Bei Chen	– 北辰	12	14	58	59
– Xian Yang Lu	– 咸陽路	4	10	49	50
		<u>486</u>	<u>566</u>	<u>166</u>	<u>913</u>

18 Related party transactions

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

In addition to the related party information shown elsewhere in the financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of the business between the Company and 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:

Revenue earned from TSC for sewage water processing services and construction of sewage plant (note)	於排水公司賺取之收入
– Directly	– 污水處理服務費及
– Indirectly (note)	– 污水處理廠建設收入
	– 直接
	– 間接 (註釋)
Rental income	租賃收入

note:

In September 2005, Tianjin Municipal Government implemented the Principles of Concession Services Arrangements of Tianjin Municipal Public Utilities (the "Principles"). In accordance with these Principles, the Directors regard TJCAC as the Company's ultimate customer effective September 2005.

18 關聯交易

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

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

(a) 與天津市政投資有限公司及其監控實體的交易：

Unaudited	
For the six months ended	
未經審計	
截至 6 月 30 日止六個月	
30 June 2008	30 June 2007
2008年	2007年
RMB'million	RMB'million
人民幣百萬元	人民幣百萬元
—	311
322	—
<u>322</u>	<u>311</u>
<u>4</u>	<u>3</u>

註釋：

2005年9月，天津市政府開始實施《天津市市政公用事業特許經營管理辦法》(《管理辦法》)，根據該《管理辦法》的規定，董事認為自2005年9月起，天津市建設管理委員會成為本公司的最終客戶。

(b) Transactions and balances with other SOE:

Drawdown of long-term loan	支取長期貸款	608	350
Drawdown of short-term loan	支取短期貸款	700	234
Interest expenses	利息支出	100	64
Payment for plants construction	支付廠房建設費	42	44
Purchase of property, plant and equipment	採購物業、廠房及設備	1	—
Purchase of raw materials and accessories	採購原材料及配件	8	—

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

Current liabilities

Balance held Trade and other payables

流動負債

貿易及其他應付款項持有的結餘

534

100

(c) Key management compensation for the period ended 30 June 2008 is summarised as follows:

Salaries and other short-term employee benefits	工資及短期員工福利	3,443	2,741
Other long-term benefits	其他長期福利	432	460

3,875

3,201

19 Comparative figures

Certain comparative figures have been adjusted or reclassified as a result of the changes in accounting policies. Further details are disclosed in Note 3.

(b) 國有企業關聯方交易及其結餘：

Unaudited	
For the six months ended	
未經審計	
截至6月30日止六個月	
30 June 2008	30 June 2007
2008年	2007年
RMB'million	RMB'million
人民幣百萬元	人民幣百萬元

在本賬目中，與天津市政投資有限公司及其他國有企業交易年末餘額如下所示：

Unaudited	Audited
30 June 2008	31 December 2007
未經審計	已經審計
6月30日	12月31日
2007年	2006年
RMB'million	RMB'million
人民幣百萬元	人民幣百萬元

(c) 核心管理層截至於2008年6月30日止之報酬匯總如下：

Unaudited	
For the six months ended	
未經審計	
截至6月30日止六個月	
30 June 2008	30 June 2007
2008年	2007年

19 比較數字

由於會計政策有所變動，故若干比較數字已作調整或重新分類。進一步詳情載於附註3。

(2) Prepared in accordance with the PRC Accounting Standards

(二) 根據中國會計規則編製

BALANCE SHEETS

AS AT 30 JUNE 2008

資產負債表

2008年6月30日

	Notes	Group		Company	
		Unaudited	Audited	Unaudited	Audited
	6	30 June	31 December	30 June	31 December
	附註	2008	2008	2007	2007
	六	未經審計	已經審計	未經審計	已經審計
		於2008年	於2007年	於2008年	於2007年
		6月30日	12月31日	6月30日	12月31日
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
ASSETS					
		資產			
CURRENT ASSETS		流動資產			
Cash and bank balances	(1)	636,019	339,971	157,475	86,633
Trade receivables	(2)	541,335	442,944	476,551	401,905
Prepayments to suppliers	(3)	81,757	57,964	50,072	12,984
Other receivables	(4)	80,815	78,769	435,614	82,459
Inventories	(5)	9,040	6,634	3,221	3,034
Total current assets		1,348,966	926,282	1,122,933	587,015
		非流動資產			
NON-CURRENT ASSETS					
Trade receivables due after one year	(2)	697,763	697,763	697,763	697,763
Long-term equity investments	(6)	69,498	67,979	1,006,751	724,751
Investment property	(7)	135,902	137,588	94,090	95,305
Fixed assets	(8)	3,682,406	3,068,320	2,010,175	2,064,881
Construction in progress	(9)	259,359	193,130	66,005	30,257
Intangible assets	(10)	669,239	677,667	557,987	564,114
Long-term prepaid expenses	(11)	95,896	98,173	—	—
Restricted bank deposits	(1)(a)	—	19,770	—	19,770
Total of non-current assets		5,610,063	4,960,390	4,432,771	4,196,841
TOTAL ASSETS		6,959,029	5,886,672	5,555,704	4,783,856
		資產總計			

	Notes	Group 合併		Company 公司			
		Unaudited 30 June 2008	Audited 31 December 2007	Unaudited 30 June 2008	Audited 31 December 2007		
	6	未經審計 於2008年 6月30日 RMB'000 人民幣千元	已經審計 於2007年 12月31日 RMB'000 人民幣千元	未經審計 於2008年 6月30日 RMB'000 人民幣千元	已經審計 於2007年 12月31日 RMB'000 人民幣千元		
LIABILITIES AND							
SHAREHOLDERS' EQUITY							
CURRENT LIABILITIES							
Short-term borrowings		短期借款	(12)	844,890	155,000	799,890	155,000
Trade payables		應付賬款	(13)	14,617	12,469	7,382	6,139
Advances from customers		預收款項	(14)	187,566	171,341	31,877	28,099
Wage payables		應付職工薪酬		5,136	6,674	4,539	5,753
Taxes payable		應交稅費	(15)	(2,376)	69,727	(7,839)	61,642
Interest payable		應付利息		—	660	—	—
Dividend payable		應付股利	(16)	57,894	842	57,894	842
Other payables		其它應付款	(17)	146,697	113,286	155,160	100,957
Current portion of long-term borrowings		一年內到期的 長期借款	(19)	483,790	416,250	434,000	334,000
Other current liabilities		其他流動負債	(18)	121,432	138,862	16,364	32,727
Total current liabilities		流動負債合計		1,859,646	1,085,111	1,499,267	725,159
LONG-TERM LIABILITIES							
Long-term borrowings		長期借款	(19)	1,876,125	1,646,250	976,000	1,035,000
Specific payables		專項應付款	(20)	28,800	—	28,800	—
Long-term payables		長期應付款	(21)	147,273	147,273	147,273	147,273
Total long-term liabilities		非流動負債合計		2,052,198	1,793,523	1,152,073	1,182,273
TOTAL LIABILITIES		負債合計		3,911,844	2,878,634	2,651,340	1,907,432
SHAREHOLDERS' EQUITY							
Share capital		股本	(22)	1,427,228	1,427,228	1,427,228	1,427,228
Capital reserves		資本公積	(23)	383,338	383,338	380,788	380,788
General reserves		盈餘公積	(24)	229,865	229,865	229,865	229,865
Undistributed profits		未分配利潤		891,291	852,737	866,483	838,543
Capital and reserves attributable to the Company's equity holders		歸屬於本公司 股東權益合計		2,931,722	2,893,168	2,904,364	2,876,424
Minority interest		少數股東權益	(25)	115,463	114,870	—	—
Total shareholders' equity		股東權益合計		3,047,185	3,008,038	2,904,364	2,876,424
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		負債及股東權益總計		6,959,029	5,886,672	5,555,704	4,783,856

INCOME STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2008

利潤表

截至2008年6月30日止6個月

	Notes	Group 合併		Company 本公司	
		Unaudited Six months Ended 30 June 2008 未經審計 截至 2008年 6月30日 止6個月 RMB'000 人民幣千元	Unaudited Six months Ended 30 June 2007 未經審計 截至 2007年 6月30日 止6個月 RMB'000 人民幣千元	Unaudited Six months Ended 30 June 2008 未經審計 截至 2008年 6月30日 止6個月 RMB'000 人民幣千元	Unaudited Six months Ended 30 June 2007 未經審計 截至 2007年 6月30日 止6個月 RMB'000 人民幣千元
Income from principal operations					
營業收入	(26)	527,559	474,882	366,478	367,700
Less: Cost for principal operations	(26)	(238,699)	(198,262)	(132,711)	(123,489)
Business tax and surcharges	(27)	(20,159)	(20,367)	(19,744)	(20,014)
Administrative expenses		(46,046)	(41,799)	(30,485)	(30,081)
Financial expenses - net	(28)	(96,538)	(60,854)	(69,969)	(41,302)
Add: Investment income	(6)	2,051	2,499	—	—
Including: Share of profit of an associate		2,051	2,499	—	—
其中：對聯營企業的投資收益					
Operating profit		128,168	156,099	113,569	152,814
Add: Non-operating income		292	1,352	4	6
Less: Non-operating expenses		(331)	(336)	(200)	(46)
Including: Loss on disposal of non-current assets		—	—	—	—
其中：非流動資產處置損失					
Total profit		128,129	157,115	113,373	152,774
Less: Income tax	(29)	(31,893)	(47,741)	(28,343)	(45,372)
Net profit		96,236	109,374	85,030	107,402
Attributable to Equity holders of the Company		95,643	110,585		
歸屬於本公司股東的淨利潤					
Minority interests	(25)	593	(1,211)		
少數股東損益					
Earnings per share for profit attributable to the equity holders of the Company during the year (in RMB yuan)					
每股收益（人民幣元）	(30)				
Basic		0.07	0.08		
Diluted		0.07	0.08		

CASH FLOW STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2008

現金流量表

截至2008年6月30日止6個月

		Group 合併		Company 本公司	
		Unaudited Six months Ended 30 June 2008 未經審計 截至 2008年 6月30日 止6個月 RMB'000 人民幣千元	Unaudited Six months Ended 30 June 2007 未經審計 截至 2007年 6月30日 止6個月 RMB'000 人民幣千元	Unaudited Six months Ended 30 June 2008 未經審計 截至 2008年 6月30日 止6個月 RMB'000 人民幣千元	Unaudited Six months Ended 30 June 2007 未經審計 截至 2007年 6月30日 止6個月 RMB'000 人民幣千元
1. Cash flows from operating activities	一、經營活動產生的現金流量				
Cash received from rendering of goods and services	銷售商品、提供服務收到的現金	413,448	289,961	258,206	153,441
Tax levies refund received	收到的稅費返還	—	340	—	—
Cash received relating to other operating activities	收到的其它與經營活動有關的現金	111,344	16,304	159,573	6,764
Sub-total of cash inflows	經營活動現金流入小計	524,792	306,605	417,779	160,205
Cash paid for goods and services	購買商品、接受勞務支付的現金	(116,629)	(92,077)	(53,584)	(52,025)
Cash paid to and on behalf of employees	支付給職工以及為職工支付的現金	(34,036)	(27,396)	(17,843)	(15,242)
Taxes paid	支付的各項稅費	(129,795)	(77,701)	(118,892)	(70,239)
Cash paid relating to other operating activities	支付的其它與經營活動有關的現金	(25,528)	(54,903)	(13,257)	(41,835)
Sub-total of cash outflows	經營活動現金流出小計	(305,988)	(252,077)	(203,576)	(179,341)
Net cash flows from operating activities	經營活動產生的現金流量淨額	218,804	54,528	214,203	(19,136)
2. Cash flows from investing activities	二、投資活動產生的現金流量				
Cash received from disposal of investments	收回投資所收到的現金	2,885	—	400	—
Cash received from returns on investments	取得投資收益收到的現金	800	—	—	—
Net cash received from disposal of fixed assets	處置固定資產收回的現金	87	121	4	97
Cash received relating to other investing activities	收到其他與投資活動有關的現金	64,707	17,227	62,186	17,135
Sub-total of cash inflows	投資活動現金流入小計	68,479	17,348	62,590	17,232
Cash paid to acquire fixed assets and other long-term assets	購建固定資產和其他長期資產所支付的現金	(854,920)	(141,701)	(518,023)	(98,358)
Cash paid to acquire investments	投資所支付的現金	—	—	(282,000)	(48,000)
Cash paid relating to other investing activities	支付的其他與投資活動有關的現金	(688)	(4,300)	—	—
Sub-total of cash outflows	投資活動現金流出小計	(855,608)	(146,001)	(800,023)	(146,358)
Net cash flows from investing activities	投資活動產生的現金流量淨額	(787,129)	(128,653)	(737,433)	(129,126)

		Group		Company	
		合併		本公司	
		Unaudited	Unaudited	Unaudited	Unaudited
		Six months	Six months	Six months	Six months
		Ended 30	Ended 30	Ended 30	Ended 30
		June 2008	June 2007	June 2008	June 2007
		未經審計	未經審計	未經審計	未經審計
		截至	截至	截至	截至
		2008年	2007年	2008年	2007年
		6月30日	6月30日	6月30日	6月30日
		止6個月	止6個月	止6個月	止6個月
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
3. Cash flows from financing activities	三、籌資活動產生的現金流量				
Cash received from borrowings	借款所收到的現金	1,367,890	403,000	1,007,890	313,000
Cash received relating to other financing activities	收到其他與投資活動有關的現金	37,020	37,933	25,576	21,933
Sub-total of cash inflows	籌資活動現金流入小計	1,404,910	440,933	1,033,466	334,933
Cash repayments of amounts borrowed	償還債務所支付的現金	(382,388)	(210,125)	(322,000)	(197,000)
Cash payments of interest expenses	償付利息所支付的現金	(143,084)	(75,201)	(111,391)	(55,831)
Cash payments relating to other financing activities	支付的其他與籌資活動有關的現金	(39,065)	(842)	(30,003)	(842)
Sub-total of cash outflows	籌資活動現金流出小計	(564,537)	(286,168)	(463,394)	(253,673)
Net cash flows from financing activities	籌資活動產生的現金流量淨額	840,373	154,765	570,072	81,260
4. Net increase/(decrease) in cash	四、現金淨(減少)/增加額	272,048	80,640	46,842	(67,002)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY – UNAUDITED
FOR THE SIX MONTHS ENDED 30 JUNE 2008

合併所有者權益變動表 – 未經審計
截至2008年6月30日止6個月

		Unaudited 未經審計					
		Current period amount 本期金額					
		Attributable to equity holders of the Company 歸屬於本公司股東權益					
		Share capital 股本 RMB'000 人民幣千元	Capital reserve 資本公積 RMB'000 人民幣千元	General reserve 盈餘公積 RMB'000 人民幣千元	Undistributed profit 未分配利潤 RMB'000 人民幣千元	Minority Interests 少數股東權益 RMB'000 人民幣千元	Total 股東權益合計 RMB'000 人民幣千元
Balance at 31 December 2007	2007年12月31日 年末餘額	1,427,228	383,338	229,865	852,737	114,870	3,008,038
Add: Changes in accounting principles	加：會計政策變更	—	—	—	—	—	—
Restatements on accounting errors of prior periods	前期差錯更正	—	—	—	—	—	—
Balance at 1 January 2008	2008年1月1日 年初餘額	1,427,228	383,338	229,865	852,737	114,870	3,008,038
Six months ended 30 June 2008	2008年1-6月 增減變動額						
Profit for the period	淨利潤	—	—	—	95,643	593	96,236
Profit appropriation – Appropriation to statutory common reserves	提取盈餘公積	—	—	—	—	—	—
– Dividend appropriation to shareholders	對股東的分配	—	—	—	(57,089)	—	(57,089)
Balance at 30 Jun 2008	2008年6月30日 期末餘額	1,427,228	383,338	229,865	891,291	115,463	3,047,185

