

**MEDIA STATEMENT**

Kuala Lumpur, 8 August 2008

**Khazanah, BCSGEE form JV to invest in waste-to-energy projects in China**

Khazanah Nasional Berhad (“Khazanah”) is pleased to announce the formation of a joint venture (“JV”) with Beijing China Sciences General Energy & Environment Co. Ltd. (“BCSGEE”) to develop municipal waste-to-energy (“WTE”) projects in the People’s Republic of China (“China”). The JV was established via Khazanah’s wholly-owned subsidiary, Tanjung Rhu Investments Ltd. (“Tanjung Rhu”), which will have majority shareholding. Under the JV, Khazanah is committed to invest up to USD150 million in at least eight WTE projects over the next three years.

Commenting on the investment, Khazanah’s Managing Director, Tan Sri Dato’ Azman Mokhtar said that the JV is a landmark transaction for Khazanah’s investments in China and in the sustainable development and renewable energy sector. “We are excited as this investment is another milestone in Khazanah’s China coverage after opening our Beijing Representative Office in May this year. This transaction allows us to re-invest part of the profits we’ve realized from our investments in China,” he said, referring to Khazanah’s success in raising USD647 million in March this year through an issuance of exchangeable Sukuk and a placement of shares of Parkson Retail Group Ltd., monetizing its first China investment at 920% of cost.

According to Tan Sri Dato’ Azman, the JV is also Khazanah’s first investment in the sustainable development sector, a growth sector not just in China but worldwide, which Khazanah has identified as a strategic sector to invest in, regionally. The global sustainable development sector, in particular alternative energy, is booming with sector investment growth of approximately 40% year-on-year.

“For a major developing nation like China, the need to meet its thirst for energy while minimizing environment pollution is of paramount importance and a fine balance. Hence, it is very timely that the Chinese government offers preferential electricity tariff and tax breaks for WTE projects, as they allow energy recovery while reducing environmental pollution caused by municipal waste,” said Tan Sri Dato’ Azman.

China has announced it is aiming to invest a total of CNY2 trillion (USD293 billion) by 2020 to achieve the country's Middle and Long-term Development Plan for Renewable Energy which includes objectives of increasing the proportion of renewable energy in the total energy consumption and promoting the commercial development of renewable energy technology such as hydro, biomass (including municipal waste), wind and solar. By 2020, renewable energy is targeted to account for 15% of China's total primary energy consumption from 8% today, while power generation from municipal waste sources is targeted to increase to 3,000 MW from approximately 200 MW currently, an increase of 15 times.

Tan Sri Dato’ Azman added: “The market is still nascent and there is tremendous growth opportunity; currently there are approximately only seventy municipal WTE plants while we estimate that China, with a current urban population of 600 million people coupled with rising income and urbanization rate, has room for at least 200 plants in the next few years. We are targeting to invest up to USD150 million in

eight to 10 projects over the next three years. We are in the process of completing the acquisition of a project with 800 tonnes per day installed capacity and are already working on three or four others in the pipeline.”

BCSGEE’s General Manager, Mr Jin Jian, is also pleased with the formation of the JV. “We are very proud to be Khazanah's partner. By combining and complementing our respective strengths in the areas of technology and investments, we will further enhance the utilization and the development of our proprietary technology,” he said, adding: “In the process, we will also help many cities in China solve their long-standing problems of managing municipal waste safely and hence catalyzing the development of the domestic environmental protection industry. We are therefore very confident of a successful partnership going forward.”

Tan Sri Dato’ Azman said: “We are proud to have BCSGEE as our technology partner to jointly develop the municipal WTE industry and to promote their innovative and proprietary technology in China and the region.”

The investment is part of the effort under Khazanah’s mandate to invest strategically in both domestic and regional markets. Domestic and foreign investments currently account for 85% and 15% of Khazanah’s total investments portfolio, respectively.

**End**

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## **About Khazanah Nasional Berhad**

Khazanah is the investment holding arm of the Government of Malaysia entrusted to hold and manage the commercial assets of the Government and to undertake strategic investments. Khazanah was incorporated under the Companies Act 1965 on 3 September 1993 as a public limited company. Khazanah has an eight member board comprising representatives from the public and private sectors. YAB Dato’ Seri Abdullah Haji Ahmad Badawi, the Right Honorable Prime Minister of Malaysia is the Chairman of the Board.

Khazanah has stakes in more than 50 companies with assets valued at approximately USD25 billion. Khazanah is also the state agency responsible for strategic cross-border investments. These companies are involved in various sectors such as power, telecommunications, banking, automotive, airport management, infrastructure, property development, broadcasting, semiconductor, steel production, electronics, investment holding, research technology and venture capital.

## **About Beijing China Sciences General Energy & Environment Co. Ltd.**

BCSGEE is a high-technology enterprise established in Beijing in 1987 and a leading player in the China environmental protection and municipal WTE industry. It was established with the objective to, and has

successfully improved on and commercialized the proprietary WTE technology developed by the Chinese Academy of Sciences. BCSGEE is the owner of more than 20 WTE-related patents and has continuous research and development efforts in its area of expertise.

BCSGEE is also a qualified and approved environmental engineering company with proven capabilities in designing and operating environmental pollution treatment facilities. BCSGEE is the technology supplier to eight municipal WTE projects in China, five of which are currently in operation and three are under construction.