



Practice of Market-oriented Water Management in China



**By PAN, Wentang, General Manager
of Beijing Capital Co., Ltd.**

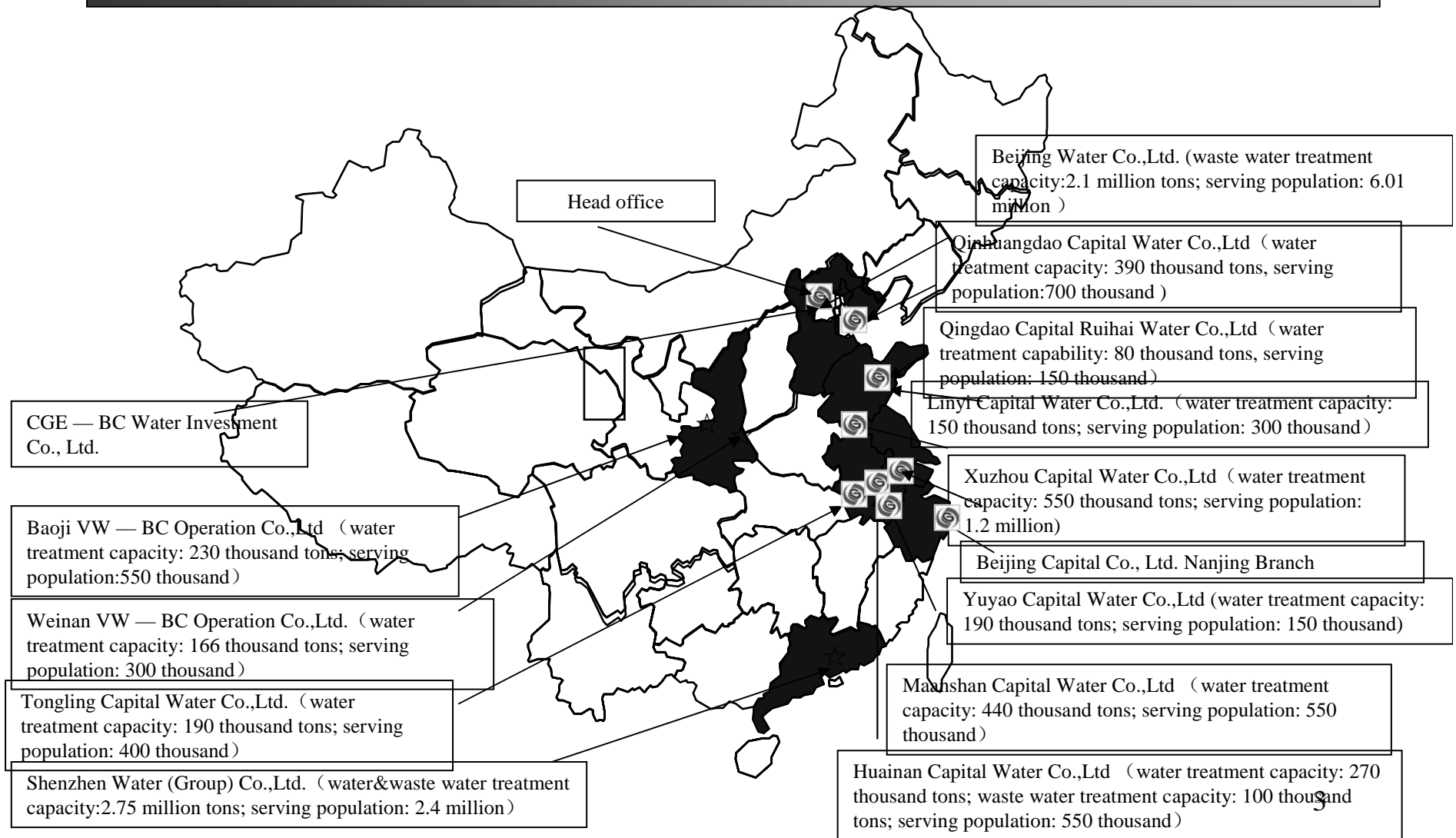