Unaudited
未經審計
Last year comparative period figures
上年同期金額

Attributable to equity holders of the Company

歸屬於本公司股東權益

		Share capital	Capital reserve	General reserve	Undistributed profit	Minority Interests	Total
		股本 RMB'000 人民幣千元	資本公積 RMB'000 人民幣千元	盈餘公積 RMB'000 人民幣千元	未分配利潤 RMB'000 人民幣千元	少數股東權益 RMB'000 人民幣千元	股東權益合計 RMB'000 人民幣千元
Balance at 31 December 2006	2006年12月31日 年末餘額	1,330,666	101,297	220,356	734,539	116,111	2,502,969
Add: Changes in accounting principles	加：會計政策變更	—	—	—	—	—	—
Restatements on accounting errors of prior periods	前期差錯更正	—	—	—	—	—	—
Balance at 1 January 2007	2007年1月1日 年初餘額	1,330,666	101,297	220,356	734,539	116,111	2,502,969
Six months ended 30 June 2007	2007年1-6月 增減變動額						
Profit for the period	淨利潤	—	—	—	110,585	(1,211)	109,374
Conversion of convertible bonds	債轉股	71,971	205,840	—	—	—	277,811
Profit appropriation	利潤分配						
– Appropriation to statutory common reserves	提取盈餘公積	—	—	—	—	—	—
– Dividend appropriation to shareholders	對股東的分配	—	—	—	(56,106)	—	(56,106)
Balance at 30 June 2007	2007年6月30日 期末餘額	1,402,637	307,137	220,356	789,018	114,900	2,834,048

STATEMENTS OF CHANGES IN EQUITY OF THE COMPANY – UNAUDITED
FOR THE SIX MONTHS ENDED 30 JUNE 2008

本公司所有者權益變動表－未經審計
截至2008年6月30日止6個月

		Unaudited 未經審計 Current period amount 本期金額				
		Share capital 股本 RMB'000 人民幣千元	Capital reserve 資本公積 RMB'000 人民幣千元	General reserve 盈餘公積 RMB'000 人民幣千元	Undistributed profit 未分配利潤 RMB'000 人民幣千元	Total 股東權益合計 RMB'000 人民幣千元
Balance at 31 December 2007	2007年12月31日年末餘額	1,427,228	380,788	229,865	838,543	2,876,424
Add: Changes in accounting principles	加：會計政策變更	—	—	—	—	—
Restatements on accounting errors of prior periods	前期差錯更正	—	—	—	—	—
Balance at 1 January 2008	2008年1月1日年初餘額	1,427,228	380,788	229,865	838,543	2,876,424
Six months ended 30 June 2008	2008年1-6月增減變動額					
Profit for the period	淨利潤	—	—	—	85,029	85,029
Profit appropriation	利潤分配					
– Appropriation to statutory common reserves	提取盈餘公積	—	—	—	—	—
– Dividend appropriation to shareholders	對股東的分配	—	—	—	(57,089)	(57,089)
Balance at 30 Jun 2008	2008年6月30日期末餘額	1,427,228	380,788	229,865	866,483	2,904,364

		Unaudited 未經審計 Last year comparative period figures 上年同期金額				
		Share capital 股本 RMB'000 人民幣千元	Capital reserve 資本公積 RMB'000 人民幣千元	General reserve 盈餘公積 RMB'000 人民幣千元	Undistributed profit 未分配利潤 RMB'000 人民幣千元	Total 股東權益合計 RMB'000 人民幣千元
Balance at 31 December 2006	2006年12月31日年末餘額	1,330,666	101,297	217,734	748,458	2,398,155
Add: Change in accounting principles	加：會計政策變更	—	—	—	—	—
Restatement on accounting errors of prior periods	前期差錯更正	—	—	—	—	—
Balance at 1 January 2007	2007年1月1日年初餘額	1,330,666	101,297	217,734	748,458	2,398,155
Six months ended 30 June 2007	2007年1-6月增減變動額					
Profit for the period	淨利潤	—	—	—	107,402	107,402
Conversion of convertible bonds	債轉股	71,971	205,840	—	—	277,811
Profit appropriation	利潤分配					
– Appropriation to statutory common reserves	提取盈餘公積	—	—	—	—	—
– Dividend appropriation to shareholders	對股東的分配	—	—	—	(56,106)	(56,106)
Balance at 30 June 2007	2007年6月30日期末餘額	1,402,637	307,137	217,734	799,754	2,727,262

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 registered address is No. 45 Gui Zhou Lu, Heping District, Tianjin, the PRC, and the office address is TCEP Building, 76 Weijin South Road, Nankai District, Tianjin, the PRC. Tianjin Municipal Investment Company Limited (“TMICL”) is the Company’s ultimate holding company.

The prevailing operating activities of the Company and its subsidiaries (the “Group”) include sewage water processing, tap water supply, production of recycled water and operation of toll roads.

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 following plants:

Plant Location 位置	Contract Date 合同簽訂日期	Customer 客戶
<i>Prior years’ agreements still in operation</i> 以前年度簽訂並仍在執行的合同：		
Dong Jiao, Tianjin 天津 東郊	10 October 2000 2000年10月10日	Tianjin Sewage Company (“TSC”) 天津市排水公司(「排水公司」)
Ji Zhuang Zi, Tianjin 天津 紀莊子	10 October 2000 2000年10月10日	TSC 排水公司
Xian Yang Lu, Tianjin 天津 咸陽路	10 October 2000 2000年10月10日	TSC 排水公司
Bei Cang, Tianjin 天津 北倉	10 October 2000 2000年10月10日	TSC 排水公司
Guiyang, Guizhou 貴州 貴陽	16 September 2004 2004年9月16日	Guiyang City Administration Bureau (“GCAB”) 貴陽城市管理局
Baoying, Jiangsu 江蘇 寶應	13 June 2005 2005年6月13日	Baoying construction Bureau (“BCB”) 寶應縣建設局
Fuyang, Anhui 安徽 阜陽	18 December 2005 2005年12月18日	Anhui Fuyang Construction Committee (“AFCC”) 阜陽市建設委員會
Qujing, Yunnan 雲南 曲靖	25 December 2005 2005年12月25日	Qujing City Water General Company (“QCWG”) 曲靖市供排水總公司
Honghu, Hubei 湖北 洪湖	29 December 2005 2005年12月29日	Honghu construction Bureau (“HCB”) 洪湖市建設局
Hangzhou, Zhejiang 浙江 杭州	20 November 2006 2006年11月20日	Hangzhou Sewage Company (“HSC”) 杭州市排水有限公司
Jing Hai, Tianjin 天津 靜海	12 September 2007 2007年9月12日	Tianyu Science Technology Park Administration Committee of Tiajjin New Techology Industry Area 天津新技術產業園區天宇科技園管理委員會
Wen Deng, Shandong 山東 文登	19 December 2007 2007年12月19日	Wendeng Construction Bureau 文登市建設局

一、公司基本情況

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。本公司註冊地為中國天津市和平區貴州路45號，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。天津市政投資有限公司(「市政投資」)為本公司的控股公司。

本公司及其子公司(「本集團」)現時的經營業務包括污水處理，自來水供水，中水和道路收費站業務。

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：

Plant Location 位置	Contract Date 合同簽訂日期	Customer 客戶
<p><i>Significant new agreement in 2008:</i> 2008年新簽訂的合同：</p> <p>Xi An, Shanxi</p> <p>陝西 西安</p>	<p>18 March 2008</p> <p>2008年3月18日</p>	<p>Xi An Municipal Infrastructure Construction Investment General Company 西安市基礎設施建設投資總公司</p>
<p>The principal terms and the pricing formula as set out in the relevant contracts are briefly summarised below:</p>		<p>相關協議訂明的主要計價公式如下所述：</p>
<p>Dong Jiao:</p>		<p>東郊：</p>
<p>The Company will have full recovery of actual operating costs, including depreciation and amortisation of fixed assets, excluding interest expenses and foreign exchange gains or losses and at minimum:</p>		<p>公司應全面彌補實際的經營成本，包括固定資產的折舊及攤銷，但不包括利息開支及滙兌損益，最少將：</p>
<p>(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</p> <p>(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.</p>		<p>(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；</p> <p>(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。</p>
<p>Ji Zhuang Zi, Xian Yang Lu and Bei Cang:</p>		<p>紀莊子、咸陽路及北倉：</p>
<p>Based on the supplementary agreement reached with TSC on 10 March 2006, the Company is entitled to a pre-determined sewage processing fee 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.</p>		<p>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，按照約定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。</p>
<p>Other sewage processing plants:</p>		<p>其他污水處理廠：</p>
<p>Initial sewage water processing prices are predetermined. In addition:</p>		<p>協議規定以約定的價格作為初始污水處理服務費單價，並且：</p>
<p>(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;</p> <p>(ii) except for Guizhou, customers in their 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;</p>		<p>(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；</p> <p>(ii) 除貴州外，其他地區客戶會對本集團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；</p>

(iii) following the official operation of the Guizhou Sewage Water Processing 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 processing operations, 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

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

Construction Agreement:

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

The principal terms of the Construction Agreement are summarised below:

- a fee will be paid by TSC during the period of construction as a reward to remunerate the Company for accepting the responsibility to construct the sewage water processing plants;
- 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 Sewage Water Processing Agreement as applicable to the Tianjin plants (Note 1(a)).

(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。

(b) 建設收費協議

由於紀莊子、咸陽路及北倉三項工程已於2005年末完工，本公司報告期內無污水處理廠建設費收入。自2003年度污水處理廠建設業務相關協議背景如下：

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，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(如附註一(a)所述)。

Transfer Agreement:

In addition, on 24 September 2001, respective agreements (“Transfer Agreements”) were signed whereby, the Company 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.

(c) Road toll stations

There are no changes of terms in the 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.

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；及
- 於前述該等固定資產轉讓予本公司之前，在污水處理廠在建工程建設期間，本公司負責該等固定資產的維護和保養。

(c) 道路收費業務

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。

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

- a one-off cash compensation by TMEB equivalent to the net book value of the assets of the demolished toll stations as at 30 June 2003 of about RMB33 million.
- compensation for loss in revenue, during the period from 31 May 2003 to the date of completion of construction of the new toll stations, equivalent to the revenue received in the same period of last year of about RMB5.5 million net of expenses.

Company was granted the collection right of six new toll stations from 1 July 2003 to 28 February 2029. However, the Company is not allowed to transfer, lease or pledge the right to other parties without TMEB’s consent.

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

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

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

- 對本公司被拆除的收費站按其於2003年6月30日之賬面淨值人民幣3,300萬元給予了一次性現金補償。
- 自2003年5月31日起至新收費站興建完成之日止，按照相當於本公司去年同期所得收益，就本公司的收益損失給予補償。本公司於2003年6月確認約人民幣550萬元的淨補償收益。

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

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訂的各期間／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；及
- 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。

(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., provides tap water supply service to Qujing City via the Yunnan Qujing tap water processing plant at predetermined pricing. 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 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Group adopted the China Accounting Standards promulgated by the Ministry of Finance on 15 February 2006, its application guidance, interpretations and other related regulations promulgated subsequently (collective as "CAS"), effective from 1 January 2007.

As at 30 June 2008, the Group and the Company's current liabilities exceeded its current assets amounted to approximately RMB511 million and RMB376 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 banking facilities are sufficient to enable the Group and the Company to meet their respective liabilities as and when they fall due.

3 STATEMENT OF COMPLIANCE OF CAS

These financial statements present fairly, the financial positions of the Group and the Company as at 30 June 2008, and of its respecting financial performances and its respecting cash flows for six months ended 30 June 2008 in accordance with the relevant requirements of CAS.

(d) 自來水供水業務

依照2005年12月25日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以約定的價格提供自來水供水服務。並且：

- 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；
- 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。

二、財務報表的編製基礎

自2007年1月1日起，本集團執行財政部於2006年2月15日頒佈的《企業會計準則—基本準則》和38項具體會計準則、其後頒佈的企業會計準則應用指南、企業會計準則解釋以及其他相關規定（以下簡稱「企業會計準則」）。

截至2008年6月30日止，本集團及本公司的流動負債超過其流動資產分別約為人民幣511百萬元及人民幣376百萬元。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財務報表。

三、遵循企業會計準則的聲明

本集團和本公司截至2008年6月30日止6個月合併及本公司財務報表符合企業會計準則的要求，真實、完整地反映了本集團和本公司截至2008年6月30日的財務狀況以及截至2008年6月30日止6個月的經營成果和現金流量等有關信息。

4 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE

(1) Financial year

The financial year is from 1 January to 31 December of each calendar year.

(2) Reporting currency

The reporting currency is Renminbi (“RMB”).

(3) Foreign currency translations

Foreign currency transactions are translated into RMB at the spot exchange rates stipulated at the transaction dates.

Monetary items denominated in foreign currencies at the balance sheet date are translated into RMB at the spot exchange rates at the balance sheet date. Exchange differences arising from these translations are expensed, except for those attributable to foreign currency borrowings that have been taken out specifically for the construction of fixed assets, which are capitalized as part of the fixed asset costs. Non-monetary items denominated in foreign currency that are measured in terms of historical cost are translated into RMB at spot exchange rates at its respecting transaction dates on the balance sheet date.

(4) Cash and cash equivalents

For the purpose of cash flow statements, cash represents cash in hand, deposits held at call with banks, cash equivalents represent investments with short-term highly liquid, easy converted to cash and low risk on changes in its value.

(5) Financial assets

Financial assets include receivables, which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, which include trade receivables and other receivables (Note 4(6)).

Financial assets are recognised at fair value when the Group becomes a party to the contractual provisions of the financial instrument. The related transaction cost of other financial assets are included in the initial recognition amounts except that the related transaction cost of financial assets at fair value through profit or loss are included in the income statement. A financial asset is derecognised when the contractual rights to the cash flows of the financial asset expire or all the risks and rewards of ownership of the financial asset are substantially transferred to the transferee.

Receivables and held-to-maturity investments are measured at amortisation cost using effective interest method.

四、重要會計政策和會計估計

(1) 會計年度

會計年度為公曆1月1日起至12月31日止。

(2) 記賬本位幣

記賬本位幣為人民幣。

(3) 外幣折算

外幣交易按交易發生日的即期匯率將外幣金額折算為人民幣入賬。

於資產負債表日，外幣貨幣性項目採用資產負債表日的即期匯率折算為人民幣，所產生的折算差額除了為購建或生產符合資本化條件的資產而借入的外幣專門借款產生的滙兌差額按資本化的原則處理外，直接計入當期損益。以歷史成本計量的外幣非貨幣性項目，於資產負債表日採用交易發生日的即期匯率折算。

(4) 現金及現金等價物

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存款，現金等價物是指持有的期限短、流動性強、易於轉換為已知金額現金及價值變動風險很小的投資。

(5) 金融資產

金融資產為應收款項，是指在活躍市場中沒有報價、回收金額固定或可確定的非衍生金融資產，包括應收賬款和其他應收款等(附註四(6))。

金融資產於本集團成為金融工具合同的一方時，按公允價值在資產負債表內確認。金融資產的相關交易費用計入初始確認金額。當某項金融資產收取現金流量的合同權利已終止或與該金融資產所有權上幾乎所有的風險和報酬已轉移至轉入方的，終止確認該金融資產。

應收款項以及持有至到期投資採用實際利率法，以攤餘成本計量。

The Group assesses the impairment for financial assets at each balance sheet date, the impairment provision is made when there is objective evidence that a financial asset is impaired.

When there is impairment for those financial assets measured at amortisation cost, the impairment loss is recognized for the amount by which the present value of estimated future cash flows (excluding future credit loss yet occurred) of the asset is lower than its carrying amount. If subsequently there is objective evidence of a recovery value of the financial asset which is objectively related to an event occurring after the impairment loss was recognised, the previous recognised impairment loss is reversed in the income statement for the period.

(6) Receivables

Receivables include trade receivables and other receivables. The Group's trade receivables arising from sale of goods and rendered services are initially recognized on the amount for the fair value of contracted amount with customers. The trade receivables are presented at amortised cost using effective interest method less provision for doubtful debts.

For those receivables with significant amount, the provision is made against differences of present value of its estimated future cash flows lower than its carrying value as a result of separate impairment test, when there are evidences to indicate that the Group is unable to collect all the outstanding balances according to the term of receivables.

