

June 2007

INVESTOR RELATIONS

## **Received Letter of Intent of USD 185 Million for Overseas Plant Project – Thailand HMC Polypropylene –**



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# Project Overview

HMC PP Line-3 project is construction of polypropylene plant, producing 300,000 T/Y, in Thailand Rayong until 2009 October. Total amount of the project is USD 185 million, and GS E&C takes whole EPC process. It is the 8<sup>th</sup> plant project in Thailand.

Project Overview	
Project	Thailand HMC PP Line-3 Project
Client	HMC Polymers Co. Ltd. -PTT 40%, Basell 30%, Bangkok Bank&Others 30%
Location	Map Ta Phut, Rayong, Thailand
Project Description	Capacity; Polypropylene 300,000 T/Y
Contract Type	EPC Lump Sum Turn Key
Work Scope	Engineering, Procurement, Construction Including Process Area, Utility/Offsite Area
Construction Period	2007. 07 ~ 2009. 10 (Total 28 Months)
Financial Resource	Project Financing
Contract Amount	USD 185mil
Payment Condition	5% Advance Payment Progress Payment





# Risk Analysis & Experiences

**GS E&C will hedge prospecting risks in advance, and it will successfully perform HMC PP Line-3 project in Thailand through the experiences and know-how from Oman polypropylene project performance in the past.**

Project Risk Analysis	
<b>Performance</b>	<ul style="list-style-type: none"> <li>GS E&amp;C successfully completed polypropylene project in Oman at the end of last year, and performing Aromatics Plant in Thailand currently. Hence, GS E&amp;C can perform HMC 3 PP Line-3 project efficiently using accumulated know-how from past projects.</li> </ul>
<b>Payment</b>	<ul style="list-style-type: none"> <li>Since the client is the subsidiary of state-run company, there is low risk of being unable to pay.</li> <li>Ensured at KEIC (Korea Export Insurance Corp.) against payment risk.</li> </ul>
<b>Material Cost/ Foreign Exchange Risk</b>	<ul style="list-style-type: none"> <li>Project contract amount already includes the impact of material cost increase.</li> <li>Foreign exchange risk will be hedged by Foreign Exchange Risk Insurance and currency futures.</li> </ul>
<b>Etc.</b>	<ul style="list-style-type: none"> <li>Set contingency in project budget in order to cover unrevealed risks.</li> </ul>

Polypropylene Project			
Project	Capacity	Period	Contract
POLYPROPYLENE OMAN	340,000	'04 ~ '06	LSTK
PT.TRI POLYTA, INDONESIA	80,000	'94 ~ '95	LSTK
EPSILON Products, USA	120,000	'89 ~ '91	LSTK (J/V W/ RUST)
LG-CALTEX OIL Corp. KOREA	165,000	'86 ~ '87	LSTK
Thailand Project			
Project	Location	Period	Contract
AROMATICS NO. 2	RAYONG	'05 ~ '08	LSTK
150,000 BPSD REFINERY PROJECT	RAYONG	'96 ~ '00	LSTK
VCM	RAYONG	'96 ~ '98	LSTK
ETHYL BENZENE STYRENE MONOMER	RAYONG	'95 ~ '97	LSTK
LUBE BASE OIL PLANT	RAYONG	'94 ~ '97	LSTK
SPLITTER PHASE II	RAYONG	'94 ~ '95	LSTK
SPLITTER PHASE I & III	RAYONG	'92 ~ '96	LSTK





## Prospect & Meaning

- **HMC PP Line-3 Project** project is a new polypropylene plant award after successful completion of Oman project at the end of last year. GS E&C proved its high competitiveness in polypropylene sector. GS E&C is also secured diversified technological cooperation through partnership with Basell company which is the most technologically advanced company in polymer field.
- GS E&C is currently performing Aromatics plant in Thailand, and this polypropylene business award will confirm GS E&C's stable business environment in Thailand. It is expected to increase petrochemical investment going forward.
- Furthermore, GS E&C continuously expands its business area to Southeast Asia and Africa. Therefore, we expect to surpass the target USD 2 billion and achieve over USD 3 billion at the end of this year. GS E&C will achieve this year's new order target KRW 10 trillion for whole company, and based on the growth, we will finally accomplish Vision 2010.



