

## PRESS RELEASE

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### SUEZ ENVIRONNEMENT

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## SUEZ Environnement signs a new 25-year public-private partnership agreement for water services with Qingdao, China

Gerard Mestrallet, Chairman and Chief Executive Officer of SUEZ, in the presence of Jacques Chirac, President of the French Republic and Mr. Hu Jintao, President of the People's Republic of China, has signed a new private-public partnership for water services with Qingdao. The partnership, involving two contracts, calls on the skills of Degrémont to construct a new water treatment plant, and on those of the Qingdao Sino French Water Co, the Group's local water concern in the city, as operators of the plant for the next 25 years.

The joint venture between the city of Qingdao and the Sino-French Water Development Co., was set up in 2002 when it won the city's first water contract<sup>1</sup>. Today, the Qingdao Sino-French Water Co., operates the two main water treatment plants in Qingdao, with a total capacity of 440 000 m<sup>3</sup>/d. This represents 90% of the installed production capacity in Qingdao and meets the water requirements of most of the urban population of Qingdao, or some 2.3 million inhabitants.

For SUEZ, the extension of the initial partnership reflects the quality of the ties between Suez and Qingdao City Hall. With this contract, the municipal authorities have undertaken to purchase the water produced by the plant under guaranteed conditions in terms of prices and minimum volumes. This third plant for the company, with a capacity of 180,000 m<sup>3</sup>/d, representing a total sales turnover of more than 80 million Euros, is scheduled for entry into service at the beginning of 2006. The one-third increase in output enabled by the plant provides the city with a high degree of flexibility to face future economic and demographic growth.

Qingdao is one of the main cities on the Chinese coast, located in the province of Shandong. Its highly dynamic economy is driven by tourism, port activity (Qingdao is the third largest port in China for container business), and new technologies. Qingdao is also the location for the TSINGTAO breweries, whose beers are exported around the world. It has some 7 million inhabitants, 2.3 million of whom live in the city center. Qingdao will play host to the water-sports events in the 2008 Olympic Games.

*SUEZ ENVIRONNEMENT, a division of SUEZ, provides equipment and services that protect the environment and deliver the essentials of life. Its activities include drinking water production and distribution, wastewater collection and treatment, and waste treatment and recovery. Through its three international brands, Ondeo (water distribution), Degrémont (water treatment plants) and SITA (solid waste management), SUEZ ENVIRONNEMENT employs over 82,900 people worldwide and in 2003, generated a turnover of 12.3 billion Euros.*

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<sup>1</sup>See our press release dated May 22, 2002: 2 water treatment plants, 25 years, Euro 430 million in estimated total sales turnover