

PRESS RELEASE

KOREAN STAMP OF CONFIDENCE IN POIC LAHAD DATU

Multi-nationals among investors in biomass power plant

KOTA KINABALU, Thurs. (Sept 2, 2010) - The participation of a consortium of major Korean companies in a RM280 million biomass power plant in Lahad Datu is being seen as a stamp of confidence in the state-run Lahad Datu palm oil industrial cluster (POIC Lahad Datu) project.

“We consider this a stamp of approval by a group of companies with business interests and contracts all over the world,” said Dr Pang Teck Wai, the chief executive officer of POIC Sabah Sdn Bhd, the state-owned company developing POIC Lahad Datu.

The power plant is designed to use biomass to produce 23 megawatts (mw) of electricity and steam, and is the biggest of its kind in Malaysia.

The project was initiated by Korea-based Eco Frontier. At a groundbreaking ceremony in Lahad Datu yesterday, it was revealed that major Korean government-owned companies are among its investors. They include Korea Midland Power Co Ltd (Komipo) and Korea Development Bank (KDB). Industry giant, STX Heavy Industries Ltd, is shareholder and contractor of the project, which is scheduled for commissioning in late 2012.

“This is the first waste-to-energy CDM (Clean Development Mechanism projects entitled for carbon credits) by a Korean-led consortium outside of Korea,” Dr Pang said at the ground-breaking. “We are honoured to host a project of such significance.”

Komipo’s president and CEO Mr Nam In-Suk and STX CEO Mr Hyuk Jong Yeoh were among those witnessing the groundbreaking.

Mr Nam led a delegation in a lunch meeting with Dr Pang and senior POIC Sabah officials in Kota Kinabalu today. They also paid a courtesy call on Industrial Development Minister Datuk Raymond Tan Shu Kiah.

Datuk Raymond described the presence of Mr Nam and Mr Hyuk at the groundbreaking ceremony as a sign of how highly the project at POIC Lahad Datu is being viewed.

Komipo is one of the five non-nuclear power companies under the Korea Electric Power Co Ltd, a giant utility company listed on the New York Stock Exchange.

Komipo's power generation capacity is about 10,000mw, about half of Malaysia's total capacity.

KDB was formed in 1954. As Korea's representative development financing bank, it is a leader in the Asia-Pacific project finance market and leader of Korea's domestic capital market. It has fostered the growth and heightened the competitiveness of strategic industries by meeting their changing financial needs

Even in a country known worldwide as a home to many global heavy industry giants, STX Heavy Industries Ltd stands out as a widely diversified group with interests extending to banking. It made headlines earlier this year when it concluded a US3 billion (about RM10 billion) turnkey contract to build a 500mw gas-fired power plant and a steel mill in the Basra region of Iraq.

The power plant at POIC Lahad Datu is licensed under the Small Renewable Energy Programme (SREP) which usually approves licences for independent power producers for plants with capacities up to 10mw.

A company called Eco Biomass Energy Sdn Bhd (EBE) is officially the owner of the project. The electricity generated is will ensure supply security not only to factories within POIC Lahad Datu, but also to the East Coast Grid to which EBE is expected to sell its excess electricity, said Dr Pang.

He said EBE has an office in Kota Kinabalu staffed by 12, seven of them Koreans most of whom have moved here with their families. STX has begun mobilizing its staff and machinery to commence work on site in Lahad Datu.

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Issued by POIC Sabah Sdn Bhd

02 Sept 2010

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