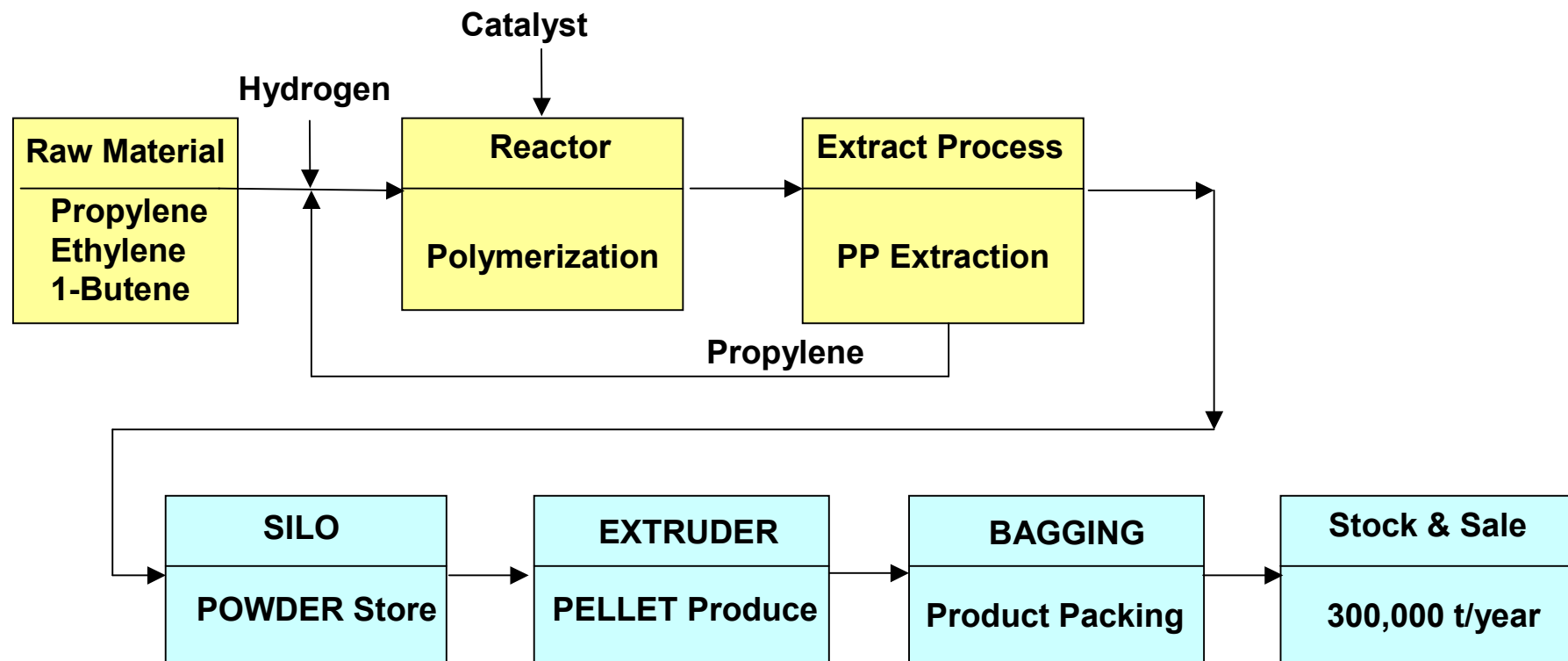
<Completed Oman PP facility in 2006>



## Process Diagram

### Polypropylene Production Process

Polypropylene is made in pellet shape from propylene and ethylene



\*Products: Synthetic Fiber, Toy, Tape, Pipe , Miscellaneous Goods, Etc.



# Overseas Plant Project

(Unit : KRW)

	Description	Project	Client	Project Type	Contract Amount	Project Period
<b>New Order In 2007</b>	Oman	Salalah Methanol	SMC	Methanol	678bn	2007 – 2010
<b>Progressing Projects</b>	Oman	Aromatics	AOL	Aromatics	1,110bn	2006 – 2009
	Qatar	Laffan Refinery	QP 80%+ExxonMobil 10%+TotalFinaElf 10% J/V	LAB	387bn	2005 – 2008
	Egypt	LAB	E-LAB	LAB	211bn	2005 – 2008
	Thailand	ATC Aromatics	The Aromatics (Thailand) Public Co. Ltd	Aromatics	159bn	2005 – 2008
	Turkey	Tupras Kirikkale	TUPRAS	DHP	103bn	2005 – 2007
	Iran	SP 9&10	NIOC	Gas	663bn	2003 – 2008
	Turkey	Tupras Izmit	TUPRAS	Desulfuration Facility	82bn	2003 – 2007
	Turkey	Tupras Izmir	TUPRAS	DHP	78bn	2002 – 2007