

IMPORTANT NOTICE

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The distribution of the Offering Circular in certain jurisdictions may be restricted by law. Persons into whose possession the attached document comes are required by TNB Global Ventures Capital Berhad, Tenaga Nasional Berhad, BNP Paribas, CIMB Investment Bank Berhad, Citigroup Global Markets Limited, The Hongkong and Shanghai Banking Corporation Limited and HSBC Amanah Malaysia Berhad to inform themselves about, and to observe, any such restrictions.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SUKUK HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. SUBJECT TO CERTAIN EXCEPTIONS, THE SUKUK MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES.

THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

UNDER NO CIRCUMSTANCES SHALL THIS OFFERING CIRCULAR CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE SECURITIES IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL.

The Offering Circular and any offer of the securities described in the Offering Circular when made are only addressed to and directed at persons in member states of the European Economic Area who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC) ("Qualified Investors").

In addition, any securities described in the Offering Circular which do not constitute "alternative finance investment bonds" ("AFIBs") within the meaning of Article 77A of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2010 will represent interests in a collective investment scheme (as described in the Financial Services and Markets Act 2000 (the "FSMA")) which has not been authorised, recognised or otherwise approved by the United Kingdom Financial Conduct Authority. Accordingly, this document is not being distributed to, and must not be passed on to, the general public in the United Kingdom.

The distribution in the United Kingdom of this document, any pricing supplement and any other marketing materials relating to the securities is being addressed to, or directed at: (A) if the securities are AFIBs and the distribution is being effected by a person who is not an authorised person under the FSMA, only the following persons: (i) persons who are Investment Professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Financial Promotion Order"), (ii) persons falling within any of the categories of persons described in Article 49 (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Financial Promotion Order; and (B) if the securities are not AFIBs and the distribution is effected by a person who is an authorised person under the FSMA, only the following persons: (i) persons falling within one of the categories of Investment Professional as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the "Promotion of CISs Order"), (ii) persons falling within any of the categories of person described in Article 22 (high net worth companies, unincorporated associations, etc.) of the Promotion of CISs Order and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Promotion of CISs Order (all such persons together being referred to as "Relevant Persons").

This document must not be acted on or relied on (i) in the United Kingdom, by persons who are not Relevant Persons, and (ii) in any member state of the European Economic Area other than the United Kingdom, by persons who are not Qualified Investors. Any investment or investment activity to which this document relates is available only to (i) in the United Kingdom, Relevant Persons, and (ii) in any member state of the European Economic Area other than the United Kingdom, Qualified Investors, and will be engaged in only with such persons.

Confirmation of your Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must be outside the U.S. This Offering Circular is being sent at your request and by accepting the e-mail and accessing this Offering Circular, you shall be deemed to have represented to us that the electronic mail address that you gave to us and to which this e-mail has been delivered is not located in the U.S. and that you consent to delivery of such Offering Circular by electronic transmission.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular to any other person.

If you received this Offering Circular by email, you should not reply by email. Any reply email communications, including those you generate by using the "Reply" function on your email software, will be ignored or rejected. If you receive this Offering Circular by email, your use of this email is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of TNB Global Ventures Capital Berhad and Tenaga Nasional Berhad in such jurisdiction. This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of TNB Global Ventures Capital Berhad, Tenaga Nasional Berhad, BNP Paribas, CIMB Investment Bank Berhad, Citigroup Global Markets Limited, The Hongkong and Shanghai Banking Corporation Limited or HSBC Amanah Malaysia Berhad or any person who controls any of them or any director, officer, employee or agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from TNB Global Ventures Capital Berhad, Tenaga Nasional Berhad, BNP Paribas, CIMB Investment Bank Berhad, Citigroup Global Markets Limited, The Hongkong and Shanghai Banking Corporation Limited or HSBC Amanah Malaysia Berhad.



TNB GLOBAL VENTURES CAPITAL BERHAD

(Company Number: 1189462-U)

(incorporated with limited liability in Malaysia)

U.S.\$2,500,000,000 Multicurrency Sukuk Issuance Programme

Under its U.S.\$2,500,000,000 Multicurrency Sukuk Issuance Programme (the "Programme"), TNB Global Ventures Capital Berhad in its capacity as issuer (the "Issuer") and in its capacity as trustee (the "Trustee") as applicable, subject to compliance with all relevant laws, regulations and directives, may from time to time issue trust certificates (the "Sukuk") denominated in any currency (other than Malaysian Ringgit) agreed between the Issuer, Tenaga Nasional Berhad (the "Obligor" or "TNB") and the relevant Dealer (as defined below).

The Sukuk may only be issued in registered form. The maximum aggregate face amount of all Sukuk from time to time outstanding under the Programme will not exceed U.S.\$2,500,000,000 (or its equivalent in other currencies calculated as described under "Summary of the Programme"), subject to increase as described in the Dealer Agreement (as defined below).

Each Series (as defined herein) of Sukuk issued under the Programme will be constituted by an amended and restated master declaration of trust dated 12 October 2018 entered into between the Trustee, the Obligor and Citicorp International Limited as the Trustee's delegate (the "Delegate", which expression shall include all persons for the time being the delegate or delegates under the declaration of trust) (the "Master Declaration of Trust") as supplemented by a supplemental declaration of trust entered into on the date of issue of the relevant Sukuk (the "Issue Date") in respect of the relevant Series (the "Supplemental Declaration of Trust" and, together with the Master Declaration of Trust, the "Declaration of Trust"). The Trustee holds the Trust Assets (as defined in "Terms and Conditions of the Sukuk") for each Series upon trust absolutely for and on behalf of the Sukukholders of such Series pro rata according to the face amount of Sukuk held by each Sukukholder.

The Sukuk may be issued on a continuing basis to one or more of the Dealers specified under "Summary of the Programme" and any additional Dealer appointed under the Programme from time to time by the Trustee (each a "Dealer" and together the "Dealers"), which appointment may be for a specific issue or on an on-going basis. References in this Offering Circular to the "relevant Dealer" shall, in the case of an issue of Sukuk being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Sukuk.

The Sukuk will be limited recourse obligations of the Trustee. An investment in Sukuk issued under the Programme involves certain risks. For a discussion of these risks see "Investment Considerations". No payment of any amount whatsoever shall be made in respect of the Sukuk except to the extent that funds for that purpose are available from the relevant Trust Assets. Sukukholders will otherwise have no recourse to any assets of the Trustee or the Obligor in respect of any shortfall in the expected amounts due under the relevant Trust Assets to the extent that the Trust Assets have been exhausted, following which all obligations of the Trustee shall be extinguished.

Bursa Malaysia Securities Berhad ("Bursa Securities") has granted its approval-in-principle for the primary listing of the Programme under an exempt regime ("Bursa Securities (Exempt Regime)"). The Sukuk to be issued under the Programme will be listed on Bursa Securities (Exempt Regime) but will not be quoted for trading. Bursa Securities takes no responsibility for the contents of this Offering Circular, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Offering Circular. Admission to the Official List of Bursa Securities (Exempt Regime) shall not be taken to indicate that Bursa Securities recommends the subscription or purchase of the Sukuk or as an indication of the merits of any of the Trustee, the Obligor, the Programme or the Sukuk. Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, the investors should consult his or her adviser.

Approval in-principle has been granted by the Singapore Exchange Securities Trading Limited ("SGX-ST") for permission to deal in and for quotation of any Sukuk which will at the time of issue thereof be so listed on the SGX-ST. Such permission will be granted when such Sukuk have been admitted to the Official List of the SGX-ST. There is no assurance that the application to the Official List of the SGX-ST for the listing of the Sukuk will be approved. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Offering Circular. Admission of the Sukuk to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Trustee, the Obligor, the Programme or the Sukuk. Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, the investors should consult his or her adviser.

Notice of the aggregate face amount of Sukuk, periodic distribution amounts in respect of the Sukuk, the issue price of the Sukuk and any other terms and conditions not contained herein which are applicable to each Series of Sukuk will be set out in a pricing supplement (the "Pricing Supplement") which, with respect to Sukuk to be listed on the SGX-ST, will be delivered to the SGX-ST before the date of listing of the Sukuk of such Series.

The Programme provides that Sukuk may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Trustee, the Obligor and the relevant Dealer. The Trustee may also issue unlisted Sukuk.

The documents and information in relation to the Programme have been lodged with the Securities Commission Malaysia ("SC Lodgement") pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework (first issued on 9 March 2015 and revised on 8 November 2017 as amended from time to time). The SC Lodgement shall not be taken to indicate that the Securities Commission Malaysia recommends the subscription or purchase of the Sukuk to be issued under the Programme.

The Sukuk will be represented by registered certificates (each a "Certificate"), one Certificate being issued in respect of each Sukukholder's entire holding of Sukuk of one Series. Each Series of Sukuk will initially be represented by a global certificate (each a "Global Certificate"). A Global Certificate may be deposited on the Issue Date with a common depository for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg"). The provisions governing the exchange of interests in a Global Certificate for definitive Sukuk are described in "Summary of provisions relating to the Sukuk while in global form".

The Sukuk have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act") and, subject to certain exceptions, may not be offered or sold within the United States. For a description of these and certain further restrictions on offers, sales and transfers of Sukuk and distribution of this Offering Circular see "Subscription and Sale". For a description of the manner in which the securities will be issued, see "Summary of provisions relating to the Sukuk while in global form".

The Trustee and the Obligor may agree with any Dealer that the Sukuk may be issued in a form not contemplated by the Terms and Conditions of the Sukuk herein, in which event (in the case of Sukuk intended to be listed on the SGX-ST) a supplementary offering circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Sukuk.