For the remaining receivables, together with those receivables without impairment risk as a result of separate impairment test described as above, are divided into certain groups according to its respecting feature of credit risk. The provision is made according to respecting groups' percentages of provision for doubtful debts, which are determined based on current circumstances and the actual loss rate of its respecting groups with same or similar feature of credit risk during previous periods,

本集團於資產負債表日對金融資產的賬面價值進行檢查，如果有客觀證據表明某項金融資產發生減值的，計提減值準備。

以攤餘成本計量的金融資產發生減值時，按預計未來現金流量（不包括尚未發生的未來信用損失）現值低於賬面價值的差額，計提減值準備。如果有客觀證據表明該金融資產價值已恢復，且客觀上與確認該損失後發生的事項有關，原確認的減值損失予以轉回，計入當期損益。

(6) 應收款項

應收款項包括應收賬款、其他應收款等。本集團對外銷售商品或提供勞務形成的應收賬款，按從購貨方應收的合同或協議價款的公允價值作為初始確認金額。應收款項採用實際利率法，以攤餘成本減去壞賬準備後的淨額列示。

對於單項金額重大的應收款項，當存在客觀證據表明本集團將無法按應收款項的原有條款收回所有款項時，根據其預計未來現金流量現值低於其賬面價值的差額，單獨進行減值測試，計提壞賬準備。

對於單項金額非重大的應收款項，與經單獨測試後未減值的應收款項一起按信用風險特徵劃分為若干組合，根據以前年度與之相同或相類似的、具有類似信用風險特徵的應收賬款組合的實際損失率為基礎，結合現時情況確定本期間應計提的壞賬準備。

(7) Inventories

Inventories comprise raw materials, finished goods, spare parts and consumables, which are stated at the lower of cost and net realisable value.

Cost is determined on the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an allocation of all production overheads incurred based on normal operating capacity.

Provision for declines in the values of inventories are determined on the differences between the carrying value of the inventories higher than their net realisable value. Net realisable value is determined on the basis of anticipated sales proceeds less estimated distribution and selling expenses.

The Group adopts perpetual inventory system to maintain its inventories.

(8) Long-term equity investments

Long-term equity investments comprise the Company's investment in subsidiaries and associate and other investments without control, jointly control or significant influence to investee, without quotation in an active market and its fair value cannot be measured reliably.

(a) Investment in subsidiaries

Subsidiaries are all entities over which the Company is able to control, and the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights of convertible bonds or exercisable warrants that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. In the Company's separate financial statements, the investments in subsidiaries are stated at cost, which are changed to equity accounting when the consolidated financial statements are prepared.

The investments in subsidiaries are recognized at initial cost under cost method. The cash dividends or profit declared by the investee are recognized as investment income in the declared period. The recognized investment income are not exceeded the appropriation of accumulated profit of investee since investment made, any excessive portion as above are regarded as return of initial investment cost.

(7) 存貨

存貨包括原材料、產成品、零部件和低值易耗品等，按成本與可變現淨值孰低列示。

存貨發出時的成本按加權平均法核算，產成品和在產品成本包括原材料、直接人工以及在正常生產能力下按照一定方法分配的製造費用。

存貨跌價準備按存貨成本高於其可變現淨值的差額計提。可變現淨值按日常活動中，以存貨的估計售價減去至完工時估計將要發生的成本、估計的銷售費用以及相關稅費後的金額確定。

本集團的存貨盤存制度採用永續盤存制。

(8) 長期股權投資

長期股權投資包括本公司對子公司的股權投資、本集團對聯營企業的股權投資以及本集團對被投資單位不具有控制、共同控制或重大影響，並且在活躍市場中沒有報價、公允價值不能可靠計量的長期股權投資。

(a) 子公司投資

子公司是指本公司能夠對其實施控制，即有權決定其財務和經營政策，並能據以從其經營活動中獲取利益的被投資單位。在確定能否對被投資單位實施控制時，被投資單位當期可轉換公司債券、當期可執行認股權證等潛在表決權因素亦同時予以考慮。對子公司投資，在本公司個別財務報表中按照成本法確定的金額列示，在編製合併財務報表時按權益法調整後進行合併。

採用成本法核算的長期股權投資按照初始投資成本計量。被投資單位宣告分派的現金股利或利潤，確認為當期投資收益。確認的投資收益，僅限於被投資單位接受投資後產生的累積淨利潤的分配額，所獲得的利潤或現金股利超過上述數額的部分作為初始投資成本的收回。

(b) Interest in joint ventures and investment in associates

Joint ventures are all entities jointly controlled by the Group and other parties. Associates are all entities over which the Group has significant influence on the financial and operating policies.

Interests in joint ventures and investment in associates are accounted for using the equity method of accounting and are initially recognised at cost. If the cost of investment is exceeded the investor's share of the fair value of the associate's identifiable net assets, the differences are included in the cost of the investment. Any excess of the investor's share of the fair value of the associate's identifiable net assets over the cost of the investment is excluded from the carrying amount of the investment and is instead included in the income statement.

Under the equity method, the Group's share of the profit or loss of the investee is recognised in the investor's profit or loss. If an investor's share of losses of an associate equals or exceeds its interest in the associate, the investor discontinues recognising its share of further losses, unless the Group has obligation to undertake any additional loss according to the criteria of provision under the relevant accounting standard of contingency. Otherwise, the carrying amount of the investment and other long term equities in the investee is reduced to the extent of zero. The changes of investee's equity other than net profit are directly recognized as capital surplus according to the investor's share in the investee if it remains unchanged, distributions of cash dividend or profit declared by an investee reduce the carrying amount of the investment to the extent of investor's share. Unrealised gains or losses on transactions between the Group and its investee are eliminated to the extent of the Group's interest in the investee, the investment income (loss) are recognised accordingly. Unrealised losses are not also eliminated if the transactions between the Group and its investee provide evidence of an impairment of the asset transferred.

(c) Other long-term equity investment

Other investments without significant influence to investee, without quotation in an active market and its fair value cannot be measured reliably are stated cost.

(b) 聯營企業的利益及投資

聯營企業是指本集團對其財務和經營決策具有重大影響的被投資單位。

對聯營企業投資按照實際成本進行初始計量，並採用權益法進行後續計量。初始投資成本大於投資時應享有被投資單位可辨認淨資產公允價值份額的，其差額包含在初始投資成本中；初始投資成本小於投資時應享有被投資單位可辨認淨資產公允價值份額的，其差額計入當期損益，同時調整長期股權投資成本。

採用權益法核算時，本集團按應享有或應分擔的被投資單位的淨損益份額確認當期投資損益。確認被投資單位發生的淨虧損，以長期股權投資的賬面價值以及其他實質上構成對被投資單位淨投資的長期權益減記至零為限，但本集團負有承擔額外損失義務且符合或有事項準則所規定的預計負債確認條件的，繼續確認投資損失和預計負債。被投資單位除淨損益以外股東權益的其他變動，在持股比例不變的情況下，本集團按照持股比例計算應享有或承擔的部分直接計入資本公積。被投資單位分派的利潤或現金股利於宣告分派時按照本集團應分得的部分，相應減少長期股權投資的賬面價值。本集團與被投資單位之間發生的內部交易損益按照持股比例計算歸屬於本集團的部分，予以抵銷，在此基礎上確認投資損益。本集團與被投資單位發生的內部交易損失，屬於資產減值損失的，全額確認該損失，相應的未實現損益不予抵消。

(c) 其他長期股權投資

其他本集團對被投資單位不具有控制、共同控制或重大影響，並且在活躍市場中沒有報價、公允價值不能可靠計量的長期股權投資，採用成本法核算。

(d) Impairment for long-term equity investment

The carrying value of long-term equity investment is reduced to its recoverable amount when its estimated recoverable amount is lower than its carrying value (Note 4(14)).

(9) Investment property

The investment property represents leased buildings, and is stated at cost model initially. The subsequent expenditures relating to investment property are recorded in cost of investment property when it is probable that the relevant economic benefit will flow to the Group and the cost can be measured reliably, otherwise, are recognized in the income statements as incurred.

The Group adopts cost model to measure all the investment property. The investment property are amortised or depreciated according to its respecting estimated useful lives and residual value as follows:

	Estimated useful lives 預計使用壽命	Estimated residual value rate 預計淨殘值率	Depreciation/ (amortisation) rate per annum 年折舊(攤銷)率
Buildings 建築物	25-50 years 25-50年	5% 5%	1.9% to 3.8% 1.9%至3.8%

For a transfer of investment property to own-occupied property, the investment property is reclassified as fixed asset or intangible asset on the date of change in use. For a transfer of own-occupied property to earn rental or capital appreciation, the fixed asset or intangible asset is reclassified as investment property on the date of change in use. The carrying value of an asset before and after the change in use remains the same.

The estimated useful lives, estimated residual value and depreciation (amortisation) method are reviewed, and adjusted if appropriate, at each balance sheet date.

The investment property is derecognised when it is disposed or no economic benefit arising from ceasing use permanently or disposal. The gain or loss on disposal of investment property is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement. The investment property's carrying amount is written down immediately to its recoverable amount if its estimated recoverable amount is lower than its carrying value (Note 4(14)).

(d) 長期股權投資減值

當長期股權投資的可收回金額低於其賬面價值時，賬面價值減記至可收回金額(附註四(14))。

(9) 投資性房地產

投資性房地產是已出租的建築物，以實際成本進行初始計量。與投資性房地產有關的後續支出，在相關的經濟利益很可能流入本集團且其成本能夠可靠的計量時，計入投資性房地產成本；否則，在發生時計入當期損益。

本集團採用成本模式對所有投資性房地產進行後續計量，按其預計使用壽命及淨殘值率對建築物計提折舊或攤銷如下：

投資性房地產的用途改變為自用時，自改變之日起，將該投資性房地產轉換為固定資產。自用房地產的用途改變為賺取租金或資本增值時，自改變之日起，將固定資產轉換為投資性房地產。發生轉換時，以轉換前的賬面價值作為轉換後的入賬價值。

對投資性房地產的預計使用壽命、預計淨殘值和折舊(攤銷)方法於每年年度終了進行復核並作適當調整。

當投資性房地產被處置、或者永久退出使用且預計不能從其處置中取得經濟利益時，終止確認該項投資性房地產。投資性房地產出售、轉讓、報廢或毀損的處置收入扣除其賬面價值和相關稅費後的金額計入當期損益。當投資性房地產的可收回金額低於其賬面價值時，賬面價值減記至可收回金額(附註四(14))。

(10) Fixed assets and depreciation

Fixed assets include road, buildings and structures, machinery and equipment, motor vehicles and others. Fixed assets purchased or constructed by the Group are recorded at cost.

The subsequent expenditures relating to fixed assets are recorded in cost of fixed assets when it is probable that the relevant economic benefit will flow to the Group and the cost can be measured reliably, the carrying value of replaced portion is derecognized and all other subsequent expenditures are recognized in the income statements as incurred.

Depreciation of the road in relation to the toll stations business are calculated to write off their cost on a units-of-usage basis whereby the depreciation 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 buildings and structures is calculated to write off their cost less their estimated residual value at 5%, on a straight line basis over their expected useful lives. 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.

Depreciation of other tangible fixed assets are calculated to write off their cost less estimated residual value at 5%, 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 fixed asset's carrying amount is written down immediately to its recoverable amount if its estimated recoverable amount is lower than its carrying value (Note 4(14)).

The available-for-sale fixed assets are presented at lower of its carrying value and its fair value less cost to sell. The amount of fair value less cost to sell lower than carrying value is recognized as impairment loss.

The fixed asset is derecognized when it is disposed or no economic benefit arising from expecting use or disposal. The gain or loss on disposal of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

(10) 固定資產和折舊

固定資產包括道路、房屋及建築物、機器設備、運輸工具及其他等。購置或新建的固定資產按取得時的實際成本進行初始計量。

與固定資產有關的後續支出，在相關的經濟利益很可能流入本集團且其成本能夠可靠的計量時，計入固定資產成本；對於被替換的部分，終止確認其賬面價值；所有其他後續支出於發生時計入當期損益。

道路的折舊按照交通流量法計提。根據此種方法，折舊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以直線法按其成本減去預計5%淨殘值後在預計的可使用年限內平均計提。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，預計使用年限為25年。

其它有形固定資產以直線法按其成本減去預計5%的淨殘值後按以下預計的可使用年限平均計提：

機器設備	10至20年
運輸工具及其它	5至15年

當固定資產的可收回金額低於其賬面價值時，賬面價值減記至可收回金額(附註四(14))。

符合持有待售條件的固定資產，以賬面價值與公允價值減去處置費用孰低的金額列示。公允價值減去處置費用低於原賬面價值的金額，確認為資產減值損失。

當固定資產被處置、或者預期通過使用或處置不能產生經濟利益時，終止確認該固定資產。固定資產出售、轉讓、報廢或毀損的處置收入扣除其賬面價值和相關稅費後的金額計入當期損益。

(11) Construction in progress (“CIP”)

Construction in progress is stated at cost. Cost comprises original cost of plant and equipment, installation, construction and other necessary costs which include borrowing cost allowed capitalisation, 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 and commenced its depreciation from the following month.

The CIP's carrying amount is written down immediately to its recoverable amount if its estimated recoverable amount is lower than its carrying value (Note 4(14)).

(12) Intangible assets

Intangible assets mainly include land use rights, which are stated at cost.

(a) Land use rights

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 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. 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 range from 25 to 50 years. The cost of land use rights and buildings are included in the fixed assets if it is difficult to allocate reliably between land use rights and buildings.

(b) Impairment for intangible assets

The intangible assets' carrying amount is written down immediately to its recoverable amount if its estimated recoverable amount is lower than its carrying value (Note 4(14)).

(c) Periodical review of estimated useful lives and amortisation method

The estimated useful lives and amortisation method of intangible assets with definite useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

(11) 在建工程

在建工程按實際發生的成本計量。實際成本包括建築費用、其他為使在建工程達到預定可使用狀態所發生的必要支出以及在資產達到預定可使用狀態之前所發生的符合資本化條件的借款費用。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。

當在建工程的可收回金額低於其賬面價值時，賬面價值減記至可收回金額(附註四(14))。

(12) 無形資產

無形資產包括土地使用權等，以實際成本計量。

(a) 土地使用權

有關道路的土地使用權攤銷按照交通流量法計提。根據此種方法，攤銷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。除有關道路的土地使用權外，其他土地使用權按使用年限按25至50年平均攤銷。外購土地及建築物的價款難以在土地使用權與建築物之間合理分配的，全部作為固定資產。

(b) 無形資產減值

無形資產的可收回金額低於其賬面價值時，賬面價值減記至可收回金額(附註四(14))。

(c) 定期復核使用壽命和攤銷方法

對使用壽命有限的無形資產的預計使用壽命及攤銷方法於每年年度終了進行復核並作適當調整。

(13) 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. Long-term prepaid expenses are amortized on the straight-line basis over the expected beneficial periods and are presented at actual expenditures net of accumulated amortisation.

(14) Impairment of assets

The impairment test is performed for the goodwill separate presented in the financial statements annually, irrespective of whether there is any indication of impairment. The impairment test is performed for fixed assets, intangible assets, investment property under measured at cost and long-term equity investments, when there is an indication of impairment on the balance sheet date. An impairment loss is recognized for the amount by which the assets' recoverable amount is lower than its carrying amount as result of impairment test. The recoverable amount of an asset is determined at the higher of its fair value less cost to sell and its expected discounted future cash flows. Provision for asset impairment is provided on the individual asset, if it is difficult to estimate the recoverable amount of an individual asset, its recoverable amount is determined by the recoverable amount of its assets group which the individual asset belonging. Assets group is at the lowest levels for which are separately identifiable cash-generating units.

The impairment provision above is recognized and can not be reversed, even the value of an asset is resumed in the future periods.

(15) Borrowing costs

Borrowing costs incurred in connection with the acquisition or construction of an asset necessarily takes a substantial period of time to get ready for its intended use or sale 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. If the activities of acquisition or construction of an asset are suspended unusually and suspended period over three months, the capitalisation of borrowing costs is ceased until the aforesaid activities is resumed.

