

Press Release

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Banpu to invest in power industry in Republic of Vietnam

Banpu Public Company Limited - Banpu spends Baht 87 million on a power plant in Vietnam. A return on equity (ROE) of 20 percent is expected. Since Vietnam has good prospects with high economics growth and high growth in power demand, this would be the company's another step of investment in the power industry in the region.

President Chanin Vongkusolkrit declared that the Board of Directors of the company has passed the resolution to purchase investment 55 percent in Amata Power (Bien Hoa) Limited (APBH). APBH was granted a license from the Ministry of Planning and Investment of Vietnam to develop a power plant with a capacity up to 120 MW at Bien Hoa City within 30 years from the year 1996. APBH has secured long-term power purchase contracts with the Electricity of Vietnam and several light industrial customers for its total production capacity. The plant is located in Long Bihn Industrial Park, Bien Hoa City, Republic of Vietnam.

Mr. Chanin announced the objective of this investment that "The company expects to have a high return in this country in a long-term. Vietnam has a positive long-term prospect in its economy. The future of power industry looks promising since demand for electricity has steadily increased at more than 10 percent for several years."

Presently, the population of Vietnam is approximately 77 million people. Vietnam has more than 4 percent in economic growth each year. The continuously increasing of export has made a greater demand in electricity. The average growth of power demand between year 1996-1999 is around 14 percent per year. The Electricity of Vietnam forecasts that the power demand of the country will still be increasing at least 10 percent each year. Throughout the year 2000, it is forecasted that, 30,000 GWh of electricity will be consumed. Currently, in Vietnam, there is a shortage of power supply. Especially in the year 1999, the rate of power sales is 200 GWh higher than the rate of power produced.

The Company President said that the project is divided into 2 phases of development. Phase I with capacity of 20 MW consists of three 6.4 MW (3 X 6.4) units. The first 6.4 MW started commercial operation in August 1999. The other two 6.4 MW units are expected to complete the construction within the

year 2001. The phase II of a 100 MW plant will be developing in the future.

Through its subsidiary, Banpu Power Vietnam I Pte Ltd. (BVP-I), the Company will purchase investment 55 percent of the registered capital in Amata Power (Bien Hoa) Limited. This will provide the Company lead management position including the operation, marketing, business development, etc. The Company will purchase this investment from Electrowatt Engineering AG 30% of the registered capital, which will cost USD 1.23 million, and from Amata Power (Thailand) 25% of the registered capital which will cost USD 1.06 million. This will totally costs approximately USD 2.29 million or Baht 87 million. The purchase of investment will be financed with the part of proceeds from debentures issued on November 1999. The Company expects a rate of return to equity (ROE) above 20 percent throughout the investment period.

Mr. Chanin added, "the purchase of investment in Vietnam is in line with a company's policy to expand its power business into other countries in this region. And since Vietnam has a high growth of power consumed, it is a high possibility for the company to continuously develop its project in power industry."

APBH is the forth project in power industry that Banpu Plc has invested. Currently, the company has 32.07 percent stake in The Cogeneration Plc, a producer in the SPP scheme, which has a total capacity of 815 MW. The Cogeneration Plc supplies the power to Mab Ta Phut Industrial Estate. The company also has 37.5% stake in Tri-energy Co., Ltd., a company won the IPP scheme, which is constructing a 700 MW plant. It is expected to start its commercial operation with EGAT within June 2000. In addition, the Company has 50 percent stake in BLCP Power Ltd., another company in IPP scheme, which is going to develop power plant with a capacity of 1,400 MW and will start the operation in October 2006.