The Programme is rated A3 by Moody's Investors Service, Inc. and BBB by Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc. Sukuk issued under the Programme may be rated or unrated. Where an issue of a certain series of Sukuk is rated, its rating will not necessarily be the same as the rating applicable to the Programme and (where applicable) such rating will be specified in the relevant Pricing Supplement. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

The transaction structure relating to the Sukuk (as described in this Offering Circular) has been approved by the *Shari'a* Supervisory Boards of each of BNP Paribas, CIMB Islamic Bank Berhad and Citigroup Global Markets Limited and the Central Shariah Committee of HSBC Bank Middle East Limited (the "Joint Shari'a Advisers"). None of the Joint Shari'a Advisers accepts any responsibility for the content of the information included in this Offering Circular, including the accuracy or completeness of such information, nor have they determined whether the Sukuk are Shari'a-compliant. Prospective Sukukholders should not rely on the approval referred to above in deciding whether to make an investment in the Sukuk and should consult their own Shari'a advisers as to whether the proposed transaction is in compliance with their individual standards of compliance with Shari'a principles. None of the Joint Shari'a Advisers has assessed the suitability of the Sukuk to which this Offering Circular relates to any particular investor or type of investor. If you do not understand the contents of this Offering Circular or are unsure whether the Sukuk to which this Offering Circular relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

This Offering Circular is an advertisement and is not a prospectus for the purposes of EU Directive 2003/71/EC, as amended or superseded.

Arrangers

BNP PARIBAS
Citi

CIMB
HSBC

The date of this Offering Circular is 12 October 2018.

The Trustee and the Obligor accept responsibility for the information contained in this Offering Circular. To the best of each of their knowledge and belief (having made all reasonable enquiries to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything that would make the statements therein, in light of the circumstances which they were made, misleading.

No person is or has been authorised by the Trustee or the Obligor to give any information or to make any representations other than those contained in this Offering Circular in connection with the Programme or the Sukuk and, if given or made, such information or representations must not be relied upon as having been authorised by the Trustee, the Obligor, BNP Paribas, CIMB Investment Bank Berhad, Citigroup Global Markets Limited or HSBC Amanah Malaysia Berhad (each an “Arranger” and together, the “Arrangers”) or the Dealers.

None of the Arrangers, the Dealers, the Delegate or the Agents (as defined in “*Terms and Conditions of the Sukuk*”) has separately verified all the information contained in this Offering Circular. None of the Arrangers, the Dealers, the Delegate or the Agents makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. None of the Arrangers, the Dealers, the Delegate or the Agents accepts any responsibility for the contents of this Offering Circular. Each of the Arrangers, the Dealers, the Delegate and the Agents accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

Neither this Offering Circular nor any financial statements included or incorporated herein are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Trustee, the Obligor, the Arrangers, the Dealers, the Delegate or the Agents that any recipient of this Offering Circular or any such financial statements should purchase the Sukuk. Each potential purchaser of Sukuk should determine for itself the relevance of the information contained in this Offering Circular and make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Trustee and the Obligor and the risks involved. The purchase of Sukuk by investors should be based upon their investigation as they deem necessary.

EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN SHARI'A ADVISER, TAX ADVISER, LEGAL ADVISER, FINANCIAL ADVISER AND BUSINESS ADVISER AS TO SHARI'A, TAX, LEGAL, FINANCIAL, BUSINESS AND RELATED MATTERS CONCERNING THE PURCHASE OF SUKUK.

Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Sukuk constitutes an offer or invitation by or on behalf of the Trustee, the Obligor, the Arrangers, the Dealers, the Delegate or the Agents to any person to subscribe for or to purchase any Sukuk. Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Sukuk shall in any circumstances imply that the information contained herein concerning the Trustee or the Obligor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arrangers, the Dealers, the Delegate and the Agents expressly do not undertake to review the financial condition or affairs of the Trustee or the Obligor during the life of the Programme or to advise any investor in the Sukuk of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Offering Circular when deciding whether or not to purchase any Sukuk.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Sukuk in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Sukuk may be restricted by law in certain jurisdictions. None of the Trustee, the Obligor, the Arrangers or the Dealers represents that this Offering Circular may be lawfully distributed, or that any Sukuk may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Trustee, the Obligor, the Arrangers or the Dealers which would permit a public offering of any

Sukuk or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Sukuk may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Sukuk may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Sukuk. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of the Sukuk in the United States, the United Kingdom (the “UK”), the European Economic Area, Singapore, Japan, Hong Kong, Switzerland, Malaysia, the Dubai International Financial Centre (“DIFC”), The Kingdom of Saudi Arabia (“Saudi Arabia”), The Kingdom of Bahrain (“Bahrain”), the State of Qatar (“Qatar”) (excluding the Qatar Financial Centre) and the United Arab Emirates (excluding the DIFC). See “*Subscription and Sale*”.

MiFID II product governance / target market — The Pricing Supplement in respect of any Sukuk may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Sukuk and which channels for distribution of the Sukuk are appropriate. Any person subsequently offering, selling or recommending the Sukuk (a “distributor”) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, “MiFID II”) is responsible for undertaking its own target market assessment in respect of the Sukuk (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “MiFID Product Governance Rules”), any Dealer subscribing for any Sukuk is a manufacturer in respect of such Sukuk, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), unless otherwise specified before an offer of Sukuk, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Sukuk are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

In accordance with the Capital Markets and Services Act 2007 of Malaysia (the “CMSA”), a copy of this Offering Circular will be deposited with the Securities Commission Malaysia (the “SC”), which takes no responsibility for its contents. The issue, offer or invitation in relation to the Sukuk in this Offering Circular or otherwise are subject to the fulfilment of various conditions precedent including without limitation the lodgement of the documents and information in relation to the Programme with the SC (“SC Lodgement”). The SC Lodgement has been made pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework (first issued on 9 March 2015 and revised on 8 November 2017 as amended from time to time). The recipient of this Offering Circular acknowledges and agrees that the SC Lodgement shall not be taken to indicate that the SC recommends the subscription or purchase of the Sukuk. The SC shall not be liable for any non-disclosure on the part of the Trustee or the Obligor and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Offering Circular.

The Joint Shari’a Advisers have confirmed that the Transaction Documents (as defined below) are, in their opinion, Shari’a-compliant. However, there can be no assurance that the Transaction Documents or any issue and trading of a Series of Sukuk will be deemed to be Shari’a-compliant by any other Shari’a board or Shari’a scholars. None of the Trustee, the Obligor, the Delegate, the Agents, any of the Arrangers or any of the Dealers makes any representation as to the Shari’a compliance of any Series of Sukuk and potential investors are

reminded that, as with any Shari'a views, differences in opinion are possible. Potential investors should obtain their own independent Shari'a advice as to the compliance of the Transaction Documents and the issue and trading of a Series of Sukuk with their individual standards of compliance with Shari'a principles. Questions as to the Shari'a permissibility of the structure or the issue and the trading of the Sukuk may limit the liquidity and adversely affect the market value of the Sukuk. See *“Investment Considerations — Investors must make their own determination as to Shari'a compliance”*.

CERTAIN DEFINITIONS

In this Offering Circular, unless the context otherwise requires, the terms the “Issuer” and the “Trustee” refer to TNB Global Ventures Capital Berhad, the term the “Group” refers to Tenaga Nasional Berhad and its consolidated subsidiaries and the terms the “Obligor” and “TNB” refer to Tenaga Nasional Berhad.

Unless otherwise specified or the context requires, references herein to “U.S. dollars” and “U.S.\$” are to the lawful currency of the United States, references to “RM”, “Malaysian Ringgit”, “Ringgit” and “Sen” are to the lawful currency of Malaysia, references to “CNY” or “Renminbi” are to the lawful currency of The People’s Republic of China, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan (“PRC”), references to “Hong Kong Dollars” are to the lawful currency of the Hong Kong Special Administrative Region, references to “GBP” are to the lawful currency of the UK, references to Japanese Yen are to the lawful currency of Japan and references to “EUR”, “euro” and “€” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the functioning of the European Union, as amended.

For convenience only and unless otherwise noted, all translations from Malaysian Ringgit into U.S. dollars in this Offering Circular were made at the rate of RM4.139 to U.S.\$1.00, which is the exchange rate as at 3 October 2018 as published by Bloomberg. No representation is made that the Malaysian Ringgit amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars at any particular rate or at all.

Any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains certain forward-looking statements. The words “anticipates”, “believes”, “expects”, “plans”, “intends”, “targets”, “aims”, “estimates”, “projects”, “will”, “would”, “may”, “could”, “continues” and similar expressions are intended to identify forward-looking statements. All statements other than statements of historical fact included in this Offering Circular, including, without limitation, those regarding the financial position, business strategy, management plans and objectives for future operations of the Obligor and its subsidiaries and associates are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are based on numerous assumptions regarding present and future business strategies and the environment in which the Obligor expects to operate in the future.

Important factors that could cause actual results, performance or achievements to differ materially from those in the forward-looking statements include, but are not limited to, those discussed under *“Investment Considerations”*. Any forward-looking statements made by or on behalf of the Obligor speak only as at the date they are made. The Obligor does not undertake to update forward-looking statements to reflect any changes in their expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

STABILISATION

In connection with the issue of any Series of Sukuk, the Dealer or Dealers (if any) named as Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Pricing Supplement may over allot Sukuk or effect transactions with a view to supporting the market price of the Sukuk of the Series (as defined below) at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the relevant Series of Sukuk is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Series of Sukuk and 60 days after the date of the allotment of the relevant Series of Sukuk. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

NOTICE TO THE RESIDENTS OF THE DUBAI INTERNATIONAL FINANCIAL CENTRE

THIS OFFERING CIRCULAR RELATES TO AN EXEMPT OFFER IN ACCORDANCE WITH THE MARKETS RULES MODULE OF THE DUBAI FINANCIAL SERVICES AUTHORITY (THE “DFSA”) RULEBOOK. THIS OFFERING CIRCULAR IS INTENDED FOR DISTRIBUTION ONLY TO PROFESSIONAL CLIENTS WHO ARE NOT NATURAL PERSONS. IT MUST NOT BE DELIVERED TO, OR RELIED ON BY, ANY OTHER PERSON.

THE DFSA HAS NO RESPONSIBILITY FOR REVIEWING OR VERIFYING ANY DOCUMENTS IN CONNECTION WITH EXEMPT OFFERS. THE DFSA HAS NOT APPROVED THIS DOCUMENT NOR TAKEN STEPS TO VERIFY THE INFORMATION SET OUT IN IT, AND HAS NO RESPONSIBILITY FOR IT. THE SUKUK TO WHICH THIS OFFERING CIRCULAR RELATES MAY BE ILLIQUID AND/OR SUBJECT TO RESTRICTIONS ON THEIR RESALE. PROSPECTIVE PURCHASERS OF THE SUKUK OFFERED SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE SUKUK.