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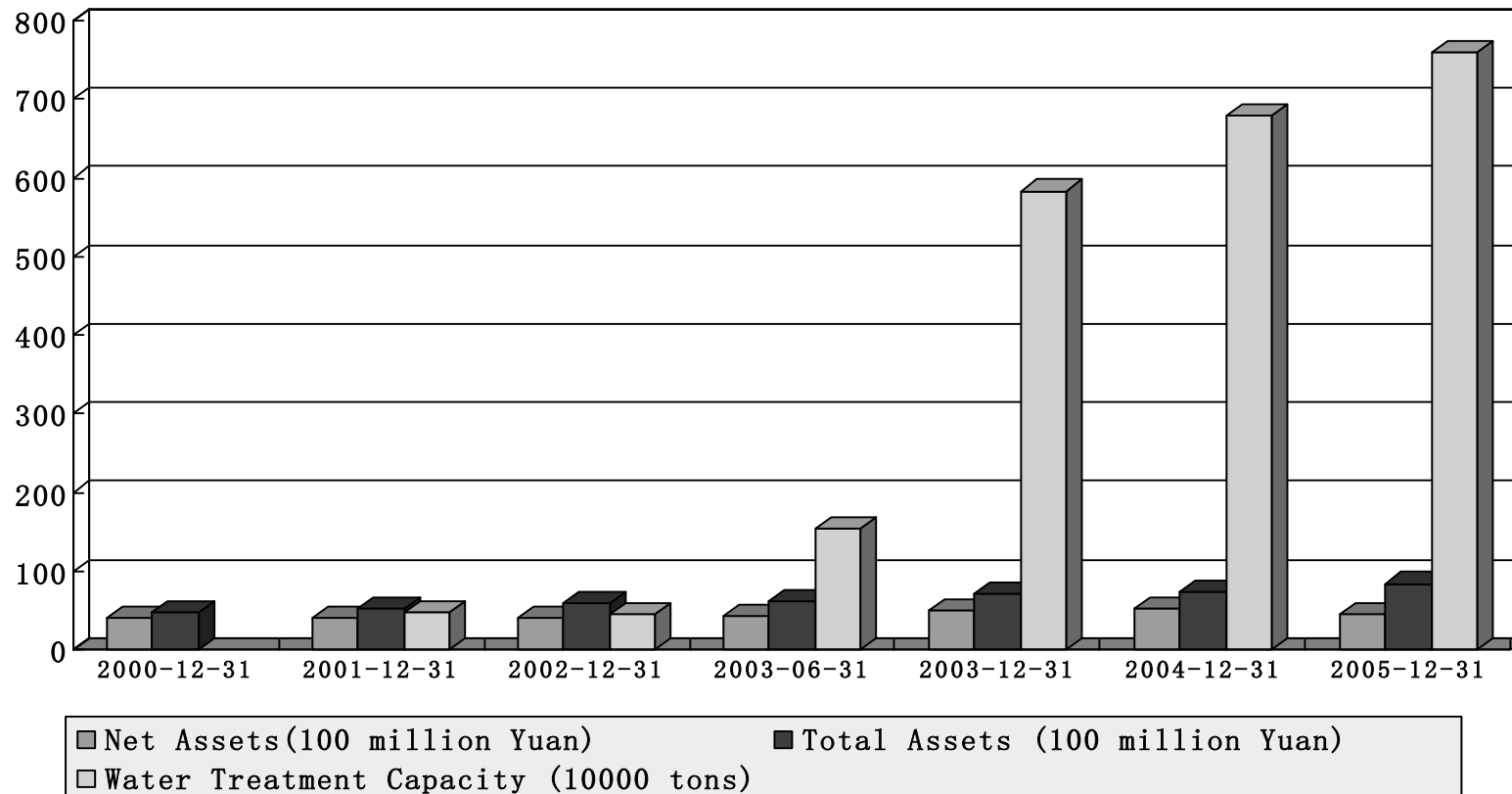


Beijing Capital CO., Ltd. treats 750 m ton water/day, serving over 13 m habitants in China by end of 2005





