



October 27, 2000

Electric Power Development Co., Ltd.

Conclusion of an Agreement for an Owner's Engineer Activity of the Perai Gas Combined Cycle Power Generation Project in Malaysia

Electric Power Development Co., Ltd. ("EPDC") entered into an Agreement with SKS Ventures Sdn Bhd., an Independent Power Producer (IPP) in Malaysia, for an Owner's Engineering (OE) activity pertaining to a gas combined cycle power generation project with an output of 350 megawatts.

Outlines of the Perai Gas Combined Cycle Power Generation Project

The project features the construction of a single-shaft power generator with a power output of 350 MW in a site adjacent to the existing heavy oil-based Perai Thermal Power Station (120 MW x 3 units), maintained by the Malaysian Electric Power Agency (Tenaga Nasional Bhd - TNB). The power unit shall be a replacement for an outdated facility currently located on the site incorporating state-of-the-art gas combined cycle technology, scheduling for commercial-based operation on March 1, 2003.

The power generated by the unit shall be sold entirely to TNB on a Power Purchase Agreement (PPA) basis, and the natural gas necessary to power the combined cycle gas generator is to be provided via a gas pipeline in accordance with a Fuel Supply Agreement (FSA) with the state-owned oil company Petronas.

<Outline of the Project>

- Method of generation: Gas combined cycle
- Output: 350 megawatts
- Operation startup: March 1, 2003 -- scheduled
- Location: Perai district, Penang (Perai Industrial Zone situated on the opposite bank from Penang Island)

Prehistory

A request for proposal was issued from SKS Ventures Sdn. Bhd., the implementing body of this Project in January 2000 in consideration of the expertise maintained by EPDC in various thermal power generation projects implemented within Malaysia. EPDC complied to this request by submitting a proposal in February, coordinating the terms of the activity

with SKS Ventures which eventually led to the recent conclusion of the Agreement.

Outline of the activities to be implemented by EPDC As the Owner's Engineer of SKS Ventures for the Project, EPDC shall administer the basic planning, design, construction management, and commissioning of the IPP Project, as well as undertaking various support activities pertaining to the IPP development project of the Owner.

The contract for the activity to continue to the end of February 2004 is to amount to 430 million yen.

Significance of implementing the Project The Project is positioned as a support effort to foreign IPP utilities. It is also expected to contribute to the expanding of business activities of EPDC in preparation of the scheduled privatization of the Company, as it involves full-scale gas turbine power generation technology which did not have much opportunity to play an active role domestically.

*** Owner's Engineering Activity**

This activity is performed as if the contractor were employed as an electric engineer with the client company (Owner) when the company newly entering the IPP business from alternate fields does not have such an engineer.

[Reference]

[Details pertaining to Malaysia]

National capital: Kuala Lumpur

Population: Approx. 20 million

Area: 330 thousand sq. kilometers

Overall power output: Approx. 11 million kilowatts

[Project background]

The Malaysian Electric Power Agency (Tenaga Nasional Bhd - TNB) is promoting the privatization of the electricity segment including the introduction of IPP projects and Sales of portions of existing thermal power stations. This project is considered to be a part of this recent drive for privatization.

[Outline of the implementing body of the Project]

(1) Name of organization: SKS Ventures Sdn. Bhd.

(2) Corporate outline: A company established within the SKS group -- a Malaysia-based multi-industrial concern covering food, catering, real estates, and civil engineering/construction business among others -- for entrance into the IPP business.

End of announcement