



**Guideline for the Sale of Shares
in Ansan Urban Development Inc.**

April 29, 2009

**Korea District Heating Corp.
Deloitte Anjin LLC**

Transaction Guideline for the Sale of Shares in Ansan Urban Development Inc.

Korea District Heating Corporation (the “**Seller**” or “**KDHC**”), the majority shareholder of Ansan Urban Development Inc. (the “**Company**”), wishes to sell its 51% equity stake (the “**Shares**”, such sale of the Shares, the “**Transaction**”) of the Company to the potential investor (the “**Bidder**”), and Deloitte Anjin LLC (the “**Financial Advisor**”) has been selected as the Financial Advisor for the Transaction.

This transaction guideline and attachments are provided to help the potential investors understand the overall procedures of the Transaction. The Financial Advisor, on behalf of the Seller, sets forth herein the procedures involved in the Transaction for the Bidder interested in acquiring the Shares.

1. Shares and Transaction Structure

The Shares to be sold are 255,000 shares held by the Seller (51% equity stake of total 500,000 common shares in non-bearer form issued by the Company). Through a public competitive bidding process (the “**Bidding Process**”), the Seller will sell the Shares to 1 Bidder or a consortium.

2. Procedure for the Transaction

The Bidder shall perform the following procedures to participate in the Transaction.

- 1) Submission of Letter of Intent (Attachment 2)
- 2) Submission of Introduction of the Bidder (Attachment 3)
- 3) Submission of Confidentiality Agreement (Attachment 4)

As for the Letter of Intent, the Bidder shall refer to the Letter of Intent Preparation Guideline (Attachment 1) and prepare the Letter of Intent based on the form provided in Attachment 2. The Bidder shall submit the materials (the “**Bid Materials**”) as set forth below. The Financial Advisor will, upon consultation with the Seller, distribute “Teaser Memorandum” individually at the request of a limited number of Bidders in consideration of the provisions under the Financial Investment Services and Capital Markets Act on solicitation of subscription, for use as reference in the decision making by the Bidders.

- 1) Submission Period: From 10:00 on Monday, May 11, 2009 to 17:00 on Tuesday, May 19, 2009 (based on the time of arrival, Seoul time)
- 2) Submission Method : Personal Visit (Submission by mail, fax and e-mail are not be permitted)
- 3) Place of Submission: 5F, Korea District Heating Corp., 186 Bundang-dong, Bundang-gu, Seongnam-si, Gyeonggi-do, Korea (Tel: 82-31-780-4770/4771)
- 4) Personnel in Charge
Sang Ah Lee (Director), Joo Hwan Lee (Senior Consultant), Jae Hong Nam (Senior Consultant)
- 5) Submission Materials: Letter of Intent, Introduction of the Bidder, Confidentiality Agreement

The Financial Advisor shall provide information package (including Request of Non-binding Indicative Offer and Confidential Information Memorandum) only to the Bidder which, after its receipt of the Teaser

Memorandum, properly submits the Letter of Intent and Confidentiality Agreement with signatures on them and completes the payment of the following information package fee. The Bidder is responsible for any and all service fees and transfer fees related to the information package fee, and the information package fee paid by the Bidder is non-refundable under any circumstances. The Confidential Information Memorandum is prepared by the Financial Advisor based on public information of the Company and the information provided by the Seller. The Confidential Information Memorandum contains investment description, key investment highlights, industry overview, company overview, business overview, future projection and so forth.

Payment of Information Package Fee

- 1) Fee Amount : KRW 3,300,000 (VAT included)
- 2) Account Number : 140-002-709720
- 3) Bank and Beneficiary Name : Shinhan Bank / Yang, Seung Woo (Deloitte Anjin LLC)
- 4) Please clearly set forth the name of the Bidder paying information package fee

3. Schedule for the Transaction

The preliminary schedule for the Transaction is as set forth below. Please note, however, that the following schedule may be changed or cancelled at the sole discretion of the Seller and the Financial Advisor without any prior notice, and the Bidder shall not raise any objections thereto in any way or form. Detailed schedule and procedure after submission of the Bid Materials will be notified to each Bidder individually.

Procedure	Period/Deadline
1. Distribution of Invitation Letter	Wednesday, April 29, 2009
2. Acceptance of Letter of Intent and Confidentiality Agreement	From 10:00 on Monday, May 11, 2009 to 17:00 on Tuesday, May 19, 2009
3. Distribution of Request of Non-binding Indicative Offer and Confidential Information Memorandum	From 10:00 on Monday, May 11, 2009
4. Acceptance of Non-binding Indicative Offer	By 17:00 on Thursday, June 4, 2009
5. Selection of Short-listed Preferred Bidders	Middle of June, 2009
6. Preliminary Due Diligence	End of June, 2009
7. Distribution of Request of Binding Offer after Preliminary Due Diligence	Beginning of July, 2009
8. Acceptance of Binding Offer	Middle of July, 2009
9. Selection of Preferred Bidder and Alternate Preferred Bidder	End of July, 2009
10. Signing of Binding MOU and EMD Payment	Beginning of August, 2009
11. Confirmatory Due Diligence and Selection of Successful Bidder	August, 2009
12. Request period to approve the Transaction by the Company's Board of Director	September, 2009
13. Execution of SPA and Deal Closing	Before the end of October, 2009

Based on the non-binding indicative offers and the binding offers, the Financial Advisor will select and individually notify each selected short-listed preferred bidder and final preferred bidder, through deliberation with the Seller. The bidding price will be the most critical evaluation factor in the selection criteria for the short-

listed preferred bidders and the final preferred bidders, but the qualitative evaluation factors, such as future business plan, the existing employment management plan, etc. will also be important evaluation factors. The Seller solely reserves the right to select recipients of the Teaser Memorandum, short-listed preferred bidders and the preferred bidder, and the Bidder shall not raise any objections thereto in any way or form.