(13) 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其他已經發生但應由本期和以後各期負擔的分攤期限在一年以上的各項費用，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。

(14) 資產減值

固定資產、無形資產、以成本模式計量的投資性房地產及長期股權投資等，於資產負債表日存在減值跡象的，進行減值測試。減值測試結果表明資產的可收回金額低於其賬面價值的，按其差額計提減值準備並計入減值損失。可收回金額為資產的公允價值減去處置費用後的淨額與資產預計未來現金流量的現值兩者之間的較高者。資產減值準備按單項資產為基礎計算並確認，如果難以對單項資產的可收回金額進行估計的，以該資產所屬的資產組確定資產組的可收回金額。資產組是能夠獨立產生現金流入的最小資產組合。

上述資產減值損失一經確認，如果在以後期間價值得以恢復，也不予轉回。

(15) 借款費用

發生的可直接歸屬於需要經過相當長時間的購建活動才能達到預定可使用狀態之固定資產的購建的借款費用，在資產支出及借款費用已經發生、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，開始資本化並計入該資產的成本。當購建的資產達到預定可使用狀態時停止資本化，其後發生的借款費用計入當期損益。如果資產的購建活動發生非正常中斷，並且中斷時間連續超過3個月，暫停借款費用的資本化，直至資產的購建活動重新開始。

(16) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost 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.

(17) Employee benefits

Employee benefits include wages, salaries, allowances, subsidy, welfare, social security contributions, housing fund, union fee, staff education fee and other expenditures relating to in exchange for service rendered by employees.

Employee benefits payable are recognized and either as cost of relevant assets or expenses according to their respecting beneficial parties during the period of service rendered by employees.

(18) Convertible bonds

Convertible bonds are divided by liability component and equity component at inception. The liability component is initially recognized at discounted future cash flows, the equity component is net of liability component and total proceeds. The liability component of convertible bonds is subsequently measured at amortised cost using the effective interest method.

(19) Deferred tax assets and deferred tax liabilities

Deferred tax assets and liabilities are provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. A deferred tax asset is recognised for the carrying forward of unused tax losses allowed by tax laws to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. The deferred tax liability is not provided on temporary differences arising from initial recognition of goodwill. The deferred tax assets or liabilities are not provided on those temporary differences arising from initial recognition of assets or liabilities of non business combination and at the time of transactions, affects neither accounting profit nor taxable income (deductible tax loss). Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled on the balance sheet date.

(16) 借款

借款按公允價值扣除交易成本後的金額進行初始計量，並採用實際利率法按攤餘成本進行後續計量。於資產負債表日起12個月(含12個月)內償還的借款為短期借款，其餘借款為長期借款。

(17) 職工薪酬

職工薪酬主要包括工資、獎金、津貼和補貼、職工福利費、社會保險費及住房公積金、工會經費和職工教育經費等其他與獲得職工提供的服務相關的支出。

於職工提供服務的期間確認應付的職工薪酬，並根據職工提供服務的受益對象計入相關資產成本和費用。

(18) 可轉換公司債券

可轉換公司債券於發行時分拆相關負債和權益成份，負債成份按未來現金流量進行折現確定，權益成份按發行收入扣除負債金額後的金額確認。可轉換公司債券中的負債金額採用實際利率法，按攤餘成本計量。

(19) 遞延所得稅資產和遞延所得稅負債

遞延所得稅資產和遞延所得稅負債根據資產和負債的計稅基礎與其賬面價值的差額(暫時性差異)計算確認。對於按照稅法規定能夠於以後年度抵減應納稅所得額的可抵扣虧損，視同暫時性差異確認相應的遞延所得稅資產。對於商譽的初始確認產生的暫時性差異，不確認相應的遞延所得稅負債。對於既不影響會計利潤也不影響應納稅所得額(或可抵扣虧損)的非企業合併的交易中產生的資產或負債的初始確認形成的暫時性差異，不確認相應的遞延所得稅資產和遞延所得稅負債。於資產負債表日，遞延所得稅資產和遞延所得稅負債，按照預期收回該資產或清償該負債期間的適用稅率計量。

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit obtained by the Group will be available against which the deductible temporary difference can be utilised,

A deferred tax asset and liability is recognized for all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, except that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

(20) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminated sales within the Group.

Revenue is recognized when it is probable that the economic benefit associated with the transaction will flow to the Group, the relevant revenue can be measured reliably and the criteria of respecting specific operating revenue can be met as follows:

- (i) Revenue from sewage water processing and tap water supply services is recognised when services are rendered.
- (ii) Toll fee income is recognised on cash basis from toll road users. Compensation from the Toll Collection Office is recognised on accrual basis.
- (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.

(21) Dividend distribution

Cash dividend to the Company's shareholders is recognized as a liability in the period in which the dividends are approved by the general meeting of the Company's shareholders.

遞延所得稅資產的確認以本集團很可能取得用來抵扣可抵扣暫時性差異、可抵扣虧損和稅款抵減的應納稅所得額為限。

對子公司、聯營企業及合營企業投資相關的暫時性差異產生的遞延所得稅資產和遞延所得稅負債，予以確認。但本集團能夠控制暫時性差異轉回的時間且該暫時性差異在可預見的未來很可能不會轉回的，不予確認。

(20) 收入確認

收入的金額按照本集團在日常經營活動中銷售商品和提供勞務時，已收或應收合同或協議價款的公允價值確定。收入按扣除增值稅、商業折扣、銷售折讓及銷售退回的淨額列示。

與交易相關的經濟利益能夠流入本集團，相關的收入能夠可靠計量且滿足下列各項經營活動的特定收入確認標準時，確認相關的收入。

- (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) 公路收費收入以及從徵收辦取得補償按照權責發生制確認。
- (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。

(21) 股利分配

現金股利於股東大會批准的當期，確認為負債。

(22) Basis of preparation of consolidated financial statements

The consolidated accounts, including the accounts of the Company and its subsidiaries

From the date of obtaining the effective control on a subsidiary, the Company begins to consolidate the subsidiary's revenue, cost, profit, and will cease the consolidation from the date of losing effective control. All significant inter-company transactions and balances are eliminated in the consolidated financial statements. Minority interests represent the portion of the equity interests of the subsidiaries which are presented in shareholders' equity in the consolidated financial statements separately.

When there is inconsistency in accounting policies or accounting period between the subsidiaries and the Company, they will be adjusted according to the Company's accounting policies or accounting period when preparing consolidated financial statements necessarily.

(23) 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.

(24) 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's principle estimate and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year is as follows:

Impairment of trade and other receivables

The Group determines the impairment of trade and other receivables based on objective evidence of impairment and historical loss experience of the respective individual balances. Management believes that trade and other receivables as at 30 June 2008 are not impaired.

(22) 合併財務報表的編製方法

合併財務報表的合併範圍包括本公司及子公司。

從取得子公司的實際控制權之日起，本集團開始將其予以合併；從喪失實際控制權之日起停止合併。集團內所有重大往來餘額、交易及未實現利潤在合併財務報表編製時予以抵銷。子公司的股東權益中不屬於本公司所擁有的部分作為少數股東權益在合併財務報表中股東權益項下單獨列示。

子公司與本公司採用的會計政策或會計期間不一致的，在編製合併財務報表時，按照本公司的會計政策或會計期間對子公司財務報表進行必要的調整。

(23) 分部報告

業務分部是指本集團內可區分的、能夠提供單項或一組相關產品或勞務的組成部分，該組成部分承擔了不同於其他組成部分的風險和報酬。

(24) 重要會計估計和判斷

本集團根據歷史經驗和其他因素，包括對未來事項的合理預期，對所採用的重要會計估計和關鍵假設進行持續的評價。

很可能導致下一會計年度資產和負債賬面價值出現重大調整風險的重要會計估計和關鍵假設列示如下：

應收款項的減值

本集團根據單項應收款項餘額存在減值的客觀證據和歷史壞賬損失情況確定壞賬準備。管理層確信截至2008年6月30日的應收款項不存在減值。

5 TAXATION

五、稅項

The applicable taxes and tax rates of the Group are mainly presented as follows:

本集團本年度適用的主要稅種及其稅率列示如下：

Tax by category 稅種	Tax rate 稅率	Basis of tax 稅基
Enterprise income tax 企業所得稅	25%	Taxable income 應納稅所得額
Value Added Tax (VAT) 增值稅	17%	Taxable value added amount (which is calculated as 17% of taxable sales, net of deductible input VAT) 應納稅增值額(應納稅額按應納稅銷售額乘以適用稅率扣除當期允許抵扣的進項稅後的餘額計算)
Business tax 營業稅	5%	Gross service income 應納稅營業額
City construction tax and education surcharge 城建稅及教育稅附加	7% and 3%	The amount of business tax or VAT 營業稅額或增值稅額

6 NOTES TO THE FINANCIAL STATEMENTS

六、財務報表項目附註

(1) CASH AND BANK BALANCES

(1) 貨幣資金

		Group 合併		Company 本公司	
		Unaudited 30 June 2008 未經審計 於2008年 6月30日	Audited 31 December 2007 已經審計 於2007年 12月31日	Unaudited 30 June 2008 未經審計 於2008年 6月30日	Audited 31 December 2007 已經審計 於2007年 12月31日
Cash on hand	現金	149	327	28	105
Cash in bank	銀行存款	635,870	359,414	157,447	106,298
		636,019	359,741	157,475	106,403
Less: Restricted bank deposits included in non-current assets	減：於非流動資產 列示的受限銀行存款	—	(19,770)	—	(19,770)
		636,019	339,971	157,475	86,633
Including:	其中：				
-Special funds for construction in progress (note (a))	在建工程專用 資金 (註釋(a))	81,030	58,116	59,803	29,877
-Bank deposits (note (b))	保證金 (註釋(b))	39,000	15,000	30,000	6,000

note:

註釋：

- (a) The special funds for construction in progress represent the unutilised balances of the special loans for sewage water processing projects.
- (b) The bank deposits represented deposits of RMB39 million (2007: RMB15 million) for project bids due within one year.

- (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。
- (b) 保證金為一年內到期的項目投標保證金共計人民幣39,000千元(2007年：人民幣15,000千元)。

(2) ACCOUNTS RECEIVABLE

Details of accounts receivable are as follows:

		Group 合併		Company 本公司	
		Unaudited 30 June 2008 未經審計 於2008年 6月30日	Audited 31 December 2007 已經審計 於2007年 12月31日	Unaudited 30 June 2008 未經審計 於2008年 6月30日	Audited 31 December 2007 已經審計 於2007年 12月31日
Due from TSC for:	應收排水公司				
- Water processing services	— 污水處理收入	689,609	616,043	689,609	616,043
- Construction of plants	— 污水處理廠建設費收入	466,185	466,185	466,185	466,185
		<u>1,155,794</u>	<u>1,082,228</u>	<u>1,155,794</u>	<u>1,082,228</u>
Less: Portion deemed non-current (note (e))	減：長期應收款 (註釋(e))	<u>(697,763)</u>	<u>(697,763)</u>	<u>(697,763)</u>	<u>(697,763)</u>
		458,031	384,465	458,031	384,465
Others	其他	<u>83,304</u>	<u>58,479</u>	<u>18,520</u>	<u>17,440</u>
		<u>541,335</u>	<u>442,944</u>	<u>476,551</u>	<u>401,905</u>

note:

- (a) Under the Co-operative Agreement (Note 1(b)), TSC agrees to sell to the Company certain of its property, plant and equipment upon completion of their construction and receipt of relevant verification reports, at their carrying value. On 17 April 2004, TSC confirmed its intention to settle its debt due to the Company with these mentioned assets.

The construction of these assets was completed in late 2005, and based on the construction verification reports dated 27 December 2007, the Tianjin Finance Bureau approved the verified value of these completed assets which amounted to about RMB698 million (2006: The estimated carrying value then was RMB750 million, which included about RMB50 million exchange loss now absorbed by TSC).

- (b) On 17 April 2007, TMCAC (天津市建設管理委員會), the government body overseeing the management of construction and operation of infrastructure in Tianjin, reconfirmed that the Tianjin Municipality has agreed to the settlement of the Group's debts in manner as agreed by TSC in (a) above. In addition, the remaining debt outstanding after such assets settlement will be settled by way of cash.
- (c) In January 2008, the Company has requested TMCAC to accelerate the settlement of the Group's debts. The final settlement is still pending relevant governmental authorities approvals, the timing of which is not totally within the management's control.
- (d) On 8 April 2008, TMCAC confirmed that there will be no legal obstacle to the above mentioned assets settlement.

(2) 應收賬款

應收賬款明細如下：

		Group 合併		Company 本公司	
		Unaudited 30 June 2008 未經審計 於2008年 6月30日	Audited 31 December 2007 已經審計 於2007年 12月31日	Unaudited 30 June 2008 未經審計 於2008年 6月30日	Audited 31 December 2007 已經審計 於2007年 12月31日
Due from TSC for:	應收排水公司				
- Water processing services	— 污水處理收入	689,609	616,043	689,609	616,043
- Construction of plants	— 污水處理廠建設費收入	466,185	466,185	466,185	466,185
		<u>1,155,794</u>	<u>1,082,228</u>	<u>1,155,794</u>	<u>1,082,228</u>
Less: Portion deemed non-current (note (e))	減：長期應收款 (註釋(e))	<u>(697,763)</u>	<u>(697,763)</u>	<u>(697,763)</u>	<u>(697,763)</u>
		458,031	384,465	458,031	384,465
Others	其他	<u>83,304</u>	<u>58,479</u>	<u>18,520</u>	<u>17,440</u>
		<u>541,335</u>	<u>442,944</u>	<u>476,551</u>	<u>401,905</u>

註釋：

- (a) 根據本公司與排水公司簽訂的合作協議(附註一(b))，排水公司同意在相關資產完成建設並取得驗收報告後，將其以賬面價值轉讓給本公司。於2004年4月17日，排水公司確認擬利用上述資產償還積欠本公司的款項：

上述水廠的建設於2005年末基本完成，根據2007年12月27日由第三方出具的經天津市財政局批准的竣工財務決算報告，上述資產決算總金額為人民幣6.98億元(2006年：估計賬面數為人民幣7.5億元，其中包括排水公司於2007年承擔的滙兌損益約人民幣0.5億元)；

- (b) 天津市基礎設施建設和運營的政府主管部門——天津市建設管理委員會(「市建委」)於2007年4月17日出具承諾函，確認市政府已同意排水公司以(a)中所述的方式償還其欠付本公司的債務，所差部分用資金補齊；
- (c) 2008年1月，本公司向市建委提交儘快完成上述欠款償付的申請。最終償付安排尚需政府有關部門的審批，時間不完全受本公司控制；
- (d) 2008年4月，市建委承諾上述以資產清償債務的交易不存在實質性法律障礙；

- (e) On the basis that the assets settlement will eventually be finalised, about RMB698 million due from TSC as at 30 June 2008, representing the verified cost of the assets has been reclassified to non-current trade receivables (2007: RMB698 million).

Based on the above information and confirmations on hand, the Directors believe that the amount due from TSC is eventually fully recoverable.

The ageing of the total accounts receivable before reclassification is as follows:

- (e) 鑒於上述以資產清償債務的交易最終能夠完成，截至2008年6月30日擬用於清償債務的資產決算額約為人民幣6.98億元，相應的應收賬款重分類至長期應收款(2007年：人民幣6.98億元)。

根據上述信息及已取得所有確認函，董事相信應收排水公司款項最終能夠全部收回。

重分類前的應收帳款帳齡如下：

		Group 合併		Company 本公司	
		Unaudited 30 June 2008 未經審計 於2008年 6月30日	Audited 31 December 2007 已經審計 於2007年 12月31日	Unaudited 30 June 2008 未經審計 於2008年 6月30日	Audited 31 December 2007 已經審計 於2007年 12月31日
Within one year	1年以內	541,335	442,944	476,551	401,905
Over two years	2年以上	697,763	697,763	697,763	697,763
		<u>1,239,098</u>	<u>1,140,707</u>	<u>1,174,314</u>	<u>1,099,668</u>

- (f) As at 30 June 2008, there were no accounts receivables from any of the Company's shareholders who hold 5% or more of voting shares.
- (g) As at 30 June 2008, the top 5 trade debtors balances amounted to approximately RMB1,199 million, which are accounting for 97% of total trade receivables. The ageing of these receivables are classified as within one year and over two years of RMB541 million and RMB698 million respectively.