IF A PROSPECTIVE PURCHASER DOES NOT UNDERSTAND THE CONTENTS OF THIS OFFERING CIRCULAR, HE OR SHE SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISER.

NOTICE TO THE RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

THIS OFFERING CIRCULAR MAY NOT BE DISTRIBUTED IN THE KINGDOM OF SAUDI ARABIA EXCEPT TO SUCH PERSONS AS ARE PERMITTED UNDER THE RULES ON THE OFFER OF SECURITIES AND CONTINUING OBLIGATIONS ISSUED BY THE CAPITAL MARKET AUTHORITY OF THE KINGDOM OF SAUDI ARABIA (THE “CAPITAL MARKET AUTHORITY”). THE CAPITAL MARKET AUTHORITY DOES NOT MAKE ANY REPRESENTATIONS AS TO THE ACCURACY OR COMPLETENESS OF THIS OFFERING CIRCULAR, AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS ARISING FROM, OR INCURRED IN RELIANCE UPON, ANY PART OF THIS OFFERING CIRCULAR. PROSPECTIVE PURCHASERS OF THE SUKUK ISSUED UNDER THE PROGRAMME SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE ACCURACY OF THE INFORMATION RELATING TO THE SUKUK. IF A PROSPECTIVE PURCHASER DOES NOT UNDERSTAND THE CONTENTS OF THIS OFFERING CIRCULAR, HE OR SHE SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISER.

NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

IN RELATION TO INVESTORS IN THE KINGDOM OF BAHRAIN, SUKUK ISSUED IN CONNECTION WITH THIS OFFERING CIRCULAR AND RELATED OFFERING DOCUMENTS MAY ONLY BE OFFERED IN REGISTERED FORM TO EXISTING ACCOUNT HOLDERS AND ACCREDITED INVESTORS AS DEFINED BY THE CENTRAL BANK OF BAHRAIN (THE "CBB") IN THE KINGDOM OF BAHRAIN WHERE SUCH INVESTORS MAKE A MINIMUM INVESTMENT OF AT LEAST U.S.\$100,000 OR ANY EQUIVALENT AMOUNT IN OTHER CURRENCY OR SUCH OTHER AMOUNT AS THE CBB MAY DETERMINE.

THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER OF SECURITIES IN THE KINGDOM OF BAHRAIN IN TERMS OF ARTICLE (81) OF THE CENTRAL BANK AND FINANCIAL INSTITUTIONS LAW 2006 (DECREE LAW NO. 64 OF 2006). THE OFFERING DOCUMENTS HAVE NOT BEEN AND WILL NOT BE REGISTERED AS A PROSPECTUS WITH THE CBB. ACCORDINGLY, NO SECURITIES MAY BE OFFERED, SOLD OR MADE THE SUBJECT OF AN INVITATION FOR SUBSCRIPTION OR PURCHASE NOR WILL THIS OFFERING CIRCULAR OR ANY OTHER RELATED DOCUMENT OR MATERIAL BE USED IN CONNECTION WITH ANY OFFER, SALE OR INVITATION TO SUBSCRIBE OR PURCHASE SECURITIES, WHETHER DIRECTLY OR INDIRECTLY, TO PERSONS IN THE KINGDOM OF BAHRAIN, OTHER THAN TO ACCREDITED INVESTORS FOR AN OFFER OUTSIDE BAHRAIN.

THE CBB HAS NOT REVIEWED, APPROVED OR REGISTERED THIS OFFERING CIRCULAR OR RELATED OFFERING DOCUMENTS AND IT HAS NOT IN ANY WAY CONSIDERED THE MERITS OF THE SUKUK TO BE OFFERED FOR INVESTMENT, WHETHER IN OR OUTSIDE THE KINGDOM OF BAHRAIN. THEREFORE, THE CBB ASSUMES NO RESPONSIBILITY FOR THE ACCURACY AND COMPLETENESS OF THE STATEMENTS AND INFORMATION CONTAINED IN THIS OFFERING CIRCULAR AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENT OF THIS OFFERING CIRCULAR. NO OFFER OF SUKUK WILL BE MADE TO THE PUBLIC IN THE KINGDOM OF BAHRAIN AND THIS OFFERING CIRCULAR MUST BE READ BY THE ADDRESSEE ONLY AND MUST NOT BE ISSUED, PASSED TO, OR MADE AVAILABLE TO THE PUBLIC GENERALLY.

NOTICE TO RESIDENTS OF THE STATE OF QATAR

ANY SUKUK TO BE ISSUED UNDER THE PROGRAMME WILL NOT BE OFFERED OR SOLD AT ANY TIME, DIRECTLY OR INDIRECTLY, IN QATAR (INCLUDING THE QATAR FINANCIAL CENTRE) IN A MANNER THAT WOULD CONSTITUTE A PUBLIC OFFERING. THIS OFFERING CIRCULAR HAS NOT BEEN AND WILL NOT BE REVIEWED OR APPROVED BY, OR REGISTERED WITH, THE QATAR FINANCIAL MARKETS AUTHORITY, THE QATAR CENTRAL BANK, THE QATAR STOCK EXCHANGE OR THE QATAR FINANCIAL CENTRE REGULATORY AUTHORITY IN ACCORDANCE WITH THEIR REGULATIONS OR ANY OTHER REGULATIONS IN QATAR. THE SUKUK ARE NOT AND WILL NOT BE TRADED ON THE QATAR STOCK EXCHANGE. THE SUKUK AND INTERESTS THEREIN WILL NOT BE OFFERED TO INVESTORS DOMICILED OR RESIDENT IN QATAR AND DO NOT CONSTITUTE DEBT FINANCING IN QATAR UNDER THE COMMERCIAL COMPANIES LAW NO. (11) OF 2015 OR OTHERWISE UNDER THE LAWS OF QATAR.

NOTICE TO RESIDENTS OF MALAYSIA

THE DOCUMENTS AND INFORMATION IN RELATION TO THE PROGRAMME HAVE BEEN LODGED WITH THE SECURITIES COMMISSION MALAYSIA PURSUANT TO THE GUIDELINES ON UNLISTED CAPITAL MARKET PRODUCTS UNDER THE LODGE AND LAUNCH FRAMEWORK (FIRST ISSUED ON 9 MARCH 2015 AND REVISED ON 8 NOVEMBER 2017 AS AMENDED FROM TIME TO TIME). EACH RECIPIENT OF THIS OFFERING CIRCULAR ACKNOWLEDGES AND AGREES THAT THE LODGEMENT TO THE SECURITIES COMMISSION MALAYSIA SHALL NOT BE TAKEN TO INDICATE THAT THE SECURITIES COMMISSION MALAYSIA RECOMMENDS THE SUBSCRIPTION OR PURCHASE OF THE SUKUK.

ANY SUKUK TO BE ISSUED UNDER THE PROGRAMME MAY NOT BE OFFERED FOR SUBSCRIPTION OR PURCHASE AND NO INVITATION TO SUBSCRIBE FOR OR PURCHASE SUCH SUKUK IN MALAYSIA MAY BE MADE, DIRECTLY OR INDIRECTLY, AND THIS OFFERING CIRCULAR OR ANY DOCUMENT OR OTHER MATERIALS IN CONNECTION THEREWITH MAY NOT BE DISTRIBUTED IN MALAYSIA OTHER THAN TO PERSONS OR IN CATEGORIES FALLING WITHIN (I) PART I OF SCHEDULE 6 (OR SECTION 229(1)(B)) AND (II) PART I OF SCHEDULE 7 (OR SECTION 230(1)(B)), READ TOGETHER WITH SCHEDULE 9 (OR SECTION 257(3)) OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 OF MALAYSIA, SUBJECT TO ANY LAW, ORDER, REGULATION OR OFFICIAL DIRECTIVE OF BANK NEGARA MALAYSIA, THE SECURITIES COMMISSION MALAYSIA AND/OR ANY OTHER REGULATORY AUTHORITY FROM TIME TO TIME. THE ISSUANCE OF, OFFER FOR SUBSCRIPTION OR PURCHASE OF OR INVITATION TO SUBSCRIBE FOR THE SUKUK WOULD ALSO FALL WITHIN PARAGRAPH 12, SCHEDULE 8 (OR SECTION 257(1)) OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 OF MALAYSIA, ON THE BASIS THAT THE PROGRAMME IS RATED BBB BY STANDARD & POOR'S RATINGS SERVICES, A DIVISION OF THE MCGRAW-HILL COMPANIES, INC. AND A3 BY MOODY'S INVESTORS SERVICE, INC. IN ACCORDANCE WITH THE CAPITAL MARKETS AND SERVICES ACT, 2007 OF MALAYSIA, A COPY OF THIS OFFERING CIRCULAR WILL BE DEPOSITED WITH THE SECURITIES COMMISSION MALAYSIA. THE SECURITIES COMMISSION MALAYSIA SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE TRUSTEE OR OBLIGOR AND ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS OR REPORTS EXPRESSED IN THIS OFFERING CIRCULAR.