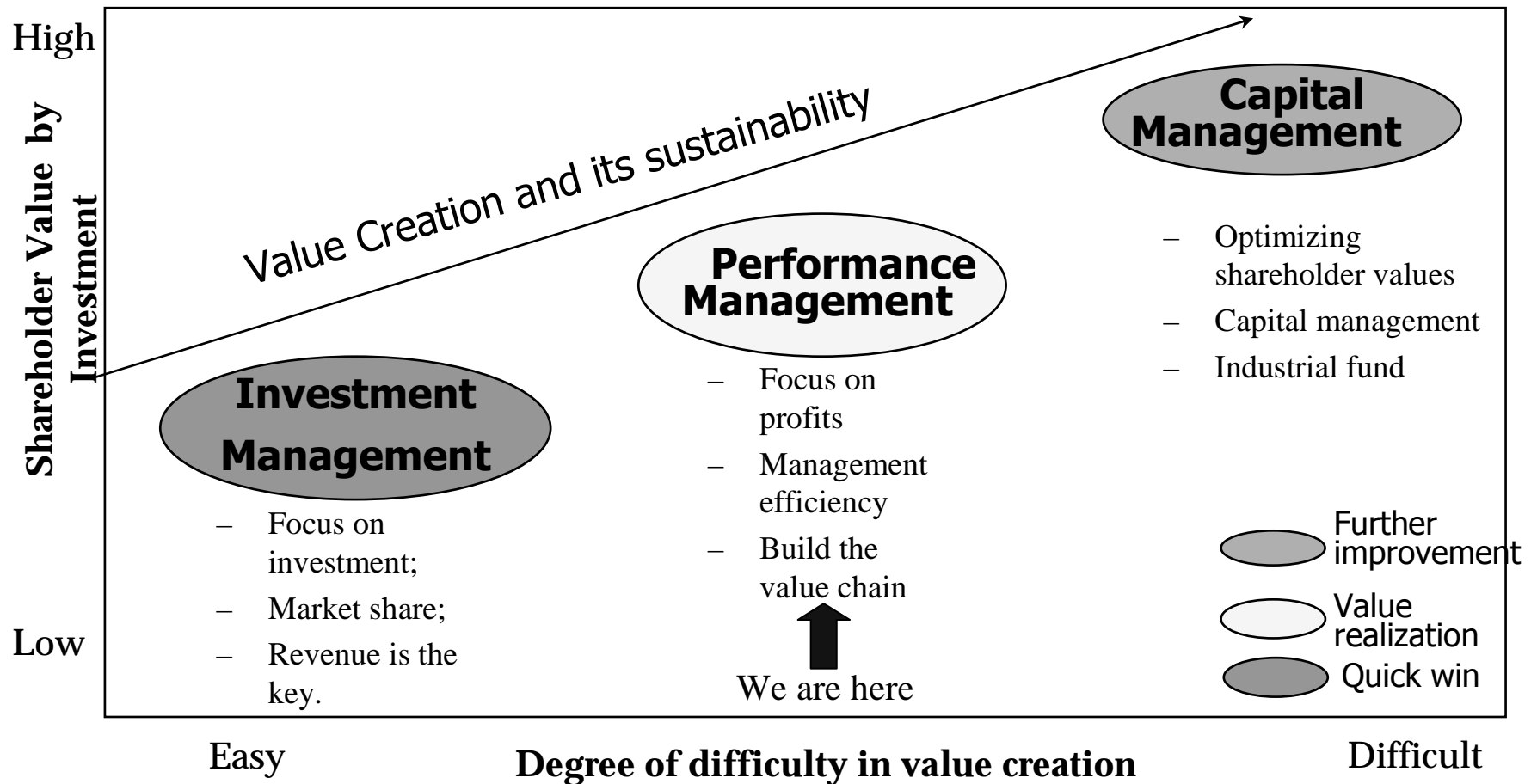
Beijing Capital Co., Ltd - Milestones



Establishment **Go public** **Strategic adjustment** **Market exploration** **Core competency** **Fast expansion** **Stable growth** **All-round development**



Our development strategy—enhance the value phase by phase





Striving for customer satisfaction with better service quality

Emphasizing on customer service

- Setting up customer service centers in 7 subsidiaries: Maanshan, Xuzhou, Huainan, Qinhuangdao Tongling, Baoji, Weinan, and etc.; open water service hotlines, offering 24-hour service to build the brand of Capital Water Service.
- The rank of Capital Water (Maanshan) Co., Ltd. in overall service quality index moved up 17 places among all water companies of the Anhui Province in 2005;
- Qinhuangdao Capital Water Co.Ltd. built the concept of “Quality Supply, Cordial Service”, and its service hotline was awarded service pacemaker.