- (f) 期末應收賬款中無持有本集團5%(含5%)以上表決權股份的股東的欠款。
- (g) 期末應收賬款前五名債務人欠款金額合計為人民幣1,199百萬元，佔應收帳款總額的97%。其中1年以內約人民幣541百萬元，2年以上約人民幣698百萬元。

(3) PREPAYMENTS TO SUPPLIERS

(3) 預付款項

		Group 合併		Company 本公司	
		Unaudited 30 June 2008 未經審計 於2008年 6月30日	Audited 31 December 2007 已經審計 於2007年 12月31日	Unaudited 30 June 2008 未經審計 於2008年 6月30日	Audited 31 December 2007 已經審計 於2007年 12月31日
Prepayment for recycling water facilities project	預付中水配套工程款	21,075	20,103	—	—
Prepayment for acquisition of sewage water processing plant	預付收購污水處理廠價款	—	24,000	—	—
Prepayment for construction equipment	預付工程設備款等	60,682	13,861	50,072	12,984
		<u>81,757</u>	<u>57,964</u>	<u>50,072</u>	<u>12,984</u>

The ageing of majority of prepayments to suppliers are aged within one year and there were no prepayment to any of the Company's shareholders who hold 5% or more of voting shares.

預付款項帳齡主要在一年以內，期末餘額中無持有本公司5%(含5%)以上表決權股份的股東。

(4) OTHER RECEIVABLES**(4) 其他應收款**

		Group		Company	
		合併		本公司	
		Unaudited	Audited	Unaudited	Audited
		30 June	31 December	30 June	31 December
		2008	2007	2008	2007
		未經審計	已經審計	未經審計	已經審計
		於2008年	於2007年	於2008年	於2007年
		6月30日	12月31日	6月30日	12月31日
Within one year	1年以內	64,003	70,144	422,114	47,633
One to two years	1-2年	16,500	8,292	13,500	34,826
Over two years	2年以上	312	333	—	—
		<u>80,815</u>	<u>78,769</u>	<u>435,614</u>	<u>82,459</u>
Including:	其中包括：				
Project deposits	項目定金及投標保證金	30,550	35,500	26,050	30,500
Other receivables from customers	為客戶代墊費用	13,554	19,836	1,000	10,810
Others (note)	其他 (註釋)	36,711	23,433	408,564	41,149
		<u>80,815</u>	<u>78,769</u>	<u>435,614</u>	<u>82,459</u>

note:

Balance of the Company includes receivables from subsidiaries of RMB403,400 thousand (2007: RMB33,958 thousand).

As at 30 June 2008, the ageing of majority of other receivables are aged within one year and there were no other receivables from any of the Company's shareholders who hold 5% or more of voting shares.

註釋：

期末本公司其他應收款中含應收子公司款項約人民幣403,400千元(2007年：人民幣33,958千元)。

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

(5) INVENTORIES**(5) 存貨**

		Group		Company	
		合併		本公司	
		Unaudited	Audited	Unaudited	Audited
		30 June	31 December	30 June	31 December
		2008	2007	2008	2007
		未經審計	已經審計	未經審計	已經審計
		於2008年	於2007年	於2008年	於2007年
		6月30日	12月31日	6月30日	12月31日
Raw materials	原材料	8,063	5,186	3,127	2,931
Finished goods	產成品	3,768	3,768	—	—
Spare parts and consumables	零部件和低值易耗品	209	680	94	103
		<u>12,040</u>	<u>9,634</u>	<u>3,221</u>	<u>3,034</u>
Less: Provision for declines in the value of inventories	減：存貨減值準備	(3,000)	(3,000)	—	—
		<u>9,040</u>	<u>6,634</u>	<u>3,221</u>	<u>3,034</u>

(6) LONG-TERM EQUITY INVESTMENTS**(6) 長期股權投資**

		Group		Company	
		合併		本公司	
		Unaudited	Audited	Unaudited	Audited
		30 June	31 December	30 June	31 December
		2008	2007	2008	2007
		未經審計	已經審計	未經審計	已經審計
		於2008年	於2007年	於2008年	於2007年
		6月30日	12月31日	6月30日	12月31日
Investment in subsidiaries (note (a))	子公司投資 (註釋(a))	—	—	1,024,751	742,751
Investment in an associate (note (b))	聯營企業 (註釋(b))	62,312	60,793	—	—
Other long-term equity investments (note (c))	其它長期股權投資 (註釋(c))	7,186	7,186	4,000	4,000
		<u>69,498</u>	<u>67,979</u>	<u>1,028,751</u>	<u>746,751</u>
Less: Impairment provision for investment in subsidiary	減：長期投資減值準備	—	—	(22,000)	(22,000)
		<u><u>69,498</u></u>	<u><u>67,979</u></u>	<u><u>1,006,751</u></u>	<u><u>724,751</u></u>

(a) Investment in subsidiaries

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.

(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，其它子公司均在中國境內註冊設立。

		Carrying Value 帳面價值				Interest Held 所佔權益 %
		Audited 31 December 2007 已經審計 於2007年 12月31日	Unaudited 30 June 2008 未經審計 於2008年 6月30日			
Investment cost 初始投資 成本		Investment cost 初始投資 成本	Additions 本期增加	Unaudited 30 June 2008 未經審計 於2008年 6月30日		Interest Held 所佔權益 %
Qijing Capital Water Co., Ltd.	曲靖創業水務有限公司	108,081	108,081	—	108,081	90
Tianjin Water Recycling Co., Ltd.	天津中水有限公司	98,000	98,000	—	98,000	98
Guizhou Capital Water Co., Ltd.	貴州創業水務有限公司	95,000	95,000	—	95,000	95
Tianjin Capital Environmental Protection (HK) Co., Ltd.	天津創業環保(香港)有限公司	62,988	62,988	—	62,988	100
Fuyang Capital Water Co., Ltd.	阜陽創業水務有限公司	44,100	44,100	—	44,100	99.9
Chibi Capital Water Co., Ltd.	赤壁創業水務有限公司	33,250	33,250	—	33,250	99.75
Baoying Capital Water Co., Ltd.	寶應創業水務有限責任公司	26,600	26,600	—	26,600	70
Tianjin Capital New Materials Co., Ltd.	天津創業建材有限公司	26,500	26,500	—	26,500	71
Honghu Capital Water Co., Ltd.	洪湖市創業水務有限公司	18,020	18,020	—	18,020	90
Hangzhou Tianchuang Water Co., Ltd.	杭州天創水務有限公司	180,212	180,212	—	180,212	70
Wendeng Capital Water Co., Ltd.	文登創業水務有限公司	48,000	48,000	—	48,000	100
Tianjin Jinghai Capital Water Co., Ltd.	天津靜海創業水務有限公司	2,000	2,000	10,000	12,000	100
Xian Capital Water Co., Ltd.	西安創業水務有限公司	270,000	—	270,000	270,000	100
Tianjin Kaiying Environmental Engineering Technology Consulting Co., Ltd.	天津凱英環境工程技術諮詢有限公司	2,000	—	2,000	2,000	100
			<u>742,751</u>	<u>282,000</u>	<u>1,024,751</u>	

The Group does not expose to significant restriction on recovery or remittance of return on long-term investment.

本集團不存在長期投資變現及收益滙回的重大限制。

(b) Investment in an associate

The movement of the Group's investment in TIMC are as follows:

(b) 聯營企業投資

本集團對天津國際機械有限公司的投资變動如下：

		Audited 31 December 2007 已經審計 於2007年 12月31日	Share of profit of associated company 按權益法 調整的淨損益	Cash dividend paid 分派的 現金股利	Unaudited 30 June 2008 未經審計 於2008年 6月30日
Tianjin International Machinery Co., Ltd. ("TIMC")	天津國際機械有限公司	54,000	1,519	—	62,312
		<u>54,000</u>	<u>1,519</u>	<u>—</u>	<u>62,312</u>

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

		Investment cost 投資成本	Interest held in registered capital of investee 佔被投資公司註冊資本比例	Audited 31 December 2007 已經審計於2007年12月31日	Disposal 本期變動	Unaudited 30 June 2008 未經審計於2008年6月30日
Tianjin Baotong Qinjiliao Co., Ltd. (note (i))	天津市寶通輕集料有限公司 (註釋(i))	2,000	4.9%	2,000	—	2,000
Tianjin Northern Human Resources Co., Ltd. (note (i))	天津北方人才港股份有限公司 (註釋(i))	2,000	6.1%	2,000	—	2,000
Total – Company	公司合計			4,000	—	4,000
Others	其他			3,186	—	3,186
Total – Group	合併合計			7,186	—	7,186

note:

(i) The Company has no significant influence on these entities.

註釋：

(i) 本公司對其無重大影響：

(7) INVESTMENT PROPERTIES**(7) 投資性房地產**

		Unaudited 未經審計	
		Group 合併	Company 本公司
Cost	原值		
At 31 December 2007	2007年12月31日餘額	152,751	102,279
Additions	本期增加	—	—
At 30 June 2008	2008年6月30日餘額	152,751	102,279
Accumulated depreciation	累計折舊		
At 31 December 2007	2007年12月31日餘額	(10,163)	(6,974)
Charge for the period	本期計提	(1,686)	(1,215)
At 30 June 2008	2008年6月30日餘額	(11,849)	(8,189)
Impairment provision	減值準備		
At 31 December 2007	2007年12月31日餘額	(5,000)	—
Impairment charge	本期增加	—	—
At 30 June 2008	2008年6月30日餘額	(5,000)	—
Net book value	淨值		
At 30 June 2008	2008年6月30日餘額	135,902	94,090
At 31 December 2007	2007年12月31日餘額	137,588	95,305

(8) FIXED ASSETS AND ACCUMULATED DEPRECIATION**8 固定資產及累計折舊**

		Unaudited 未經審計 Group 合併				
		Road	Buildings & structures	Machinery & equipment	Motor vehicles & others	Total
		道路	房屋及建築物	機器設備	運輸車輛及其它	合計
Cost	原值					
At 31 December 2007	2007年 12月31日餘額	185,418	2,970,801	627,466	124,526	3,908,211
Additions	本期增加	—	673,958	20,143	5,897	699,998
Including: Transfers from CIP	其中：在建工程轉入	—	—	—	—	—
Other reclassifications	其他重分類	—	—	—	—	—
Disposals	本期減少	—	—	(489)	(1,464)	(1,953)
At 30 June 2008	2008年 6月30日餘額	185,418	3,644,759	647,120	128,959	4,606,256
Accumulated depreciation	累計折舊					
At 31 December 2007	2007年 12月31日餘額	(54,807)	(498,720)	(216,746)	(64,618)	(834,891)
Charges for the period	本期增加	(5,726)	(50,134)	(21,297)	(7,688)	(84,845)
Disposals	本期減少	—	—	2	884	886
At 30 June 2008	2008年 6月30日餘額	(60,533)	(548,854)	(238,041)	(71,422)	(918,850)
Impairment provision	減值準備					
At 31 December 2007	2007年 12月31日餘額	—	—	(4,068)	(932)	(5,000)
Charges for the period	本期計提	—	—	—	—	—
At 30 June 2008	2008年 6月30日餘額	—	—	(4,068)	(932)	(5,000)
Net book value	淨值					
At 30 June 2008	2008年 6月30日餘額	124,885	3,095,905	405,011	56,605	3,682,406
At 31 December 2007	2007年 12月31日餘額	130,611	2,472,081	406,652	58,976	3,068,320

		Unaudited 未經審計 Company 本公司				
		Road	Buildings & structures	Machinery & equipment	Motor vehicles & others	Total
		道路	房屋及建築物	廠房及機器設備	運輸車輛及其它	合計
Cost	原值					
At 31 December 2007	2007年 12月31日餘額	185,418	2,314,482	204,987	80,001	2,784,888
Additions	本期增加	—	—	—	1,405	1,405
Including: Transfers from CIP	其中：在建工程轉入	—	—	—	—	—
Disposals	本期減少	—	—	(473)	(704)	(1,177)
At 30 June 2008	2008年 6月30日餘額	185,418	2,314,482	204,514	80,702	2,785,116
Accumulated depreciation	累計折舊					
At 31 December 2007	2007年 12月31日餘額	(54,807)	(457,343)	(159,214)	(48,643)	(720,007)
Charges for the period	本期增加	(5,726)	(36,581)	(8,741)	(4,244)	(55,292)
Disposals	本期減少	—	—	—	358	358
At 30 June 2008	2008年 6月30日餘額	(60,533)	(493,924)	(167,955)	(52,529)	(774,941)
Net book value	淨值					
At 30 June 2008	2008年 6月30日餘額	124,885	1,820,558	36,559	28,173	2,010,175
At 31 December 2007	2007年 12月31日餘額	130,611	1,857,139	45,773	31,358	2,064,881

(a) All of the Group's road, buildings and structures and plants are located in the PRC.

(b) Of the Group's net book value of property, plant and equipment as at 30 June 2008, about RMB230 million (2007: RMB205 million) relates to the Company's subsidiary, Tianjin Water Recycling Co. Ltd., which has been incurring accumulated losses since commencement of its operations. As at 30 June 2008, the accumulated loss is approximately RMB14 million (2007: 15 million). However, given the promising prospects of water recycling industry as encouraged by the PRC government, the Directors of the Company believes there is no indication at the current stage that these assets may be permanently impaired.

(a) 本集團的所有道路、房屋及建築物和廠房均位於中國境內。

(b) 截至2008年6月30日，本公司之子公司天津中水有限公司之固定資產和在建工程賬面淨值約為人民幣2.30億元（2007年：人民幣2.05億元），累計虧損約人民幣14百萬元（2007年：人民幣15百萬元）。儘管該子公司累計虧損，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此類資產無減值跡象。

(c) Ownership of certain purchased assets included fixed assets with cost of RMB494 million (2007: RMB476 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.

(c) 固定資產和土地使用權中包括成本為人民幣4.94億元(2007年：人民幣4.76億元)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。

(9) CONSTRUCTION IN PROGRESS

(9) 在建工程

Project name	Budget cost	Audited	Additions	Transfers to fixed asset	Unaudited	Sources of funds	Incurred costs to budget costs ratio (%)
		31 December 2007			30 June 2008		
工程項目名稱	預算數	已經審計 2007年 12月31日	本期增加	本期轉固	未經審計 2008年 6月30日	資金來源	工程投入佔預算的比例%
Dong Jiao Water Recycling project 東郊再生水	129,072	15,344	29,194	—	44,538	Self-raised fund 自籌及銀行貸款	35
Bei Chen Water Recycling project 北辰中水	97,000	14,639	6,218	—	20,857	Self-raised fund 自籌及銀行貸款	22
Others 其它		274	336	—	610		
Total - Company 本公司合計		30,257	35,748	—	66,005		
Xian Yang Lu Water Recycling project 咸陽路污水回用工程	141,000	85,243	2,281	—	87,524	Bank borrowings and self-raised fund 自籌及銀行貸款	62
Chi Bi 赤壁污水處理廠	97,000	76,942	23,809	—	100,751	Bank borrowings and self-raised fund 自籌及銀行貸款	106
Others 其它		688	4,391	—	5,079		
Total - Group 合併合計		193,130	66,229	—	259,359		

Including: Capitalised borrowings cost

其中：借款費用資本化金額

- Company - 本公司	—	—	—	—
- Group - 合併	4,254	2,976	—	7,230

(10) INTANGIBLE ASSETS**(10) 無形資產**

		31 December		Unaudited		30 June Accumulated	
		Cost	2007	Additions	Amortisation	2008	amortisation
		原價	2007年 12月31日	本期增加	本期攤銷	2008年 6月30日	累計攤銷額
Land use rights	土地使用權	807,362	676,912	—	(9,452)	667,460	(139,902)
Others	其他	2,856	755	1,910	(886)	1,779	(1,077)
		<u>810,218</u>	<u>677,667</u>	<u>1,910</u>	<u>(10,338)</u>	<u>669,239</u>	<u>(140,979)</u>

		31 December		Unaudited		30 June Accumulated	
		Cost	2007	Additions	Amortisation	2008	amortisation
		原價	2007年 12月31日	本期增加	本期攤銷	2008年 6月30日	累計攤銷額
Land use rights	土地使用權	680,703	563,359	—	(6,989)	556,370	(124,333)
Others	其他	2,684	755	1,738	(876)	1,617	(1,067)
		<u>683,387</u>	<u>564,114</u>	<u>1,738</u>	<u>(7,865)</u>	<u>557,987</u>	<u>(125,400)</u>

(11) LONG-TERM PREPAID EXPENSES**(11) 長期待攤費用**

		31 December		Unaudited		30 June	Year of
		Cost	2007	Addition	Amortisation	2008	Unamortized
		原始 發生額	2007年 12月31日	本期 新增	本期 攤銷額	2008年 6月30日	剩餘攤銷 年限
30-year asset beneficiary right-Fu yang	阜陽30年期權益 轉讓金(註釋)	102,004	94,921	—	(1,701)	93,220	27
Others	其他	4,250	3,252	—	(576)	2,676	
		<u>126,254</u>	<u>98,173</u>	<u>—</u>	<u>(2,277)</u>	<u>95,896</u>	

Pursuant to the agreement reached between the Company's subsidiary - Fuyang Capital Water Co., Ltd. ("Fuyang Water") 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.