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DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with the following:

- (a) the audited consolidated financial statements (including the auditors' report thereon and notes thereto) of the Obligor as at and for the financial years ended 31 August 2016 ("FY2016") and 31 August 2017 ("FY2017");
- (b) the audited consolidated financial statements (including the auditors' report thereon and notes thereto) of the Obligor as at and for the four month financial period ended 31 December 2017 ("4M 2017");
- (c) the unaudited condensed consolidated interim financial information of the Obligor as at and for the six months ended 30 June 2018 ("6M 2018");
- (d) each relevant Pricing Supplement;
- (e) all amendments and supplements from time to time to this Offering Circular; and
- (f) the most recently published audited consolidated financial statements (including the auditors' report thereon and notes thereto) and any interim unaudited consolidated financial information of the Obligor published subsequently to the date of this Offering Circular from time to time,

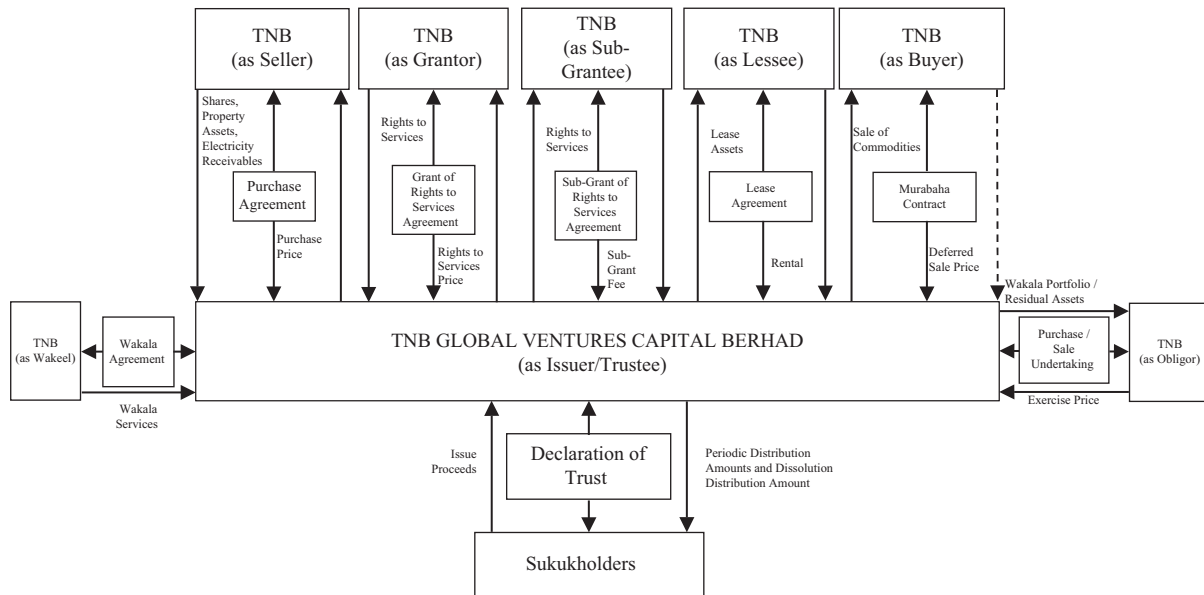
each of which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which, in the case of documents specified in paragraphs (d), (e) and (f) above, shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents. Copies of all such documents which are so deemed to be incorporated in, and to form part of, this Offering Circular will be available free of charge (at the expense of the Trustee, failing which the Obligor) during usual business hours on any weekday (Saturdays and public holidays excepted) from the principal office of the Delegate and the specified office of the Principal Paying Agent set out at the end of this Offering Circular. The documents specified in items (a), (b), (c) and (f) above will also be published by the Obligor on the website of Bursa Securities (www.bursamalaysia.com). See "*General Information*" for a description of the financial statements currently published by the Obligor.

None of the Arrangers, the Dealers, the Delegate or the Agents accepts any responsibility for any of the information appearing on the website.

STRUCTURE DIAGRAM AND CASHFLOWS

Set out below is a simplified structure diagram and description of the principal cash flows underlying each Series issued. Potential investors are referred to the Terms and Conditions of the Sukuk and the detailed descriptions of the relevant Transaction Documents set out elsewhere in this Offering Circular for a fuller description of certain cash flows and for an explanation of the meaning of certain capitalised terms used below.

Structure Diagram



Principal Cash Flows

Payments by the Sukukholders and the Trustee

On the issue date of a Series (the “Issue Date”), the Sukukholders will pay the issue price in respect of the Sukuk (the “Issue Price”) to the Trustee and the Trustee will use:

- (a) all or a portion of the Issue Price, being at least 51.0 per cent. of the Issue Price:
 - (i) to pay to the Obligor (in its capacity as seller, the “Seller”) as the purchase price payable under the relevant Supplemental Asset Sale and Purchase Agreement for the purchase of a portfolio of Tangible Assets from the Seller; and/or
 - (ii) to pay to the Obligor (in its capacity as grantor, the “Grantor”) as the purchase price payable under the relevant Supplemental Grant of Rights to Services Agreement for the purchase of Rights to Services from the Grantor;
- (b) the remaining portion of the Issue Price, being no more than 49.0 per cent. of the Issue Price:
 - (i) to pay to the Obligor (as Seller) as the purchase price payable under the relevant Supplemental Asset Sale and Purchase Agreement for the purchase of a portfolio of Electricity Receivables from the Seller; and/or

- (ii) to invest an amount, pursuant to the Master Murabaha Agreement, in the purchase of Commodities (the “Commodity Murabaha Investment”) through the Commodity Trading Participant and to sell such Commodities to the Obligor (in its capacity as buyer, the “Buyer”) on a deferred payment basis for an amount specified in a letter of offer and acceptance (the “Deferred Sale Price”) pursuant to a murabaha contract (the “Murabaha Contract”),

and such Tangible Assets and (if applicable) Non-Tangible Assets (as may be substituted from time to time), all revenues from them which comprise amounts in the nature of sale, capital or principal payments and all other investments made in accordance with the Transaction Documents and (if applicable) the Commodity Murabaha Investment shall comprise a Wakala Venture in respect of such Series.

Periodic Distribution Payments

Prior to each Periodic Distribution Date, the Wakeel will record all revenues from the Tangible Assets, the Non-Tangible Assets and the Deferred Sale Price. By no later than the business day prior to each Periodic Distribution Date, the Wakeel shall pay to the Transaction Account an amount which, in aggregate, is intended to be sufficient to fund the Periodic Distribution Amounts payable by the Trustee under the Sukuk of the relevant Series (the “Required Amount”) on the relevant Periodic Distribution Date and shall be applied by the Trustee for that purpose.

If the returns generated by the relevant Wakala Venture are greater than the amount required to be paid by the Trustee on the Periodic Distribution Date, such excess returns shall be credited to a separate account by the Wakeel (such account, the “Reserve Account”). If the returns generated by the relevant Wakala Venture are insufficient to fund the amount required to be paid on the Periodic Distribution Date, the Wakeel shall deduct amounts standing to the credit of the Reserve Account towards such shortfall and, if such amounts standing to the credit of the Reserve Account are insufficient, the Wakeel may in its sole discretion provide to the Trustee Shari’a-compliant funding in an amount equal to the shortfall remaining (if any) (a “Liquidity Facility”).

Dissolution Payments

On the business day prior to the relevant Scheduled Dissolution Date in relation to each Series:

- (a) the final payment of the outstanding Deferred Sale Price (if any) shall be due and payable; and
- (b) the Trustee will have the right under the Purchase Undertaking to require the Obligor to purchase the Wakala Portfolio (together with all of the Trustee’s rights, title, interests, benefits and entitlements, present and future, in, to and under the Wakala Portfolio) in consideration for payment by the Obligor of the Exercise Price,

such final payment and the Exercise Price payable by the Obligor under the Purchase Undertaking are intended to fund the Dissolution Distribution Amount payable by the Trustee under the Sukuk.

The Sukuk in relation to any Series may be redeemed in whole prior to the relevant Scheduled Dissolution Date for the following reasons: (i) redemption following a Dissolution Event, (ii) the occurrence of a Total Loss Termination Event and (iii) an early redemption for tax reasons. In each case, the amounts payable by the Trustee on the due date for dissolution will be funded in the same manner as for the payment of the Dissolution Distribution Amount on the Scheduled Dissolution Date other than in the case of a Total Loss Termination Event whereby the amounts payable by the Trustee on the Total Loss Dissolution Date will be funded by (i) the Takaful/Insurance Proceeds, (ii) the Total Loss Shortfall Amount (if any), (iii) the Residual Assets Exercise Price and (iv) the Deferred Sale Price (if any).

The Sukuk in relation to any Series may also be redeemed in whole or in part prior to the relevant Scheduled Dissolution Date for the following reasons: (i) if so specified in the applicable Pricing Supplement, at the option of the Sukukholders and (ii) if so specified in the applicable Pricing Supplement, at the option of the Obligor. Upon the exercise of such right, the Trustee shall redeem the relevant Sukuk for an amount equal to the sum of the face amounts of such Sukuk and the Periodic Distribution Amounts on such Sukuk (if any) accrued and unpaid to the date of redemption, together with any amounts specified in the relevant Pricing Supplement. Such redemption of the Sukuk will be funded in a similar manner to that described above for the payment of Periodic Distribution Amounts and the Dissolution Distribution Amount through (i) a proportionate amount of all amounts (current and future) of the outstanding Deferred Sale Price becoming immediately due and payable, and (ii) no greater than a proportionate amount of the Tangible Assets and Non-Tangible Assets being sold by the Trustee to the Obligor pursuant to the Purchase Undertaking or the Sale Undertaking at a purchase price such that the aggregate amounts received by the Trustee are sufficient to pay the amount payable in respect of the Sukuk being redeemed.

SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Series of Sukuk, the applicable Pricing Supplement. Words and expressions defined in “Summary of provisions relating to the Sukuk while in global form” and “Terms and Conditions of the Sukuk” shall have the same meanings in this summary.

Trustee	TNB Global Ventures Capital Berhad (Company Number: 1189462-U).
Obligor	Tenaga Nasional Berhad (Company Number: 200866-W).
Description	Multicurrency Sukuk Issuance Programme.
Arrangers	BNP Paribas, CIMB Investment Bank Berhad, Citigroup Global Markets Limited and HSBC Amanah Malaysia Berhad.
Dealers	As at the date of this Offering Circular, BNP Paribas, CIMB Investment Bank Berhad, Citigroup Global Markets Limited and The Hongkong and Shanghai Banking Corporation Limited are the sole dealers appointed by the Trustee and the Obligor. Pursuant to the Dealer Agreement, the Trustee and the Obligor may from time to time appoint such other dealers either in respect of one or more Series or in respect of the whole Programme or terminate the appointment of any dealer under the Programme.
Delegate	Citicorp International Limited. Pursuant to the Master Declaration of Trust, the Trustee shall delegate to the Delegate certain of the present and future duties, powers, trusts, authorities and discretions vested in the Trustee by certain provisions of the Master Declaration of Trust. In particular, the Delegate shall be entitled to (and, in certain circumstances, shall, subject to being indemnified and/or secured and/or pre-funded to its satisfaction, be obliged to) take enforcement action in the name of the Trustee against the Obligor following a Dissolution Event.
Registrar in respect of Sukuk	Citigroup Global Markets Europe AG.
Principal Paying Agent, Paying Agent, Transfer Agent and Calculation Agent	Citibank, N.A., London Branch.
Certain Restrictions	Each issue of Sukuk denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “ <i>Subscription and Sale</i> ”) including the following restrictions applicable at the date of this Offering Circular: the United States, the UK, the European Economic Area, Japan, Hong Kong, Singapore, Switzerland, Malaysia, the DIFC, Saudi Arabia, Bahrain, Qatar (excluding the Qatar Financial Centre), the United Arab Emirates (excluding the

DIFC) and such other restrictions as may be required in connection with a particular issue of Sukuk. See “*Subscription and Sale*”.