4. Confidentiality

During the process of the Transaction, the Bidder and the advisor appointed by the Bidder shall keep confidentiality of any information furnished in relation to the Transaction, and shall use the information only in connection with this Transaction. Therefore, the Bidder interested in the Transaction is required to sign and submit the Confidentiality Agreement (Attachment 4).

In the event that the Bidder is determined to have discussed and/or shared the information regarding the Transaction, transaction guideline and/or its attachments with any third party in any way or form, the Financial Advisor and the Seller will have the sole and absolute discretion to exclude the Bidder from the Transaction.

5. Language

Any and all documents in relation to the Transaction are prepared in the Korean language (the original), together with English translations of some of the information for the convenience of the Bidder. In the event of any discrepancies or conflicts in the interpretation of such Korean and English version of the documents, the Korean version shall prevail.

6. Other Considerations

The Bidder shall make sure that it fully understands and will comply with all of the terms and conditions set forth below.

- 1) The request of submission of the Letter of Intent under this guideline is not solicitation of subscription under the Financial Investment Services and Capital Markets Acts, and the solicitation of subscription is made in accordance with the Confidential Information Memorandum.
- 2) By providing the transaction guideline, the Company, the Seller and the Financial Advisor shall not be bound legally to proceed with any transaction for the Bidder, and shall not be held liable in any way for any obligations and limitations.
- 3) The Bidder shall be solely responsible for all liability and obligation associated with the confirmation of accuracy and completeness with respect to all of the documents, materials and information provided by the Company, Seller or the Financial Advisor to the Bidder. The Financial Advisor, the Seller and the Company shall not provide any representations or warranties in this regard.
- 4) The Financial Advisor and the Seller reserve the right to unilaterally amend, cancel the procedure, structure, schedule, etc. of the Transaction or suspend the Bidding Process at any time, without any prior notice thereof, and the Bidder shall not raise any objections thereto in any way or form. In addition, the Bidder shall be responsible for any and all costs and expenses incurred by the Bidder in connection with the Transaction.

- 5) The Bidder shall be responsible for any and all consent, approvals, licenses and/or authorizations required for the purchase of the Shares.
- 6) The Financial Advisor and the Seller may request further information and/or ask additional questions regarding any and all information or documents submitted by the Bidder. Without affirmative cooperation by the Bidder, the Bidder may be subject to disadvantages.
- 7) In principle, the Bid Materials including without limitation the Letter of Intent and the Confidentiality Agreement must contain the signature of the Bidder. Any and all offer including Letter of Intent submitted to the Financial Advisor and the Seller should be prepared by the Bidder in its own. If an authorized agent or advisor proposes an offer on behalf of the Bidder, it must have been granted the authority by the Bidder and provide relevant supporting materials for the grant of such authority, such as the relevant Power of Attorney (notification required) granted by the Bidder, to the Financial Advisor and the Seller.
- 8) The Bidder may participate in the Transaction by way of forming a consortium with other potential investors. All members of the consortium must observe the transaction guideline, and the Letter of Intent and the Confidentiality Agreement must contain the signatures of all consortium members. Moreover, with the signature of all members in consortium on the Letter of Intent and the Confidentiality Agreement, all members in consortium will have joint and several liability in relation to the Transaction.
- 9) The Financial Advisor does not return any Bid Materials under any circumstances. Bid Materials, once submitted, may not be cancelled, revoked, withdrawn, exchanged or amended without the approval of the Financial Advisor.
- 10) All request by the Bidder for additional materials or information relating to the Transaction shall be directed to the Financial Advisor only. Regarding any request for further materials or information by the Bidder in relation to the Transaction, the Financial Advisor and the Seller have the right to deny such request if the materials or information requested is determined to be unnecessary and/or inappropriate. Under no circumstances should the Bidder contact the Company or the Seller individually.
- 11) In the event of any controversy in the interpretation of the announcement of the Transaction, this guideline and its attachments, the interpretation of the Seller shall prevail.
- 12) By submitting Letter of Intent, the Bidder shall be considered to agree with the terms and conditions set out in the transaction guideline and attachments.

7. Contact Points

Should you have any questions on this Transaction, please do not hesitate to contact any of the Financial Advisor's representatives listed below.

Tel: 822-6676-2114 (Fax: 822-6674-9200)

Kim, Taek Joong (Partner), taekjkim@deloitte.com

Lee, Sang Ah (Director), sangalee@deloitte.com

Lee, Joo Hwan (Senior Consultant), joohlee@deloitte.com

Nam, Jae Hong (Senior Consultant), jaenam@deloitte.com

Deloitte Anjin LLC

14th Floor, Hanwha Securities Bldg., 23-5 Yoido-dong, Youngdeungpo-ku, Seoul

List of Attachments

(Attachment 1) Letter of Intent Preparation Guideline

(Attachment 2) Letter of Intent

(Attachment 3) Introduction of the Bidder

(Attachment 4) Confidentiality Agreement