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。

(12) SHORT-TERM BORROWINGS**(12) 短期借款**

		Unaudited 30 June 2008	Audited 31 December 2007	Guarantor
		未經審計 於2008年 6月30日	已經審計 於2007年 12月31日	擔保人
China Minsheng Bank	中國民生銀行	100,000	—	—
China CITIC Bank	中信銀行	200,000	—	—
Bohai Bank	渤海銀行	—	55,000	—
China Construction Bank	建設銀行	499,890	100,000	—
Total (Company)	本公司合計	799,890	155,000	
Zheshang Bank Tianjin Branch	浙商銀行 天津分行	45,000	—	Tianjin Municipal Investment Company Limited (“TMICL”) 天津市政投資有限公司 (「市政投資」)
Total (Group)	合併合計	844,890	155,000	

The above short-term borrowings bear interest rate ranging from 6.56% to 8.22% per annum.

上述短期借款之平均年利率為6.56%至8.22%。

(13) ACCOUNTS PAYABLE**(13) 應付賬款**

As at 30 June 2008, the ageing of majority of accounts payable are aged within one year and there were no accounts payable to any of the Company's shareholders which hold 5% or more of the voting shares.

期末應付賬款帳齡主要在一年以內且無應付持有本公司5%(含5%)以上表決權股份的股東的款項。

(14) ADVANCES FROM CUSTOMERS**(14) 預收款項**

		Group 合併		Company 本公司	
		Unaudited 30 June 2008	Audited 31 December 2007	Unaudited 30 June 2008	Audited 31 December 2007
		未經審計 於2008年 6月30日	已經審計 於2007年 12月31日	未經審計 於2008年 6月30日	已經審計 於2007年 12月31日
Advances for recycled water pipeline connection services	預收中水管 道接駁費	155,510	143,092	—	—
Advances from TSC	預收排水公司款項	—	27,385	—	27,385
Advances for Project Hangu	漢沽項目工程款	27,909	—	27,909	—
Others	其它	4,147	864	3,968	714
		187,566	171,341	31,877	28,099

As at 30 June 2008, the ageing of majority of advances from customers are aged within one year and there were no advances from any of the Company's shareholders which hold 5% or more of voting shares.

期末預收款項帳齡主要在一年以內且無預收持有本公司5%(含5%)以上表決權股份的股東的款項。

(15) TAXES PAYABLE**(15) 應交稅費**

	Group		Company			
	合併		本公司			
	Unaudited	Audited	Unaudited	Audited		
	30 June	31 December	30 June	31 December		
	2008	2007	2008	2007		
	未經審計	已經審計	未經審計	已經審計		
	於2008年	於2007年	於2008年	於2007年		
	6月30日	12月31日	6月30日	12月31日		
Income tax		應交企業所得稅	(9,317)	62,299	(12,101)	56,334
Business tax and others		應交營業稅及其它	6,941	7,428	4,262	5,308
			<u>(2,376)</u>	<u>69,727</u>	<u>(7,839)</u>	<u>61,642</u>

(16) DIVIDEND PAYABLE**(16) 應付股利**

A dividend in respect of year ended 31 December 2007 of RMB0.04 (gross tax) per share, total shares of 1,427 million shares as at 31 December 2007, amounting to a total dividend of RMB57 million, is proposed at the Annual General Meeting on 17 June 2008 (2007: RMB0.04 (gross tax) per share, amounting to a total dividend of RMB56 million).

本公司於2008年6月17日召開的股東大會通過決議，以截至2007年12月31日止之總股本14.27億股為基數，每股派發現金紅利人民幣0.04元(含稅)予股東，共計人民幣0.57億元(2007年：每股派發現金紅利人民幣0.04元(含稅)予股東，共計人民幣0.56億元)。

(17) OTHER PAYABLES**(17) 其他應付款**

	Group		Company			
	合併		本公司			
	Unaudited	Audited	Unaudited	Audited		
	30 June	31 December	30 June	31 December		
	2008	2007	2008	2007		
	未經審計	已經審計	未經審計	已經審計		
	於2008年	於2007年	於2008年	於2007年		
	6月30日	12月31日	6月30日	12月31日		
Construction costs payable		應付建設成本	97,921	56,377	88,503	45,562
Payable for purchase of fixed assets		應付購買固定資產款項	39,710	39,710	—	—
Others		其它	9,066	17,199	66,657	55,395
Total			<u>146,697</u>	<u>113,286</u>	<u>155,160</u>	<u>100,957</u>

As at 30 June 2008, the ageing of majority of other payables are aged within one year and there were no other payables to the Company's shareholders which hold 5% or more of voting shares.

期末其他應付款賬齡主要在一年以內且無應付持有本公司5%(含5%)以上表決權股份的股東的款項。

(18) OTHER NON-CURRENT LIABILITIES

		(18) 其他流動負債		Company	
		Group		本公司	
		合併			
		Unaudited	Audited	Unaudited	Audited
		30 June	31 December	30 June	31 December
		2008	2007	2008	2007
		未經審計	已經審計	未經審計	已經審計
		於2008年	於2007年	於2008年	於2007年
		6月30日	12月31日	6月30日	12月31日
Specific purpose fund	專項資金	121,432	138,862	16,364	32,727
Including: Specific fund	其中：天津市				
granted by	政局專項				
Tianjin Municipal	資金				
Engineering	(註釋(a))	94,455	95,522	—	—
Bureau (note (a))					
Specific fund	天津市政府				
granted by other	其他部門				
authorities of	專項資金				
Tianjin Municipal	(註釋(b))	10,613	10,613	—	—
Government					
(note (b))					
Loan of state treasury	一年內到期的				
bonds due within	轉貸國債資金				
one year	(附註六(20))	16,364	32,727	16,364	32,727
(Note 6(20))					
		121,432	138,862	16,364	32,727

note:

- (a) Specific purpose fund granted by TMEB to the Company's subsidiary Tianjin Recycled Water Co., Ltd. for the construction of Tianjin Jizhuangzi Sewage Water Recycling Project.
- (b) Specific fund obtained from other authorities of the Tianjin Municipal Government mainly for the construction of Tianjin Jizhuangzi Sewage Water Recycling Project.

The specific payables described in (a), (b) above are interest free as at end of the period and the date and method of repayment will only be determined after the completion of the construction project. The repayment scheme for those loans mentioned above is still under negotiation. As the terms are uncertain, these loans have been classified as current liabilities.

註釋：

- (a) 本公司之子公司天津中水有限公司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；
- (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。

以上(a)、(b)中所述之專項應付款自取得之日起至本年末不計息，並只需在具體項目完成後才商議確定還款日期和方法。上述長期負債的還款計劃尚在商討中。由於相關條款尚未確定，上述應付款項已轉入流動負債。

(19) LONG-TERM BORROWINGS

The borrowings mature as follows:

(19) 長期借款

長期借款具體還款期如下：

		Group		Company	
		合併		本公司	
		Unaudited	Audited	Unaudited	Audited
		30 June	31 December	30 June	31 December
		2008	2007	2008	2007
		未經審計	已經審計	未經審計	已經審計
		於2008年	於2007年	於2008年	於2007年
		6月30日	12月31日	6月30日	12月31日
Payable after one year	一年以上支付				
Payable in the second year	第二年內支付	863,790	476,790	790,000	434,000
Payable in the third year	第三年至第五年內支付				
to fifth year		491,220	791,820	186,000	601,000
Payable after the fifth year	五年以後支付	521,115	377,640	—	—
		<u>1,876,125</u>	<u>1,646,250</u>	<u>976,000</u>	<u>1,035,000</u>
Payable within one year	一年以內支付	483,790	416,250	434,000	334,000
		<u>2,359,915</u>	<u>2,062,500</u>	<u>1,410,000</u>	<u>1,369,000</u>
Including:	其中包括：				
State Development Bank	國家開發銀行 (註釋(a))	404,000	471,000	404,000	471,000
(note(a))					
Industrial Commerce	中國工商銀行 (註釋(b))	699,000	399,000	158,000	158,000
Bank of China (note(b))					
Shanghai Pudong	上海浦東發展銀行 (註釋(c))	320,000	320,000	300,000	300,000
Development Bank (note(c))					
Agriculture Development	中國農業銀行 (註釋(d))	622,540	300,000	498,000	190,000
Bank of China (note(d))					
China Construction Bank	中國建設銀行 (註釋(e))	214,375	222,500	—	—
(note(e))					
China CITIC Bank	中信銀行	—	200,000	—	200,000
China Everbright Bank (note(f))	中國光大銀行 (註釋(f))	50,000	95,000	50,000	50,000
Bank of China (note(g))	中國銀行 (註釋(g))	50,000	55,000	—	—
		<u>2,359,915</u>	<u>2,062,500</u>	<u>1,410,000</u>	<u>1,369,000</u>

note :

- (a) This borrowing is secured by TMEB's guarantee together with certain of its fee collection rights. The interests are paid every three months and the principal shall be repaid in 4 instalments before 28 June 2011.
- (b) This borrowing includes RMB541 million borrowed by the Company's subsidiary, Hangzhou Capital Water Co., Ltd., secured by the Company's guarantee. The remaining balance of about RMB158 million is an unsecured borrowing. The interests are paid every one month and the principal shall be repaid in 2 instalments before 1 February 2010.
- (c) This borrowing includes RMB20 million borrowed by the Company's subsidiary, Tianjin Recycling Water Co., Ltd., secured by the Company's guarantee, the remaining balance of about RMB300 million is an unsecured borrowing. The interests of borrowings of RMB20 million are paid in three months and the principal shall be repaid in 4 instalments before 27 June 2013, whilst the interests of borrowings of RMB300 million are paid in every three months and the principal shall be repaid before 27 June 2009.
- (d) These borrowings are borrowed by the Company and its two subsidiaries, Chibi Capital Water Co., Ltd. and Fuyang Capital Water Co., Ltd. The balance includes RMB498 million and RMB59.54 million secured by the guarantee of Tianjin Municipal Infrastructure Construction Investment Group Co., Ltd and the Company respectively. The interests of borrowings of RMB498 million are paid every three months and the principal shall be repaid before 2011, whilst the interests of borrowings of RMB59.54 million are paid in every one month and the principal shall be repaid before 2 August 2019. The remaining balance of about RMB65 million is secured by the Company's guarantee during the construction period of a subsidiary together with the subsidiary's certain fixed asset after completion of its construction. The interests are paid in one month and the principal shall be repaid in 9 instalments before 20 January 2017.
- (e) The balance includes RMB180 million secured by the right to receive tap water and sewage water processing fees. The remaining balance of about RMB34 million is secured by the Company's guarantee. The interests of RMB180 million borrowings are paid every three months and the principal shall be repaid in 11 instalments before 6 May 2018. Whilst the interests of RMB34 million borrowings are paid every month and the principal shall be repaid in 20 instalments before 22 December 2013.
- (f) This borrowing is secured by the TSC's right to receive sewage water processing fees together with TMICL's guarantee. The interests are paid every three months and the principal shall be repaid in 2 instalments before 30 April 2012.
- (g) This borrowing is borrowed by the Company's subsidiary, Baoying Capital Water Co., Ltd., secured by the Company's guarantee. The interests are paid in three months and the principal shall be repaid in 11 instalments before 15 March 2018.

These long term bank borrowing are all interest bearing with weighted average effective interest rate at the balance sheet date of 7.5% (2007: 6.9%).

註釋：

- (a) 該借款由天津市政局提供保證擔保及其擁有業務中的部分收費權作為質押。利息每季度支付一次，本金應於2011年6月28日前分四期償還。
- (b) 其中人民幣541百萬元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，利息每月支付一次，本金應於2016年11月22日前分九期償還；另外約人民幣158百萬元為本公司之信用貸款，利息每月支付一次，本金應於2010年2月1日前分二期償還。
- (c) 其中人民幣20百萬元為本公司子公司天津中水有限責任公司之借款，由天津市政投資有限公司提供保證擔保，利息每季度支付一次，本金應於2013年6月27日前分四期償還；另外約人民幣300百萬元為本公司之信用貸款，利息每季支付一次，本金應於2009年6月27日前償還。
- (d) 該借款為本公司及子公司赤壁創業水務有限公司和阜陽創業水務有限公司之借款。本公司人民幣498百萬貸款由城投集團提供保證擔保，利息每季支付一次，本金應於2011年前償還；赤壁創業水務有限公司人民幣65百萬元的貸款在項目建設期由本公司提供保證擔保，項目運營期除本公司提供擔保外以項目形成的固定資產追加質押擔保，利息每月支付一次，本金應於2017年1月20日前分九期償還；阜陽創業水務有限公司人民幣59.54百萬元的貸款由本公司提供保證擔保，利息每月支付一次，本金應於2019年8月2日前償還。
- (e) 其中人民幣180百萬元的貸款以本公司子公司曲靖創業水務有限公司的自來水收入權和污水處理收入權作為質押，利息每季度支付一次，本金應於2018年5月6日前分11期償還。另外約人民幣34百萬元貸款為本公司子公司貴州創業水務有限公司由本公司提供保證擔保，利息每月支付一次，本金應於2013年12月22日前分二十次償還。
- (f) 該借款由排水公司提供污水處理費收費權作為質押以及由天津市政投資有限公司提供保證擔保。利息每季度支付一次，本金應於2012年4月30日前分二期償還。
- (g) 該借款為本公司子公司寶應創業水務有限責任公司之借款。由本公司提供保證擔保，利息每季度支付一次，本金應於2018年3月15日前分十一期償還。

該等長期銀行借款全部按結算日的加權平均實際利率7.5% (2007年：6.9%) 計息。

(20) LONG-TERM PAYABLES**(20) 長期應付款**

		Group and Company 合併及本公司	
		Unaudited 30 June 2008	Audited 31 December 2007
		未經審計 於2008年 6月30日	已經審計 於2007年 12月31日
Specific fund granted by Tianjin Municipal Engineering Bureau (note)	天津市政局專項資金 (註釋)	163,636	180,000
Current portion of long-term payables (Note 6(18))	減：已列入流動負債的一年內到期金額 (附註六(18))	(16,363)	(32,727)
		<u>147,273</u>	<u>147,273</u>

note:

The RMB180 million from TMEB taken during 2005 is specifically for construction of Sewage Water processing plants. The loan is repayable in equal instalments over eleven years from 2007. The loan bears interest at 5% per annual for the first two years. From 2008 to maturity, the interest will be based on the one-year deposit plus 2% premium published by the People's Bank of China on the effective date.

註釋：

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2年為5%，從2008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2%。

(21) SPECIFIC PAYABLES**(21) 專項應付款**

		Group 合併		Company 本公司	
		Unaudited 30 June 2008	Audited 31 December 2007	Unaudited 30 June 2008	Audited 31 December 2007
		未經審計 於2008年 6月30日	已經審計 於2007年 12月31日	未經審計 於2008年 6月30日	已經審計 於2007年 12月31日
Specific construction fund (note)	專項建設基金撥款 (註釋)	28,800	—	28,800	—
		<u>28,800</u>	<u>—</u>	<u>28,800</u>	<u>—</u>

note:

Specific construction fund was granted to the Company for construction of two recycling water processing plants from Tianjin Finance Bureau.