Programme Size

Up to U.S.\$2,500,000,000 (or its equivalent in other currencies) outstanding at any time. The Obligor may increase the amount of the Programme in accordance with the terms of the Dealer Agreement subject to the necessary legal and regulatory requirements (if any) having been fulfilled.

Distribution

Sukuk may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

Currencies

Subject to compliance with all applicable laws, regulations and directives, Sukuk may be issued in any currency (other than Malaysian Ringgit) as may be agreed between the Trustee, the Obligor and the relevant Dealer.

Specific Denomination

Sukuk will be issued in such denominations as may be agreed between the Trustee, the Obligor and the relevant Dealer save that the minimum denomination of each Sukuk will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency provided that the minimum denomination of each Sukuk admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be EUR100,000 (or if the Sukuk are issued in a currency other than euro, the equivalent amount in such currency). For the purposes of the foregoing, “Prospectus Directive” means Article 5.4 of Directive 2003/71/EC, as amended or superseded, to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area.

Maturities

Such maturities as may be agreed between the Trustee, the Obligor and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the SC or the relevant central bank (or equivalent body) or any laws or regulations applicable to the Trustee, the Obligor or the relevant Specified Currency.

Issue Price

Sukuk may only be issued on a fully-paid basis and at an issue price which is at par.

Form of the Sukuk

The Sukuk will be issued in registered form.

Initial Delivery of Sukuk

On or before the Issue Date for each Series, the Global Certificate representing the Sukuk may be deposited with a common depository for Euroclear and Clearstream, Luxembourg.

Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Trustee, the Obligor, the Principal Paying Agent and the relevant

Dealer. Sukuk that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

Method of Issue

The Sukuk will be issued in series (each a “Series”), the Sukuk of each Series being intended to be interchangeable with all other Sukuk of that Series.

Status of the Sukuk

The Sukuk represent an undivided ownership interest in the relevant Trust Assets (as defined below) and are limited recourse obligations of the Trustee. Each Sukuk will constitute unsecured obligations of the Trustee and shall at all times rank *pari passu* and without any preference or priority with all other Sukuk of the relevant Series. The payment obligations of the Obligor (in any capacity) under the Transaction Documents shall, save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions described in Condition 6(b) (*Obligor Negative Pledge*), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Obligor, present and future. In respect of each Series, the Trustee shall hold the relevant Trust Assets for such Series upon trust absolutely for and on behalf of the Sukukholders of such Series *pro rata* according to the face amount of Sukuk held by each holder of the relevant Series of Sukuk. The “Trust Assets” of the relevant Series will comprise (i) the interest, rights, title, benefits and entitlements, present and future of the Trustee in and to the Wakala Venture from time to time (excluding any representations given by the Obligor to the Trustee and/or the Delegate under any documents constituting the Wakala Venture from time to time); (ii) the interest, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (excluding any representations given by the Obligor to the Trustee and/or the Delegate pursuant to any of the Transaction Documents or the covenant given to the Trustee pursuant to Clause 16.1 of the Master Declaration of Trust); (iii) all moneys standing to the credit of the Transaction Account from time to time; (iv) the interest, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under any other assets, rights, cash or investments as may be specified in the relevant Pricing Supplement, and all proceeds of the foregoing.

Limited Recourse

The Sukuk represent limited recourse obligations of the Trustee. No amount whatsoever shall be due and payable in respect of the Sukuk except to the extent that funds are available therefor from the relevant Trust Assets. Sukukholders will otherwise have no recourse to any assets of the Trustee or the Obligor in respect of any shortfall in the expected amounts due under the relevant Trust Assets to the extent that the Trust Assets have been exhausted, following which all obligations of the Trustee shall be extinguished. See Condition 4(b) (*Limited Recourse and Agreement of Sukukholders*).

Scheduled Dissolution

Unless the Sukuk are previously redeemed or purchased and cancelled in full, each Sukuk shall be finally redeemed at its Dissolution Distribution Amount and the Trust in relation to the

relevant Series shall be dissolved by the Trustee on the Scheduled Dissolution Date specified in the applicable Pricing Supplement.

Dissolution Events

Upon the occurrence and continuation of any Dissolution Event and following delivery of a Dissolution Notice in accordance with Condition 12 (*Dissolution Events*), the Sukuk shall be redeemed in full at the Dissolution Distribution Amount and the Trust in relation to the relevant Series shall be dissolved by the Trustee on the Dissolution Event Redemption Date. See Condition 12 (*Dissolution Events*).

Early Dissolution for Tax Reasons

Where the Trustee has or will become obliged to pay any additional amounts in respect of the Sukuk pursuant to Condition 10 (*Taxation*) or the Obligor has or will become obliged to pay any additional amounts pursuant to a Transaction Document, in each case as a result of a change in, or amendment to, the laws or regulations of Malaysia or a political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the relevant Series of Sukuk, and such obligation cannot be avoided by the Trustee or the Obligor (as the case may be) taking reasonable measures available to it, the Trustee may, following receipt of an exercise notice from the Obligor under the Sale Undertaking and on giving not less than 30 nor more than 60 days' notice to Sukukholders (which notice shall be irrevocable), redeem the Sukuk in whole but not in part at an amount equal to the relevant Dissolution Distribution Amount on the Early Tax Dissolution Date subject to and in accordance with Condition 8(b) (*Early Dissolution for Taxation Reasons*), and if the Sukuk to be redeemed is a Floating Rate Sukuk, the Early Tax Dissolution Date must be a Periodic Distribution Date.

Dissolution following a Total Loss Termination Event

Where the Wakala Portfolio for a particular Series comprises Lease Assets, upon the occurrence of a Total Loss Termination Event in respect of such Lease Assets, the Sukuk will be redeemed and the Trust dissolved by the Trustee on the date notified by the Principal Paying Agent (the "Total Loss Dissolution Date") in a notice given to the Sukukholders in accordance with Condition 17 (*Notices*). The Sukuk shall be redeemed at the Dissolution Distribution Amount using: (i) the Takaful/Insurance Proceeds (if any) required to be paid into the Transaction Account by the Wakeel in accordance with the terms of the Wakala Agreement on or before the 30th day following the occurrence of a Total Loss Event; (ii) the Total Loss Shortfall Amount (if any) required to be paid into the Transaction Account by the Wakeel in accordance with the terms of the Wakala Agreement no later than the close of business in Malaysia on the 31st day after the Total Loss Termination Event has occurred; (iii) the Residual Assets Exercise Price required to be paid into the Transaction Account by Tenaga Nasional Berhad pursuant to the sale of the Residual Assets under the Purchase Undertaking; and (iv) the Deferred Sale Price (if any). Notwithstanding the foregoing, if a Total Loss Termination Event occurs and an amount greater than the Takaful/Insurance Coverage Amount (plus any accrued but unpaid Rental) is credited to

the Transaction Account (the difference between the amount credited to the relevant Transaction Account and the Takaful/Insurance Coverage Amount (plus any accrued but unpaid Rental) being the “Total Loss Surplus Amount”), then the Wakeel will be entitled to retain the Total Loss Surplus Amount as an incentive fee for the performance of its obligations under the Wakala Agreement and any takaful/insurance proceeds received thereafter shall be for the Wakeel’s sole account.

Following redemption of the Sukuk on the Total Loss Dissolution Date, the Trust will be dissolved.

Dissolution at the Option of the Obligor (Optional Redemption Right)

If so specified in the applicable Pricing Supplement, the Obligor may in its sole discretion deliver to the Trustee a duly completed Exercise Notice in accordance with the provisions of the Sale Undertaking and, on receipt of such notice, the Trustee shall, on giving not less than 15 nor more than 30 days’ irrevocable notice to the Sukukholders (or such other notice period as may be specified in the applicable Pricing Supplement) redeem all or, if so provided, some of the Sukuk on any Optional Redemption Date subject to and in accordance with Condition 8(d) (*Dissolution at the Option of the Obligor (Optional Redemption Right)*). Any such redemption of Sukuk shall be at its Dissolution Distribution Amount.

Dissolution at the Option of Sukukholders (Sukukholder Put Right)

If so specified in the applicable Pricing Supplement, the Trustee shall, at the option of the holder of any such Sukuk, upon the holder of such Sukuk giving not less than 15 nor more than 30 days’ notice to the Trustee (or such other notice period as may be specified in the applicable Pricing Supplement) redeem such Sukuk on the Sukukholder Put Right Date(s) at its Dissolution Distribution Amount subject to and in accordance with Condition 8(e) (*Dissolution at the Option of Sukukholders (Sukukholder Put Right)*).

Purchase and Cancellation

Pursuant to Condition 8(g) (*Purchases*), each of the Obligor and the Obligor’s Subsidiaries may at any time purchase Sukuk in the open market or otherwise at any price. Pursuant to Condition 8(h) (*Cancellation*), Sukuk purchased by or on behalf of the Obligor or any of the Obligor’s Subsidiaries shall be surrendered for cancellation in accordance with the terms of the Declaration of Trust, the Sale Undertaking and the Agency Agreement. Any Sukuk so surrendered for cancellation may not be reissued or resold and the obligations of the Trustee in respect of any such Sukuk shall be discharged.

Asset Substitution

The Wakeel may substitute Wakala Assets in accordance with the relevant provisions of the Wakala Agreement and the Substitution Undertaking provided that the aggregate value of any new assets is equal to or greater than the aggregate value of the substituted assets.