Improving the quality of drinking water:

- Introduced foreign technologies to improve water quality to reduce production cost with Black & Veatch in USA and local design institutes in Yutao and Tongli.
- Turned chemical feeding equipment from chlorine disinfection to chlorine dioxide disinfection to strengthen the water safety supply in Xuzhou
- Jointly investigated on the odor of the water source to optimize the water quality with the Research Center for Eco-Environmental Sciences, Chinese Academy of Sciences, in Qingdao.

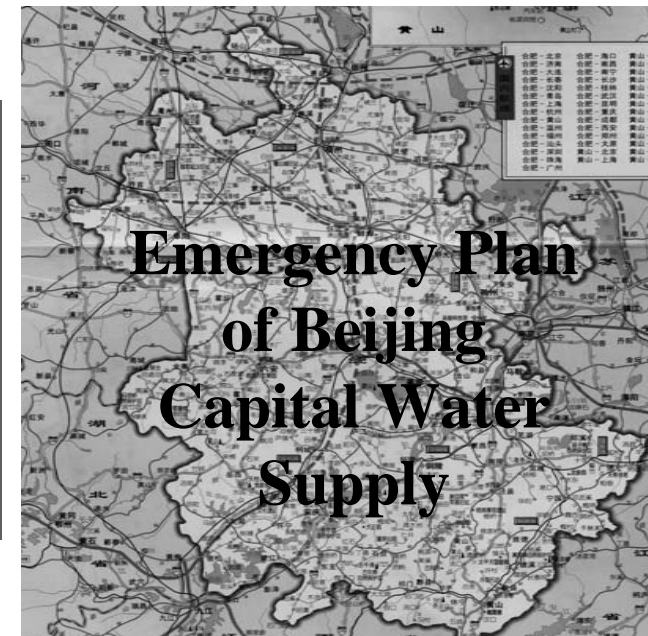




Meeting urban water demand while assuring its safety supply

- Beijing Capital invested over RMB 600 million in building new water factories and water supply pipes:
 - ✓ RMB120 million in Maanshan and built No. 4 Water Factory to ensure water demand of the city;
 - ✓ RMB160 million in Xuzhou and built Zhangji Water Factory, supplying 100,000 tons of water daily;
 - ✓ RMB over 200 million in Yuyao for expansion, new water factory and water network construction;
 - ✓ Investment in Huainan to ensure 24-hour continuous water supply in Donshan District;
 - ✓ RMB 7 million in Tongling for the water supply project of Datong Town; constructing water supply projects of Xinqiao Mine and Vehicle Factory District.

- All subsidiaries of Beijing Capital Co., Ltd have emergency action plans for water supply.
- Beijing Capital Co., Ltd. hosted the Seminar of Water Supply Emergency in Anhui Province and jointed 17 urban water companies, signing a *Proposal of Emergency Action on Water Supply for Cities in Anhui Province*





Enhancing our technologies and improving operating efficiency

Setting up a benchmark system:

➤ Being a model company of the Ministry of Construction, PRC, Beijing Capital CO., Ltd has cooperated with Tsinghua University on the study of “Key Performance Indices for Urban Water Supply”. We will benefit the operating efficiency and the reduction of management cost, further, the practice will be implemented in the water industry in the whole China to improve the performance and management.

Reforming the Network Modeling :

- Invested RMB 3 million and cooperated with Harbin Institute of technology and Qingdao Technology University on the water supply and its network, data system, GIS platform; set up overall management on water drainage system; optimized the network function and emergency action;
- Invested RMB 1 million in Huainan water supply network and made an overall leakage test, which improved the guarantee of water supply.