註釋：

為本公司從天津市財政局獲得的專項資金，用於東郊再生水廠和北辰再生水廠的工程建設。

(22) SHARE CAPITAL

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

		Group and Company 合併及本公司	
		Unaudited 30 June 2008 未經審計 於2008年 6月30日	Audited 31 December 2007 已經審計 於2007年 12月31日
Restricted circulating shares	限制性流通股	664,086	730,620
- TMICL	— 天津市政投資有限公司	664,086	730,620
- Enterprise Legal Person shareholders	— 法人股股東	—	—
Circulating A shares	流通A股	423,142	356,608
Circulating H shares	流通H股	340,000	340,000
Total shares	股份總額	<u>1,427,228</u>	<u>1,427,228</u>

“A” share represent shares listed on the Shanghai Securities Exchange and “H” shares represent shares listed on the Main Board of The Stock Exchange of Hong Kong. All the “A” and “H” shares with nominal value of RMB1.00 each rank pari passu in all respects.

note:

In respect of the restricted circulating “A” Shares held by TMICL, TMICL can only sell a maximum of 10% of its total shares within 3 years after the stock reform in March 2006. During this period, about 66 million restricted circulating shares were become non-restricted and none share belonging to TMICL was sold.

(22) 股本

股本變動情況如下(單位：千股)：

		Group and Company 合併及本公司	
		Unaudited 30 June 2008 未經審計 於2008年 6月30日	Audited 31 December 2007 已經審計 於2007年 12月31日
Restricted circulating shares	限制性流通股	664,086	730,620
- TMICL	— 天津市政投資有限公司	664,086	730,620
- Enterprise Legal Person shareholders	— 法人股股東	—	—
Circulating A shares	流通A股	423,142	356,608
Circulating H shares	流通H股	340,000	340,000
Total shares	股份總額	<u>1,427,228</u>	<u>1,427,228</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主板上市的股票。每股面值為人民幣1元的所有A股及H股在各方面均享有同等權益。

註釋：

關於天津市政投資有限公司所持有的限制性流通A股，天津市政投資有限公司在2006年3月的股權改置完成後三年內最多可出售其所持有股份的10%。本期有66百萬股有限售條件的流通股通過上海證券交易所掛牌交易系統上市，全部屬於天津市政投資有限公司。

(23) CAPITAL RESERVE**(23) 資本公積**

		Unaudited 未經審計			
		Group 合併			
		31 December 2007	Additions	Reductions	30 June 2008
		於2007年 12月31日	本期增加	本期減少	於2008年 6月30日
Share premium	股本溢價	380,788	—	—	380,788
Other capital surplus — Transfers in according to Old Accounting Standards	其他資本公積— 原制度資本公積轉入	2,550	—	—	2,550
		<u>383,338</u>	<u>—</u>	<u>—</u>	<u>383,338</u>
		Unaudited 未經審計			
		Company 本公司			
		31 December 2007	Additions	Reductions	30 June 2008
		於2007年 12月31日	本期增加	本期減少	於2008年 6月30日
Share premium	股本溢價	380,788	—	—	380,788
		<u>380,788</u>	<u>—</u>	<u>—</u>	<u>380,788</u>

As at 30 June 2008, capital reserve represents share premium arising from the issuance of shares, and it can be utilised to offset prior years' losses or for issuance of bonus shares.

資本公積截至2008年6月30日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。

(24) GENERAL RESERVES**(24) 盈餘公積****Statutory Common Reserve**

法定盈餘公積金

At 31 December 2007	2007年12月31日
Additions/(Reduction)	本期增加/減少
At 30 June 2008	2008年6月30日

According to the Company Law of Peoples' Republic of China, the Articles of Association of the Company and the resolution of the board of directors meeting, 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 statutory common reserve shall only be used to make up losses or to increase the capital of the Company.

根據《中華人民共和國公司法》、本公司章程及董事會的決議，本公司按年度淨利潤的10%提取法定盈餘公積金，當法定盈餘公積金累計額達到股本的50%以上時，可不再提取。法定盈餘公積金經批准後可用於彌補虧損，或者增加股本。

Unaudited
未經審計
Group and Company
合併及本公司

229,865

—

229,865

(25) MINORITY INTERESTS**(25) 少數股東權益**

Minority interests attributable to respecting subsidiaries' minority shareholders are set out as below:

歸屬於各子公司少數股東的少數股東權益

		Group	
		合併	
		Unaudited	Audited
		30 June	31 December
		2008	2007
		未經審計	已經審計
		於2008年	於2007年
		6月30日	12月31日
Hangzhou Capital Water Co., Ltd.	杭州天創水務有限公司	81,128	80,582
Baoying Capital Water Co., Ltd.	寶應創業水務有限責任公司	12,497	12,538
Qujing Capital Water Co., Ltd.	曲靖創業水務有限公司	11,146	11,150
Guizhou Capital Water Co., Ltd.	貴州創業水務有限公司	5,749	5,598
Tianjin Capital New Materials Co., Ltd.	天津創業建材有限公司	1,837	1,951
Honghu Capital Water Co., Ltd.	洪湖市創業水務有限公司	1,952	1,911
Tianjin Water Recycling Co., Ltd.	天津中水有限公司	1,088	1,075
Chibi Capital Water Co., Ltd.	赤壁創業水務有限公司	58	58
Fuyang Capital Water Co., Ltd.	阜陽創業水務有限公司	8	7
		<u>115,463</u>	<u>114,870</u>

(26) INCOME FROM AND COST FOR OPERATIONS**(26) 營業收入和營業成本**

		Unaudited 未經審計			
		Group 合併		Company 本公司	
		Six months ended 30 June 2008 截至2008年 6月30日 止6個月	Six months ended 30 June 2007 截至2007年 6月30日 止6個月	Six months ended 30 June 2008 截至2008年 6月30日 止6個月	Six months ended 30 June 2007 截至2007年 6月30日 止6個月
Income from principal operations	主營業務收入	518,968	461,804	358,982	363,893
Other operating income	其他業務收入	8,591	13,078	7,496	3,807
		<u>527,559</u>	<u>474,882</u>	<u>366,478</u>	<u>367,700</u>

(a) Income from and cost for principal operations

(a) 主營業務收入和主營業務成本

		Unaudited 未經審計			
		Group 合併			
		Six months ended 30 June 2008 截至2008年6月30日止6個月	Six months ended 30 June 2007 截至2007年6月30日止6個月		
		Income from principal operations 主營業務收入	Cost for principal operations 主營業務成本	Income from principal operations 主營業務收入	Cost for principal operations 主營業務成本
Sewage water processing income	污水處理收入	440,689	198,990	410,799	175,734
Tolls income	通行路費收入	36,930	7,404	34,880	7,634
Tap water supply income	自來水供水收入	18,915	12,505	13,169	7,604
Water recycling supply and pipeline connection income	中水管道接駁及供水收入	22,434	17,770	1,745	6,169
Sales income of construction materials	銷售建築材料收入	—	—	1,211	1,121
		<u>518,968</u>	<u>236,669</u>	<u>461,804</u>	<u>198,262</u>

Unaudited
未經審計
Company
本公司

		Six months ended 30 June 2008		Six months ended 30 June 2007	
		截至2008年6月30日止6個月		截至2007年6月30日止6個月	
		Income from principal operations	Cost for principal operations	Income from principal operations	Cost for principal operations
		主營業務收入	主營業務成本	主營業務收入	主營業務成本
Sewage water processing income	污水處理收入	322,052	123,303	329,013	115,855
Tolls income	通行路費收入	36,930	7,404	34,880	7,634
		<u>358,982</u>	<u>130,707</u>	<u>363,893</u>	<u>123,489</u>

The total revenue of the Group's top 5 customers are amounting to RMB458,500 thousand for six months ended 30 June 2008, which are accounting for about 88% of the Group's total revenue.

本期本集團前五名客戶銷售的收入總額為人民幣458,500千元，佔本集團全部銷售收入的88%。

(b) Income from and cost for other operations

(b) 其他業務收入和其他業務成本

Unaudited
未經審計

		Group		Company	
		合併		本公司	
		Six months ended 30 June 2008		Six months ended 30 June 2008	
		截至2008年6月30日 止6個月		截至2008年6月30日 止6個月	
		Income from other operations	Cost for other operations	Income from other operations	Cost for other operations
		其他 業務收入	其他 業務成本	其他 業務收入	其他 業務成本
Rental income	租金收入	4,642	1,242	4,642	1,242
Others	其他	3,949	788	2,854	763
		<u>8,591</u>	<u>2,030</u>	<u>7,496</u>	<u>2,005</u>

(27) BUSINESS TAX AND SURCHARGES**(27) 營業税金及附加**

		Unaudited 未經審計	
		Group 合併	Company 本公司
		Six months ended 30 June 2008	Six months ended 30 June 2008
		截至2008年 6月30日 止6個月	截至2008年 6月30日 止6個月
Business tax	營業稅	18,177	17,949
City construction fee	城市維護建設費	1,376	1,256
Education fee surcharge	教育費附加	606	539
		<u>20,159</u>	<u>19,744</u>

(28) FINANCIAL EXPENSES – NET**(28) 財務費用**

		Unaudited 未經審計			
		Group 合併		Company 本公司	
		Six months ended 30 June 2008	Six months ended 30 June 2007	Six months ended 30 June 2008	Six months ended 30 June 2007
		截至2008年 6月30日 止6個月	截至2007年 6月30日 止6個月	截至2008年 6月30日 止6個月	截至2007年 6月30日 止6個月
Interest expenses of bank borrowings	借款利息支出	(99,792)	(62,753)	(67,901)	(42,436)
Less: Capitalised interest	減：資本化利息	2,976	—	—	—
Net interest expenses	利息支出淨額	(96,816)	(62,753)	(67,901)	(42,436)
Less: Interest income	減：利息收入	2,829	1,935	461	1,158
Others	其它	(2,551)	(36)	(2,529)	(24)
		<u>(96,538)</u>	<u>(60,854)</u>	<u>(69,969)</u>	<u>(41,302)</u>

(29) INCOME TAX**(29) 所得稅費用**

		Unaudited 未經審計			
		Group 合併		Company 本公司	
		Six months ended 30 June 2008 截至2008年 6月30日 止6個月	Six months ended 30 June 2007 截至2007年 6月30日 止6個月	Six months ended 30 June 2008 截至2008年 6月30日 止6個月	Six months ended 30 June 2007 截至2007年 6月30日 止6個月
Current income tax	當期所得稅	31,893	47,114	28,343	44,745
Deferred income tax	遞延所得稅	—	627	—	627
		<u>31,893</u>	<u>47,741</u>	<u>28,343</u>	<u>45,372</u>

(30) EARNINGS PER SHARE**(30) 每股收益**

The calculation of basic earnings per share is based on the profit attributable to shareholders and weighted average number of ordinary shares in issue.

基本每股收益以歸屬於本公司普通股股東的合併淨利潤除以本公司發行在外普通股的加權平均數計算：

		Unaudited 未經審計	
		Group 合併	
		Six months ended 30 June 2008 截至2008年 6月30日 止6個月	Six months ended 30 June 2007 截至2007年 6月30日 止6個月
Profit attributable to equity holders of the Company	歸屬於本公司普通股股東的合併淨利潤	95,643	110,585
Weighted average number of ordinary shares in issue (million shares)	發行在外普通股的加權平均數（百萬股）	<u>1,427</u>	<u>1,367</u>
Basic earnings per share (In RMB Yuan)	基本每股收益（人民幣元）	<u>0.07</u>	<u>0.08</u>

(31) NOTES TO THE CASH FLOW STATEMENTS**(31) 現金流量表附註**

Reconciliation of net profit to cash flows from operating activities

將淨利潤調節為經營活動現金流量

		Unaudited 未經審計			
		Group 合併		Company 本公司	
		Six months ended 30 June 2008 截至2008年 6月30日 止6個月	Six months ended 30 June 2007 截至2007年 6月30日 止6個月	Six months ended 30 June 2008 截至2008年 6月30日 止6個月	Six months ended 30 June 2007 截至2007年 6月30日 止6個月
(i) Reconciliation of net profit to cash flows from operating activities	(i) 將淨利潤調節為經營活動的現金流量				
Net profit	淨利潤	96,236	109,374	85,030	107,402
Adjust for:	加／(減)：				
Depreciation of fixed assets	固定資產折舊	86,531	91,719	56,507	61,277
Amortisation of intangible assets	無形資產攤銷	10,338	10,759	7,865	7,478
Losses on disposal of fixed assets	處置固定資產淨損失	120	269	(4)	46
Amortisation of long-term deferred expenses	長期待攤費用攤銷	2,277	—	—	—
Finance expenses, net	財務費用淨額	97,134	62,753	67,841	42,436
Investment income	投資收益	(2,051)	(2,499)	—	—
Decrease/(increase) in inventories	存貨的減少／(增加)	(7,376)	1,101	(160)	223
Increase in operating receivables	經營性應收項目的增加	(176,093)	(244,864)	(99,424)	(225,758)
Increase in operating payables	經營性應付項目的增加	111,688	25,916	96,548	(12,240)
Net cash flows from operating activities	經營活動產生的現金流量淨額	<u>218,804</u>	<u>54,528</u>	<u>214,203</u>	<u>(19,136)</u>
(ii) Net (decrease)/increase in cash and bank balance	(ii) 現金淨(減少)／增加情況				
Cash at end of period	現金的年末餘額	597,019	799,384	127,475	534,133
Less: cash at beginning of period	減：現金的年初餘額	(324,971)	(718,744)	(80,633)	(601,135)
Net (decrease)/increase in cash and bank balance	現金淨(減少)／增加額	<u>272,048</u>	<u>80,640</u>	<u>46,842</u>	<u>(67,002)</u>

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

列示於現金流量表的現金包括：

		Group 合併		Company 本公司	
		Unaudited 30 June 2008 未經審計 於2008年 6月30日	Audited 31 December 2007 已經審計 於2007年 12月31日	Unaudited 30 June 2008 未經審計 於2008年 6月30日	Audited 31 December 2007 已經審計 於2007年 12月31日
Cash and bank balances (Note 6(1))	貨幣資金 (附註六(1))	636,019	339,971	157,475	86,633
Less: Restricted bank deposit	減：保證金	39,000	(15,000)	(30,000)	(6,000)
Cash and bank balance shown in the cash flow statements	列示於現金流量表的現金	<u>597,019</u>	<u>324,971</u>	<u>127,475</u>	<u>80,633</u>

7 SEGMENT REPORTING

七、分部報告

(a) Segment information as at and for six months then ended 30 June 2008

(a) 2008年6月30日業務分部信息

		Unaudited 未經審計						Group 合併
		Sewage water processing services 污水處理	Road Construction toll stations 道路收費	Construction materials 建材業務	Recycled water and pipeline connection 中水管道 接駁及供水	Tap water supply 自來水	Others 其他	
Income from operations	營業收入	440,689	36,930	—	22,434	18,915	8,591	527,559
Operating expenses	營業費用	(334,789)	(19,516)	(388)	(18,080)	(18,946)	(9,723)	(401,442)
Segment profit	分部利潤	<u>105,900</u>	<u>17,414</u>	<u>(388)</u>	<u>4,354</u>	<u>(31)</u>	<u>(1,132)</u>	<u>126,117</u>
Operating profit	營業利潤	<u>107,911</u>	<u>17,454</u>	<u>(388)</u>	<u>4,354</u>	<u>(31)</u>	<u>(1,132)</u>	<u>128,168</u>
Segment assets	分部資產	5,565,584	364,311	35,966	416,339	269,244	307,575	6,959,029
Total assets	資產總額	<u>5,565,584</u>	<u>364,311</u>	<u>35,966</u>	<u>416,339</u>	<u>269,244</u>	<u>307,575</u>	<u>6,959,029</u>
Segment liabilities	分部負債	3,385,914	12,027	2,504	334,087	175,183	2,129	3,911,844
Total liabilities	負債總額	<u>3,385,914</u>	<u>12,027</u>	<u>2,504</u>	<u>334,087</u>	<u>175,183</u>	<u>2,219</u>	<u>3,911,844</u>
Depreciation and amortisation	折舊和攤銷費用	(80,484)	(7,990)	(612)	(4,123)	(4,446)	(1,491)	(99,146)
Assets impairment loss	資產減值損失	—	—	—	—	—	—	—
Capital expenditures	資本性支出	(763,110)	—	—	(222)	(73)	(2,822)	(766,227)

(b) Segment information as at and for six months then ended 30 June 2007 (b) 2007年6月30日業務分部信息

		Unaudited 未經審計						
		Sewage water		Recycled		Tap water	Others	Group
		processing	Road	Construction	water and	supply		
		services	toll stations	materials	pipeline			
		污水處理	道路收費	建材業務	中水管道 接駁及供水	自來水	其他	合併
Income from operations	營業收入	410,799	34,880	1,211	1,745	13,169	13,078	474,882
Operating expenses	營業費用	(284,177)	(12,385)	(2,398)	(10,472)	(11,850)	—	(321,282)
Segment profit	分部利潤	126,622	22,495	(1,187)	(8,727)	1,319	13,078	153,600
Operating profit	營業利潤	126,622	22,495	(1,187)	(8,727)	1,319	15,577	156,099
Segment assets	分部資產	4,931,388	322,798	31,868	368,897	238,564	272,535	6,166,050
Total assets	資產總額	4,931,388	322,798	31,868	368,897	238,564	272,535	6,166,050
Segment liabilities	分部負債	2,884,029	10,244	2,133	284,566	149,216	1,814	3,332,002
Total liabilities	負債總額	2,884,029	10,244	2,133	284,566	149,216	1,814	3,332,002
Depreciation and amortisation	折舊和攤銷費用	(80,892)	(3,270)	(941)	(4,113)	(5,042)	(8,220)	(102,478)
Assets impairment loss	資產減值損失	—	—	—	—	—	—	—
Capital expenditures	資本性支出	72,400	—	—	11,516	—	2,233	86,149

The geographical segment analysis is not applicable since all of the Group's operations are in the PRC.