Clearing Systems

Euroclear, Clearstream, Luxembourg and, in relation to any Series, such other clearing system as may be agreed between the Trustee, the Obligor, the Principal Paying Agent and the relevant Dealer.

Withholding tax

All payments by or on behalf of the Trustee in respect of the Sukuk shall be made free and clear of, and without withholding or deduction

for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Malaysia or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Trustee shall pay such additional amounts as shall result in receipt by the Sukukholders of such amount as would have been received by them had no such withholding or deduction been required, subject to certain exceptions as set out in Condition 10 (*Taxation*). The Obligor has undertaken in the Wakala Agreement to pay to the Trustee such additional amounts so that the full amount that would otherwise have been due and payable under the Sukuk is received by the Trustee. All payments by the Obligor (in any capacity) under any Lease Agreement, any Sub-Grant of Rights to Services Agreement, the Purchase Undertaking, the Sale Undertaking, the Wakala Agreement and the Master Murabaha Agreement shall be made without withholding or deduction for, or on account of, any taxes, levies, imposts, duties, fees, assessments or governmental charges of whatever nature imposed or levied by or within Malaysia or any authority therein or thereof having power to tax unless such withholding or deduction is required by law. In that event, the Obligor has agreed to pay such additional amounts so that the Trustee will receive the full amounts that it would have received in the absence of such withholding or deduction.

Covenants

The Trustee has agreed to certain restrictive covenants as set out in Condition 6(a) (*Trustee Covenants*) and the Obligor has agreed to certain restrictive covenants as set out in Condition 6(b) (*Obligor Negative Pledge*) and Condition 6(c) (*Consolidation, Merger and Sale of Assets*).

Ratings

The Programme has been rated A3 by Moody's Investors Service, Inc. and BBB by Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc.

Each Series of Sukuk issued under the Programme may be rated or unrated. When a Series of Sukuk is rated, its rating will be specified in the relevant Pricing Supplement and its rating will not necessarily be the same as the rating applicable to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Listing

Bursa Securities has granted its approval-in-principle for the primary listing of the Programme under the Bursa Securities (Exempt Regime). The Sukuk to be issued under the Programme will be listed on Bursa Securities but will not be quoted for trading.

Approval in-principle has been granted by the SGX-ST for permission to deal in, and for quotation of, any Sukuk which are agreed at the time of issue to be so listed on the SGX-ST. There is no assurance that the application to the Official List of the SGX-ST will be approved. If the application to the SGX-ST to list a particular Series of Sukuk is approved, such Sukuk listed on the SGX-ST will be traded on the SGX-ST in a board lot size of at least U.S.\$200,000

(or its equivalent in other currencies). Unlisted Series of Sukuk may also be issued pursuant to the Programme.

The Sukuk may also be listed on such other or further stock exchange(s) as may be agreed between the Trustee, the Obligor and the relevant Dealer in relation to each Series of Sukuk.

The Pricing Supplement relating to each Series of Sukuk will state whether or not the Sukuk of such Series will be listed on any stock exchange(s) and, if so, on which stock exchange(s) the Sukuk are to be listed.

Waiver of Immunity

The Trustee and the Obligor have irrevocably agreed that no immunity (to the extent that it may now or hereafter exist, whether on the grounds of sovereignty or otherwise) from any proceedings or from execution of judgment shall be claimed by or on behalf of them or with respect to their respective assets, any such immunity being irrevocably waived by the Trustee and the Obligor, and the Trustee and the Obligor have irrevocably consented generally in respect of any such proceedings to the giving of any relief or the issue of any process in connection with any such Proceedings including, without limitation, the making, enforcement or execution against any property whatsoever of any order or judgment which may be made or given in such Proceedings.

Governing Law

The Master Declaration of Trust, the Agency Agreement, the Purchase Undertaking, the Sale Undertaking, the Substitution Undertaking and the Master Murabaha Agreement are governed by English law. The Master Asset Sale and Purchase Agreement, the Master Lease Agreement, the Master Grant of Rights to Services Agreement, the Master Sub-Grant of Rights to Services Agreement and the Wakala Agreement are governed by the laws of Malaysia.

Transaction Documents

The Transaction Documents comprise the relevant Sukuk, the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust, the Agency Agreement, the Master Asset Sale and Purchase Agreement as supplemented by the relevant Supplemental Asset Sale and Purchase Agreement, the Sale Undertaking, the Purchase Undertaking, the Substitution Undertaking, the Wakala Agreement, the Master Murabaha Agreement, the Master Grant of Rights to Services as supplemented by the relevant Supplemental Grant of Rights to Services Agreement, the Master Sub-Grant of Rights to Services Agreement as supplemented by the relevant Supplemental Sub-Grant of Rights to Services Agreement, the Master Lease Agreement as supplemented by the relevant Supplemental Lease Agreement and any additional documents specified in the applicable Pricing Supplement.

INVESTMENT CONSIDERATIONS

Each investor should carefully consider the following investment considerations as well as the other information contained in this Offering Circular prior to making an investment in the Sukuk. In making an investment decision, each investor must rely on its own examination of the Trustee, the Obligor and the terms of the offering of the Sukuk, including the merits and risks involved. The risks described below are not the only ones that may affect the Sukuk. Additional risks not currently known to the Trustee and the Obligor or factors that the Trustee and the Obligor currently deem immaterial may also adversely affect the Trustee's or the Obligor's business, financial condition and results of operations.

Considerations relating to the Trustee

The Trustee has no operating history and will depend on receipt of payments from TNB to make payments

The Trustee was established as a limited liability public company incorporated in Malaysia on 30 May 2016 pursuant to the Companies Act, 1965 of Malaysia (as repealed by the Companies Act, 2016 of Malaysia). Since its incorporation and as at the date of this Offering Circular, the Trustee has conducted limited activities. The Trustee will not engage in any business activity other than the issuance of Sukuk under the Programme, the issuance of shares in its capital and the other activities described herein or incidental or related to the foregoing as required under the Transaction Documents.

The Trustee's only material assets, which will be held on trust for Sukukholders, will be the relevant Trust Assets relating to each Series, including its rights to receive payments from TNB under the Transaction Documents. Therefore, the Trustee is subject to all the risks to which TNB is subject to the extent that such risks could limit TNB's ability to satisfy in full and on a timely basis its obligations under such documents.

The ability of the Trustee to pay amounts due on any Sukuk will be dependent upon receipt by it from TNB of all amounts due under the Transaction Documents to which it is a party which, in the aggregate, may not be sufficient to meet all claims under the relevant Sukuk and the Transaction Documents.

Considerations relating to the Group's Business and the Electricity Industry in Malaysia

The Group's business, financial condition and results of operations may be adversely affected if it is unable to recover its costs from existing tariff levels

The Incentive Based Regulation ("IBR") framework was introduced to provide a framework for setting tariffs payable by customers for the use of electricity and currently applies in Peninsular Malaysia and is due to commence in Sabah in January 2019. There are two components to the IBR framework for tariff setting, the base tariff and the Imbalance Cost Pass Through (the "ICPT"). The base tariff is set to reflect base expenditures, including operational expenditure and investments in new capital assets, while the ICPT mechanism provides for tariff adjustments to reflect the impact of fluctuations in fuel costs and other generation specific costs on the base tariff.

The review of the base tariff occurs every three years and is based on forecast revenue which TNB should be able to recover from its customers through the electricity tariffs. The forecast revenue provides TNB with a market based return which enables TNB to meet its operational expenditure, invest in new capital assets, pay relevant taxes and deliver a market based efficient return to its investors (both debt and equity). The rate of such market based return is set by the Energy Commission of Malaysia (*Suruhanjaya Tenaga*) (the "Energy Commission"). In this way, the base tariff is meant to help TNB deliver a sustainable, secure and reliable supply of electricity. On the other hand, fuel costs and other generation specific costs are reviewed every six months and are reflected in

the tariff adjustments under the ICPT mechanism. Since the power to fix electricity tariffs and charges lies with the Energy Commission and requires the approval of the Minister of Energy, this could cause TNB to be unprofitable if its costs increase without the Energy Commission and the Minister of Energy authorising a corresponding increase in its tariffs chargeable to its customers. TNB may also incur an increase in costs due to inflation and demand growth. If TNB's tariffs are set too low by the Energy Commission (as approved by the Minister of Energy), its actual costs may exceed the revenue permitted to be collected pursuant to TNB's prevailing tariffs, which may have a material adverse effect on the Group's business, financial condition and results of operations.

The IBR framework also offers various incentives to TNB to manage its business efficiently. If TNB is able to structure its capital expenditures such that its actual cost of capital is lower than the regulated market based return, it can retain the financial benefit. There are also costs incentives built into the IBR framework, one of which is a base incentive that allows TNB to retain variances between actual operating expenditure and capital expenditure amounts relative to forecasts within the regulatory period (which are made due to cost efficiencies). Another cost incentive is an efficiency carry over scheme which provides TNB with sustained incentives to pursue efficiency in operating expenditure by comparing actual operating expenditure with forecast operating expenditure for a regulatory period and then retaining some of the cost efficiency during that last regulatory period to the forecast annual revenue requirement for the next regulatory period. If TNB is unable to harness these incentives effectively, this may affect its ability to optimise its capital expenditures and costs efficiencies which may lead to a material adverse effect on the Group's business, financial condition and results of operations. Furthermore, TNB's performance is monitored by, and measured against performance targets set by, the Energy Commission. The performance targets come with monetary incentives, penalties and implications with respect to the forecast revenue requirement of TNB for the next regulatory period. The first regulatory period ran from January 2014 to December 2017 (the "First Regulatory Period"). The second regulatory period runs for three years starting from January 2018 to December 2020 (the "Second Regulatory Period"). Upon the expiry of the Second Regulatory Period, there is the possibility that TNB could lose its entitlement to such cost incentives or incur financial penalties imposed by the Energy Commission, if it fails to meet such performance targets for subsequent regulatory periods. In addition, the Energy Commission may review these incentive mechanisms and TNB may be subjected to more stringent requirements during subsequent regulatory periods.