Experience and consideration – mutual goal and long-term cooperation

We share a mutual goal with our partners. We believe that a long-term collaboration can be achieved only by agreed principles with partners. Therefore, the core of cooperation is human being.

We consider the future development when we set up any joint ventures or projects, there for, we balance the importance of revenues for both a long-term and a short-term.





Experience and consideration - Win-win strategy

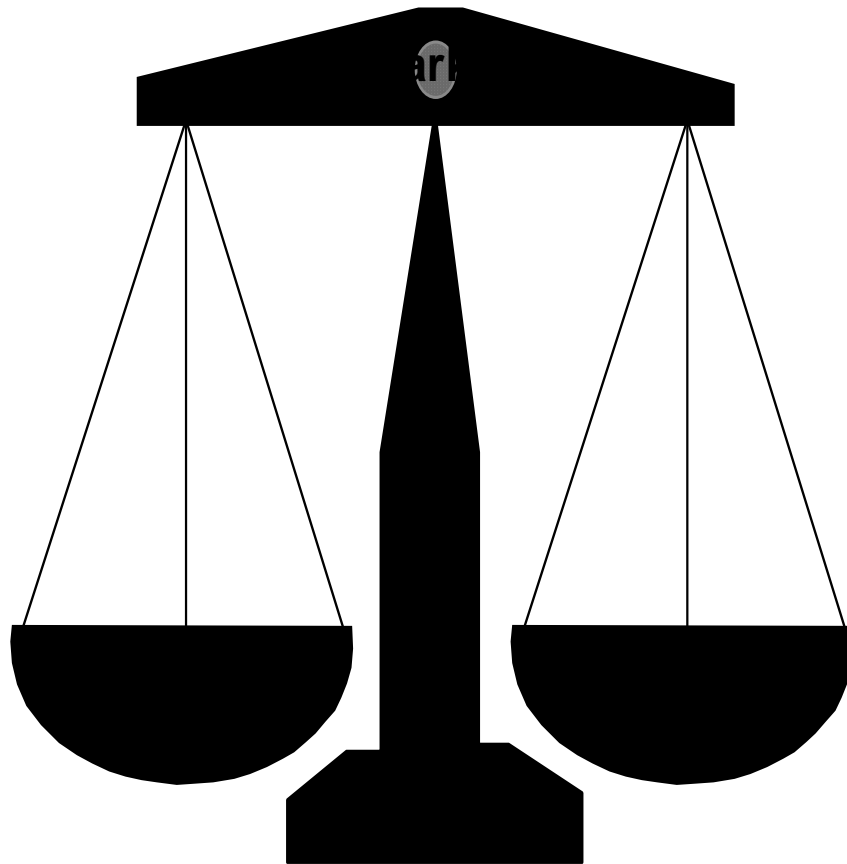


Our cooperation with local water companies has been based on mutual benefits, win-win strategy and healthy development. We pay attention to the following values:

- **Government satisfaction**: We have worked on preserving and increasing state-owned assets, meeting the water demand of economic development, improving the quality of life and environment, introducing the market mechanism to the local operation and management, as well as contributing corporate taxes;
- **Customer Satisfaction**: We have worked on providing the best service, best quality, most reasonable price and most effective supervision;
- **Enterprise (employees and shareholder) satisfaction**: We focus on sustainable development; offering reasonable repayment to our shareholders; we provide opportunities for employee to grow and to have better social benefits; we constantly improve our system and innovate our mechanism.



Experience and consideration — competition and future



- An investment is for certain returns. A successful water investment is fundamentally reflect society benefits and return;
- The marketization of water industry is certain. A successful enterprise reform shall reflect in sustainable increment of its assets ;
- Effective supervision from government and the public is a necessity. The maximum short-term and long-term benefits of the public symbolizes a successful industry supervision;
- Without economic benefits, social benefit will not be sustainable; The future of the Chinese water industry relies on market supervision.

**Thank you for your attention
and suggestions to
Beijing Capital Co., Ltd.**