由於本集團所有業務均在中國境內，因此不適用於地區分佈信息。

8 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

八、關聯方關係及其交易

(1) RELATED PARTY RELATIONSHIPS

(1) 關聯方關係

(a) Related parties that have controlling relationship

(a) 存在控制關係的關聯方

Name of related party 關聯方名稱	Place of registration 註冊地點	Principal activities 主要業務	Relationship with the Company 與本公司關係	Type of enterprise 經濟性質	Legal representative 法定代表人
Tianjin Municipal Investment Company Limited ("TMICL")	Tianjin, the PRC	Development, construction and management of municipal infrastructures	Controlling shareholder of the Company	Limited company	Ma Bai Yu
天津市政投資有限公司 (市政投資)	中國天津	市政基礎設施的開發建設及經營管理	控股股東	有限公司	馬白玉
Tianjin Urban Infrastructure Construction Investment Group Co., Ltd. ("TUICIG")	Tianjin, the PRC	Investment and construction of urban environmental infrastructures, market establishment development services, lease private properties, and development and operation of public facilities projects	Ultimate holding company of the Company	Limited company	Wang Zhou Xi
天津城市基礎設施建設投資集團有限公司 (城投集團)	中國天津	城市環境基礎設施的投資、建設、市場建設開發服務、自有房屋租賃、基礎設施租賃及公用設施項目開發經營等	最終控股公司	有限公司	王周喜
Qu Jing Capital Water Co., Ltd.	Qujing, the PRC	Sewage water processing and supply of water	Subsidiary of the Company	Limited company	Zhang Wen Hui
曲靖創業水務有限公司	中國曲靖	污水處理、自來水供水	子公司	有限公司	張文輝
Gui Zhou Capital Water Co., Ltd.	Guizhou, the PRC	Sewage water processing	Subsidiary of the Company	Limited company	Gu Qi Feng
貴州創業水務有限公司	中國貴州	污水處理	子公司	有限公司	顧啟峰
Fu Yang Capital Water Co., Ltd.	Fuyang, the PRC	Sewage water processing	Subsidiary of the Company	Limited company	Zhang Wen Hui
阜陽創業水務有限公司	中國阜陽	污水處理	子公司	有限公司	張文輝
Bao Ying Capital Water Co., Ltd.	Baoying, the PRC	Sewage water processing	Subsidiary of the Company	Limited company	Lin Wen Bo
寶應創業水務有限責任公司	中國寶應	污水處理	子公司	有限公司	林文波

Name of related party 關聯方名稱	Place of registration 註冊地點	Principal activities 主要業務	Relationship with the Company 與本公司關係	Type of enterprise 經濟性質	Legal representative 法定代表人
Chi Bi Capital Water Co., Ltd. 赤壁創業水務有限公司	Chibi, the PRC 中國赤壁	Sewage water processing 污水處理	Subsidiary of the Company 子公司	Limited company 有限公司	Zhang Wen Hui 張文輝
Hong Hu Capital Water Co., Ltd. 洪湖市創業水務有限公司	Honghu, the PRC 中國洪湖	Sewage water processing 污水處理	Subsidiary of the Company 子公司	Limited company 有限公司	Zhang Wen Hui 張文輝
Tianjin Capital Environmental Protection (HK) Co., Ltd. 天津創業環保(香港)有限公司	Hong Kong, the PRC 中國香港	Sewage water processing 污水處理	Subsidiary of the Company 子公司	Limited company 有限公司	Ma Bai Yu 馬白玉
Hang Zhou Capital Water Co., Ltd. 杭州天創水務有限公司	Hangzhou, the PRC 中國杭州	Sewage water processing 污水處理	Subsidiary of the Company 子公司	Limited company 有限公司	Gu Qi Feng 顧啟峰
Wen Deng Capital Water Co., Ltd. 文登創業水務有限公司	Wendeng, the PRC 中國文登	Sewage water processing 污水處理	Subsidiary of the Company 子公司	Limited company 有限公司	Lin Wen Bo 林文波
Tianjin Jing Hai Capital Water Co., Ltd. 天津靜海創業水務有限公司	Tianjin, the PRC 中國天津	Sewage water processing 污水處理	Subsidiary of the Company 子公司	Limited company 有限公司	Gu Qi Feng 顧啟峰
Tianjin Water Recycling Co., Ltd. 天津中水有限公司	Tianjin, the PRC 中國天津	Production and sales of recycled water, development and construction of recycling water equipments and technical consulting for water recycling business 中水生產銷售、中水設施開發建設、中水技術諮詢	Subsidiary of the Company 子公司	Limited company 有限公司	Liu Wen Ya 劉文亞
Xi An Capital Water Co., Ltd. 西安創業水務有限公司	Xi'An, the PRC 中國西安	Sewage water processing 污水處理	Subsidiary of the Company 子公司	Limited company 有限公司	Zhang Wen Hui 張文輝
Tianjin Kaiying Environmental Project Technical Consulting Co., Ltd. 天津凱英環境工程技術諮詢有限公司	Tianjin, the PRC 中國天津	Environmental project improvement and technical consulting 環境工程治理、技術諮詢等	Subsidiary of the Company 子公司	Limited company 有限公司	Liu Wen Ya 劉文亞
Tianjin Capital New Materials Co., Ltd. 天津創業建材有限公司	Tianjin, the PRC 中國天津	Production and sales of new types of construction materials 新型建築材料的製造及銷售	Subsidiary of the Company 子公司	Limited company 有限公司	Luo Lian Fang 羅連芳

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

(b) 存在控制關係的關聯方的註冊資本及其變化

		Unaudited 未經審計		
		31 December 2007	Additions during the period	30 June 2008
		於2007年 12月31日	本期增加數	於2008年 6月30日
TMICL	市政投資	1,820,000	—	1,820,000
TUICIG	城投集團	16,100,000	—	16,100,000
Qu Jing Capital Water Co., Ltd.	曲靖創業水務有限公司	120,000	—	120,000
Gui Zhou Capital Water Co., Ltd.	貴州創業水務有限公司	100,000	—	100,000
Tianjin Water Recycling Co., Ltd.	天津中水有限公司	100,000	—	100,000
Tianjin Capital New Materials Co., Ltd.	天津創業建材有限公司	37,500	—	37,500
Fu Yang Capital Water Co., Ltd.	阜陽創業水務有限公司	45,000	—	45,000
Bao Ying Capital Water Co., Ltd.	寶應創業水務有限責任公司	38,000	—	38,000
Chi Bi Capital Water Co., Ltd.	赤壁創業水務有限公司	35,000	—	35,000
Hong Hu Capital Water Co., Ltd.	洪湖市創業水務有限公司	20,000	—	20,000
Hang Zhou Capital Water Co., Ltd.	杭州天創水務有限公司	257,445	—	257,445
Wen Deng Capital Water Co., Ltd.	文登創業水務有限公司	48,000	—	48,000
Tianjin Jing Hai Capital Water Co., Ltd.	天津靜海創業水務有限公司	2,000	10,000	12,000
Xi An Capital Water Co., Ltd.	西安創業水務有限公司	—	270,000	270,000
Tianjin Kaiying Environmental Engineering Technology Consulting Co., Ltd.	天津凱英環境工程技術諮詢有限公司	—	2,000	2,000
		<u>USD'000</u> 美元千元	<u>USD'000</u> 美元千元	<u>USD'000</u> 美元千元
Tianjin Capital Environmental Protection (HK) Co., Ltd.	天津創業環保(香港)有限公司	<u>7,840</u>	<u>—</u>	<u>7,840</u>

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

(c) 存在控制關係的關聯方所持本公司股份或權益及其變化

		Unaudited 未經審計					
		As at 31 December 2007		Reduction during the period		As at 30 June 2008	
		於2007年12月31日		本期減少數		於2008年6月30日	
		RMB'000	%	RMB'000	%	RMB'000	%
		人民幣千元	百分比	人民幣千元	百分比	人民幣千元	百分比
TMICL	市政投資	<u>774,985</u>	<u>54.3%</u>	<u>—</u>	<u>—</u>	<u>774,985</u>	<u>54.3%</u>

(2) RELATED PARTY TRANSACTIONS

During this period, except for those as mentioned elsewhere of these financial statements, the following is a summary of significant transactions and balances with related companies which were carried out in the normal course of operations of the Group.

Related parties

關聯方的名稱

Nature of transaction

交易性質

(a) Income:

(a) 收入

TSC
天津市排水公司

Revenue from sewage water processing services (Note 1(a)) (note)

污水處理服務費收入 (附註一(a)) (註釋)

TUICIG
城投集團

Rental income*

租金收入 *

* The lease agreement had been signed with TUICIG before it became to the related party of the Company.

(b) Key management compensation

(b) 關鍵管理人員薪酬

(c) In September 2005, Tianjin Municipal Government stipulated the Principles of Concession Services Arrangements of Tianjin Municipal Public Utilities (the "Principles"). Pursuant to the Principles, TJCAC replaces TSC as the Company's ultimate customer effective September 2005.

note:

TSC and the Group were both previously supervised by Tianjin Municipal Engineering General Company ("TMEGC"). Pursuant to the restructuring of TMEGC, effective from November 2007, TSC is no longer related to the Group.

(2) 關聯交易及餘額

本報告期，除本財務報表中已披露的關聯方交易信息外，本集團與關聯方在日常營運中進行的其他重大交易如下：

Unaudited

未經審計

Six months ended 30 June 2008 截至2008年 6月30日 止6個月	Six months ended 30 June 2007 截至2007年 6月30日 止6個月
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— 329,013

3,869 2,837

* 租賃協議簽署於城投集團成為本集團關聯方之前

3,875 3,201

(c) 2005年9月，天津市政府開始實施《天津市市政公用事業特許經營管理辦法》（「《管理辦法》」），根據該《管理辦法》的規定，董事認為自2005年9月起，天津市建設委員會成為本公司的最終客戶。

註釋：

天津市排水公司與本集團原為同受天津市政工程總公司（市政工程局）監控的國營企業。由於市政工程局的重組，自2007年11月起，天津市排水公司不再是本公司的關聯方。

9 COMMITMENTS

CAPITAL COMMITMENTS

九、承諾事項

資本性承諾事項

		Contracted but not provided for 已簽約未撥備		Authorised but not contracted for 已批准未簽約	
		Unaudited 30 June 2008 未經審計 截至2008年 6月30日止 RMB' million 人民幣百萬元	Audited 31 December 2007 已經審計 截至2007年 12月31日止 RMB' million 人民幣百萬元	Unaudited 30 June 2008 未經審計 截至2008年 6月30日止 RMB' million 人民幣百萬元	Audited 31 December 2007 已經審計 截至2007年 12月31日止 RMB' million 人民幣百萬元
Sewage Water processing plants in:	污水處理廠項目：				
- Hang Zhou	- 杭州	341	341	—	—
- Wendeng	- 文登	60	96	—	—
- Jing Hai	- 靜海	37	43	—	—
- Chi Bi	- 赤壁	—	12	—	7
- Xi An	- 西安	—	—	—	643
- E Zhou	- 鄂州	—	—	—	95
Water recycling plants:	中水廠項目：				
- Dong Jiao	- 東郊再生水	32	50	59	59
- Bei Chen	- 北辰中水廠	12	14	58	59
- Xian Yang Lu	- 咸陽路污水回用工程	4	10	49	50
Total-Group	合併	<u>486</u>	<u>566</u>	<u>166</u>	<u>913</u>

10 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The accounts were approved by the Directors of the Company on 21 August 2008.

十、財務報表核准發出

本財務報表於2008年8月21日經由本公司董事會核准發出。

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

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

VIII. Audit Committee

On 31st July 2001, the Board approved the establishment of the Audit Committee to review and supervise the Company's financial reporting procedure and internal controls. The Audit Committee comprises the independent non-executive Directors Messrs. Ko Poming, Xie Rong and Di Xiaofeng. The Audit Committee, together with the management of the Group have reviewed the accounting principles and practices adopted by the Group and discussed with the management of the Group the internal controls and financial reporting matters including the review of the unaudited interim results and the Interim Report. The Audit Committee agreed with the accounting principles, standards and methods adopted in the preparation of the Group's unaudited interim accounts for the six months ended 30th June 2008.

IX. Code on Corporate Governance Practices

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

X. Model Code for Securities Transactions by the Directors

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

XI. Documents Available for Inspection

1. Text and summary of the 2008 Interim Report signed by the chairman of the Company;
2. Financial statements signed and sealed by the legal representative, officer in charge of the accounting function and the officer in charge of the accounting department of the Company;
3. Original copies of the documents and announcements of the Company which were publicly disclosed on newspapers specified by CSRC during the period covered by this report; and
4. The Articles of Association of the Company.

By order of the Board
Ma Baiyu
Chairman

Tianjin, the PRC

21 August 2008

七、購回、出售或贖回本公司上市證券

報告期內，本公司及其附屬公司概無購回，出售或贖回本公司任何上市證券。

八、審核委員會

董事會於2001年7月31日批准設立審核委員會，負責審閱及監察本公司的財務報告程序及內部監控。本公司審核委員會成員由獨立非執行董事高寶明先生、謝榮先生及邱曉峰先生組成。審核委員會已與管理層已審閱本集團所採納的會計原則及方法，並已討論內部監控及財務匯報等事宜，包括審閱未經審核中期業績及中期報告。審核委員會同意本集團截至二零零八年六月三十日止六個月的未經審計半年度賬目所採納的財務會計原則、準則及方法。

九、企業管治常規守則

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

十、董事進行證券交易的標準守則

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

十一、備查文件目錄

- 1、經本公司董事長簽署的2008年中期報告正文及其摘要；
- 2、經本公司法定代表人、主管會計工作的負責人和會計機構負責人簽名並蓋章的財務報告；
- 3、報告期內在中國證監會指定報刊上公開披露過的所有文件正本及公告原稿；
- 4、本公司公司章程。

承董事會命
馬白玉
董事長

中國，天津

2008年8月21日