TNB operates in a highly regulated environment and may be adversely affected if there are unfavourable changes in Malaysia's energy regulations and policies

TNB is regulated and licensed by the Energy Commission and operates in an industry that is regulated by the Electricity Supply Act 1990, the Electricity Supply (Amendment) Act 2015 (together, the "Electricity Supply Act") and the Energy Commission Act 2001 and the Energy Commission (Amendment) Act 2010 (together, the "Energy Commission Act"). These statutes are administered by the Ministry of Energy, Science, Technology, Environment and Climate Change ("MESTECC"). There is no assurance that MESTECC and the Energy Commission will not fundamentally alter the Group's business environment in Malaysia which could have an impact on its business, financial condition or results of operations.

In addition, failure to comply with all relevant laws and regulations governing the Group or the business of transmitting and distributing electricity in Malaysia may result in financial penalties, administrative proceedings or legal proceedings against it. TNB currently holds two licences, each of which is valid for 21 years, until 2032 and 2035, respectively. The Electricity Supply Act provides for sanctions which may be imposed against TNB or its relevant subsidiary should it fail to comply with its licence conditions. These sanctions include the suspension or revocation of TNB's licences in certain circumstances provided under the Electricity Supply Act.

The Government of Malaysia (the "Government") has the power to further restructure the Malaysian electricity supply industry ("MESI"). TNB has been a participant in the most recent restructuring process and expects to

assist the Government in any future consideration of this issue but there can be no assurance that TNB will be involved or included in any further restructuring plans for the MESI. Any industry restructuring may have a material adverse effect on the Group's business, financial condition and results of operations.

Any slowdown in the growth of electricity sales in Malaysia may have a material adverse effect on the Group's business, financial condition and results of operations

There has been a slowdown in the growth of electricity sales in Malaysia in the past four years. This slowdown in growth was largely a result of the continued transformation of Malaysia from a manufacturing-oriented economy, which relies heavily on electricity as a major source of energy, to a service-based economy which is less electricity intensive and increased energy efficiency by industries and households.

Under net energy metering ("NEM"), electricity consumers are permitted, with approval from MESTECC, to self-generate electricity for their own needs and sell excess electricity to TNB. Such self-generated electricity is not transported through TNB's 132 kilovolt ("kV"), 275kV and 500kV transmission system (known as the "National Grid"), and does not generate transmission tariffs for the Group, other than certain charges related to such consumers remaining connected to TNB's network for back up electricity purposes. Should sufficiently large numbers of TNB's present customers self-generate electricity for their own needs or bypass the National Grid by connecting directly to electricity generation plants, such distributed generation or network bypass may deprive the Group of significant transmission revenue or may have a material adverse effect on its business, financial condition and results of operations.

TNB's contractual arrangements with other independent power producers may adversely affect its operating profit

As at 30 June 2018, TNB accounted for approximately 50.6 per cent. of total installed capacity in Peninsular Malaysia. Since 1992, the Government has licensed independent power producers (each, an "IPP") to generate electricity for use in Peninsular Malaysia and Sabah. The 34 IPPs owned by third parties that have commenced operations accounted for approximately 45.7 per cent. of installed generation capacity in Peninsular Malaysia as at 30 June 2018. TNB has entered into a separate power purchase agreement ("PPA") with each of these IPPs, each with a duration of between 21 to 25 years. Under the PPAs (other than PPAs with IPPs that produce solar power or renewable energy ("RE")), TNB is generally obligated to purchase the dependable capacity of these IPPs. See "*Description of the Group — The Generation System*" and "*Description of the Group — Development of IPPs*".

The growth in generation capacity in Peninsular Malaysia brought about by IPPs and TNB's expansion of generation capacity may outpace growth in electricity demand. The Planning and Implementation Committee for Electricity Supply and Tariff, which is chaired by MESTECC, meets twice a year to evaluate Malaysia's electricity supply and demand, proposes power plant development programmes, tariff revisions, fuel supply and other issues with respect to electricity supply planning. However, despite careful planning, electricity demand remains difficult to predict and power stations have long lead times before they become economically viable. In countries such as Australia, one of the reasons for overcapacity is due to inaccurate demand forecasts. This has resulted in the most expensive or least efficient power stations having to reduce their capacity or being mothballed in favour of newer and cheaper generators. Overcapacity may result in low capacity utilisation (measured as electricity generated compared to generation capacity) and a high reserve margin (measured as installed capacity relative to peak demand) for TNB and/or the IPPs. Lower capacity utilisation and higher reserve margins in turn would likely reduce TNB's operating profit.

The Group requires significant capital for its business, and to the extent it is unable to obtain additional capital on acceptable terms or in a timely manner, its growth prospects and future profitability may be adversely affected

Power projects generally have long gestation periods before they become economically viable. As a result, the Group would have to incur substantial capital expenditure before it is able to realise the expected benefits on its investments and after the commencement of operations, the Group would also have to incur capital expenditure for the replacement of operating assets and infrastructure. As at 31 December 2017, the Group had approved capital expenditure aggregating RM27,127.2 million for the fiscal years (“FY”) 2018, 2019 and 2020, for all committed projects. Any further capital expenditure will require the specific approval of TNB’s board of directors (the “Board”).

These capital expenditures are expected to be funded through a combination of internally generated cash flow and other external financing sources. The Group’s ability to obtain external financing could be affected by economic and market conditions which could adversely affect liquidity, cost of funding and availability of funding sources. Furthermore, the global financial crisis of the last decade, which witnessed, among other things, significant reductions in and heightened credit quality standards for available capital and liquidity from banks and other providers of credit, substantial reductions and/or fluctuations in equity and currency values worldwide, and a prolonged recessionary period which has been seen in much of the world economy, has at times made it more difficult for companies to raise additional capital or obtain additional credit, when needed, on acceptable terms or at all. In addition to bank credit facilities, the Group finances its activities and operations from time to time by accessing the capital markets. Therefore, the Group is partly dependent on broad access to investors. Changes in demand for securities in capital markets could limit the Group’s ability to fund activities and operations.

If the Group is unable to fund capital expenditures from internally generated cash flow or obtain funds from external sources on acceptable terms or in a timely manner, or at all, these capital expenditures would have to be deferred. This may restrict the Group’s ability to grow and, over time, may reduce the quality and reliability of the service it provides as well as adversely affect the Group’s business, financial condition and results of operations.

A weakening of the Malaysian Ringgit may increase the Group’s operating costs and capital expenditure in Malaysian Ringgit terms, increase the Malaysian Ringgit cost of repaying the Group’s indebtedness and reduce its operating and net income

The Malaysian Ringgit is the currency the Group uses as its reporting currency for its financial statements. As such, a weakening of the Malaysian Ringgit may increase the Group’s operating expenses denominated in or tied to the value of foreign currencies such as costs of imported fuel, and would increase the Malaysian Ringgit cost of the Group’s foreign currency capital expenditures, which include expenditures for equipment and machinery. In addition, a weakening of the Malaysian Ringgit will increase the Group’s interest expenses in Malaysian Ringgit terms on foreign currency denominated indebtedness, as well as increase in Malaysian Ringgit terms the principal repayments on outstanding foreign currency loans and Sukuk issued in a currency other than Malaysian Ringgit. The Malaysian Ringgit has decreased in value against the U.S. dollar from RM4.0325 to U.S.\$1.00 as at 2 January 2018 to RM4.1405¹ to U.S.\$1.00 as at 28 September 2018. The impact to TNB can be seen in the profit or loss statement of TNB’s financial statements as “foreign exchange translation (gain)/loss and transaction (loss)/gain”. For 6M 2018, the translation loss to TNB was RM80.6 million and the transaction loss was RM5.2 million.

¹ Rates are middle rates from the Interbank Foreign Exchange Market in Kuala Lumpur as published on the BNM website (www.bnm.gov.my) for the 12.00 session on the days specified.

TNB can pass on increases in its fuel costs caused by a weakening Malaysian Ringgit to certain customers through the operation of the ICPT, but it cannot pass on increased costs of debt it has incurred in currencies other than Malaysian Ringgit. As at 6M 2018, approximately 21.5 per cent. of TNB's outstanding borrowings were denominated in currencies other than Malaysian Ringgit, predominantly in U.S. dollars, Japanese Yen and GBP.

Since substantially all of the Group's revenues are denominated in Malaysian Ringgit, a weakening of the Malaysian Ringgit would likely reduce the Group's operating and net income, as well as adversely affect the Group's cash flow position, and may strain its ability to repay its debt obligations in a timely manner. The Group may utilise hedging arrangements to mitigate the effects of exchange rate fluctuations but there is no assurance that such arrangements will fully protect the Group from foreign exchange risks.

The business of electricity generation, grid (transmission) and distribution involves many operating risks

The operation and development of electricity generation, transmission and distribution facilities involves many operating risks. The Group has experienced or may experience one or more of the following:

- breakdown or failure of electricity generation equipment, transmission lines, distribution lines or drops, pipelines or other equipment or processes;
- failure to keep on hand adequate supplies of spare parts, operation error, labour disputes, thefts, catastrophic events such as fires, floods, earthquakes and other similar events;
- failure to replace or repair ageing assets;
- adverse environmental and geological conditions (including inclement weather conditions);
- social unrest and terrorist attack;
- service disruptions and variations in power quality in its network, which may result in revenue loss and potential liabilities to third parties and penalties by the regulator;
- information technology system failure, data protection issues and/or cyber-attacks, which could result in loss of critical data and liability to law suits from individuals and the authorities;
- injuries to employees, the Group's contractors or third parties, which may result in fines, claims, higher insurance costs for the Group or denial of coverage; and
- labour disputes, work stoppages and other industrial actions by employees, directly affecting the Group's plants or the operations of the Group's contractual counterparties.

The occurrence of any of these events could increase the cost of operating TNB's facilities or otherwise have a material adverse effect on the Group's business, financial condition and results of operations.

The operations of TNB's power plants are affected by availability of fuel supply and the volatility of fuel prices

TNB's ability to fulfil its role as a power generator and any proposed expansion of its generation capacity will depend on its ability to ensure the availability of fuels at competitive prices during the life cycle of its existing and planned power stations. In 4M 2017, TNB's fuel generation mix was 35.1 per cent. natural gas, 53.1 per cent. coal, 11.6 per cent. hydroelectric and 0.2 per cent. oil. TNB's generation business is heavily dependent on coal and TNB has had to diversify its coal supply over the years to ensure a reliable supply at all times.

TNB entered into a long-term gas sales agreement (“GSA”) in 1994 with Petroleum Nasional Berhad (“PETRONAS”) that had a duration of 21 years. The GSA originally expired on 31 December 2014, but was extended until 31 July 2016. TNB and PETRONAS signed a new gas framework agreement (“GFA”) on 26 September 2016 replacing the GSA. See “*Description of the Group — The Generation System — Fuel*”.

The principal suppliers of fuel oils to TNB are PETRONAS and Shell Group Malaysia and fuel oil is used as the standby fuel to TNB’s oil fired generating facilities.

There is no assurance that TNB’s suppliers will be able to satisfy their contractual commitments or that TNB will be able to secure alternative sources of fuel supply on reasonable terms or at all. If there is a shortage of fuel supply, this will have an adverse effect on the productivity of TNB’s power generation capacity and may hinder its expansion plans. Any constraints on sourcing for fuel would also have a material adverse effect on the Group’s business, financial condition and results of operations.

International prices for fuel have historically been volatile and have fluctuated widely in response to global economic conditions and political instability. Material or sustained changes in fuel prices may affect assumptions made by the Group on which strategic decisions or its forecast revenue or operating expenditure were based and as a result, subsequent actions derived from such decisions or forecasts may no longer be suitable or may have a material adverse effect on its business, financial condition and results of operations. These fluctuations may be offset by the ICPT which provides for tariff adjustments to reflect the impact of fluctuations in fuel costs and other generation specific costs on the base tariff, but see “— *The Group’s business, financial condition and results of operations may be adversely affected if it is unable to recover its costs from existing tariff levels*”.

Fluctuations relative to the Malaysian Ringgit in the currencies of various countries from which the Group imports its fuel may also result in higher costs for the Group once those currencies have been translated into the Malaysian Ringgit. As a result, the Group may have to incur higher costs in order to fulfil its role as a power generator and maintain the operations of its power plants, which may result in a material adverse effect on the Group’s financial condition.

If the Group is unable to identify and adapt to changes in technology, this may have a material adverse effect on the Group’s business, financial condition and results of operations

The success of the Group’s business will depend, in part, on its ability to respond to technological advances and emerging power generation, grid and distribution industry standards and practices on a cost effective and timely basis. Changes in technology may require TNB to incur additional capital expenditure to upgrade its equipment, systems and facilities. In addition, there may be other competing technologies available that can be harnessed to produce electricity but which are not currently deployed by TNB. As such, if TNB is unable to identify and adapt in a timely and cost effective manner to changes in technology, its business, financial condition and results of operations may be materially and adversely affected.

Increased competition in the Malaysian power industry could have a material adverse effect on the Group’s business, financial condition and results of operations

In Malaysia, TNB holds a monopoly on the transmission of electricity and is the largest distributor of electricity to Peninsular Malaysia. As at 30 June 2018, TNB accounted for approximately 50.6 per cent. of the total installed capacity in Peninsular Malaysia.

TNB believes no significant changes are expected to the competitive landscape faced by TNB in Malaysia in the short term. However, the Government has expressed an interest in enhancing competition and cost efficiency in the electricity generation sector and introduced the New Enhanced Dispatch Arrangement (“NEDA”) in the first

quarter of 2016. In April 2017, the Energy Commission published guidelines for NEDA. Under NEDA, power generators which do not have a PPA or service level agreement (“SLA”) with TNB (such as co generators, RE generators/producers, embedded generators and expired PPA/SLA generators) can bid to sell energy to TNB. Such increased competition and any further opening of the market to new participants are expected to exert downward pressure on generation costs and reduce the tariffs chargeable to TNB’s customers, which may result in a material adverse effect on the Group’s business, financial condition and results of operations.

In addition, in September 2018 the Minister of Energy announced the implementation of the MESI Reform 2.0 which will concentrate on three main objectives: increasing industry efficiency; future-proofing the industry’s structure, regulations and key processes; and empowering consumers. MESI Reform 2.0 will cover issues such as affordability of the electricity tariff, sustainability of power utility companies and the ability of certain consumers to supply excess power to the grid by 2025 to 2030, with a view to a greener economy. Another reform initiative being undertaken by the Energy Commission relates to the governance reform study to assess the options for the structure and operations of the Single Buyer and the GSO, in anticipation of a greater role to be played by both entities in the future development of the electricity supply industry as a separate and independent entity from TNB. The recommendations of the study will be presented to the Government upon finalisation, which is expected to be by the end of 2018.

While TNB looks forward to these reforms and being involved in their design and implementation, they may involve a change in TNB’s regulatory and/or operating environment and greater competition which may result in a material adverse effect on the Group’s business, financial condition and results of operations.

The Group may face difficulties and risks when expanding its business overseas and may not be able carry out its overseas operations profitably

The Group may not be able to successfully implement its business model developed in Malaysia and other markets into new or existing ventures due to differences in market structure and regulatory environment and may not be able to manage new ventures profitably. The Group may also incur substantial costs and experience delays or other operational or financial problems. This may result in a material adverse effect on the Group’s business, financial condition and results of operations.

In certain markets where regulatory and legal issues are major challenges, the Group may incur substantial expenses in connection with its international operations and this may adversely impact the return on its investment in these operations. Also, the Group may require additional licences and/or other authorisations to expand its operations in certain jurisdictions and there is no assurance that it will be able to secure the necessary regulatory approvals for such expansion. Regulatory regimes and regulations in certain markets in which the Group operates are also subject to change and interpretation by local authorities and governments and this may affect its expansion activities, for example, if any changes impose greater barriers to entry or restrictions on its expansion plans.

The Group may look towards merger and acquisition opportunities to expand its international operations. However, the Group will need to identify suitable opportunities for investment or acquisition or agree on satisfactory terms with an overseas partner. There can be no assurance that such opportunities or agreements can be established or that any of the Group’s future acquisitions or agreements will be completed or completed on commercial terms favourable to the Group. There is no assurance that the Group will be successful in making further investments or acquisitions due to limited opportunities, competition for available opportunities from other potential investors, foreign ownership restrictions, government policies and regulatory approvals, political considerations and the specific preferences of sellers. The acquisition of new businesses will also involve risks, including unforeseen contingent risks or latent liabilities relating to acquired businesses that may only become apparent after the merger or acquisition is finalised, potential difficulties in the integration and management of

networks, operations and systems, potential difficulties in the retention of key personnel, potential difficulties in the coordination of sales and marketing efforts, and diversion of attention of the Group's management from other on-going business concerns.

TNB may not realise the anticipated benefits from its joint venture arrangements

TNB has investments in various strategic joint ventures and expects to seek new joint venture opportunities to further grow its business. The success of such arrangements will require TNB to develop and maintain continuing relationships with its current or potential strategic joint ventures. These joint ventures are subject to the risk of non-performance by TNB's joint venture partners of their obligations, including any financial obligations, in respect of the joint venture. Joint venture partners may also have business strategies or goals that differ from those of TNB. Any disputes that may arise between TNB and its joint venture partners may cause delays in the completion, suspension or termination of the joint ventures. If any of the foregoing occurs, this may have a material adverse effect on the business, financial condition and results of operations of the Group and on the ability of TNB to implement its growth strategy.

TNB is subject to many environmental laws with which it is costly and time consuming to comply and breach of any of these laws may result in financial and/or criminal penalties

The operations of the Group are subject to various environmental laws relating to water, air and noise pollution and the disposal of hazardous materials. Although TNB believes the Group is in compliance in all material respects with these environmental laws, some risk of environmental costs and liabilities is inherent in its operations and there can be no assurance that material costs and liabilities will not be incurred in the future in this regard. If an environmental hazard were to be found at the site of any of its power stations, or if the operation of any of its power stations were to result in material contamination of the environment, TNB could be subject to substantial liabilities to the Government, state governments and to third parties.

Compliance with environmental laws and regulations may also result in capital expenditure in order to comply with new emission targets for example, a reduction in production, delays in the expansion and development of its generation plants, grid and distribution systems. For example, the Environmental Quality (Clean Air) Regulations 2014 ("CAR 2014") were gazetted and came into force in June 2014 to replace the Environmental Quality Clean Air Regulations 1978. The regulations aim to regulate emissions of air pollutants from industrial activities, including power plants, waste fuel plants and asphalt mixing plants. The power sector will be required to invest in emission control improvements as compliance to the regulations will be mandatory by June 2019 and this may involve, amongst other things, expensive modifications to power plants commissioned before 2003 and certain power plants being unavailable due to long scheduled outage for air pollution control system modification work. Under the IBR, modification costs required by CAR 2014 should be passed on to consumers via tariff adjustments. TNB is conducting a desktop study and audit of all its power plants on the Continuous Emission Monitoring Systems before making a final decision on modifications to its power plants and until that is complete modifications to all power plants are on hold.

Breaches of environmental laws may result in any member of the Group incurring financial and/or criminal penalties.

The Group depends upon its management team and skilled personnel and its ability to attract and retain such persons. The loss of key personnel may have an adverse effect on the Group's business, financial condition and results of operations

The Group's performance depends on the continued service of its management team and skilled personnel. It also faces a continuous challenge to recruit and retain a sufficient number of suitably skilled personnel, particularly as

it implements its strategy to become one of the leading corporates in energy and related businesses globally. Generally, there is significant competition for management and other skilled personnel in Malaysia and in the energy business, and it may be difficult to attract and retain the skilled personnel the Group needs. In particular, even if the Group were to increase its pay structures to attract and retain such personnel, it may be unable to compete with other companies for suitably skilled personnel to the extent they are able to provide more competitive compensation and benefits. A general shortage of qualified personnel and the higher compensation offered by other companies in the Group's industry may also require the Group to raise employee salaries and benefits which could negatively impact its profitability and operations. Furthermore, the Group may not be able to redeploy and retrain its employees to keep pace with changes in technology, evolving standards and changing customer preferences. All this could result in a material adverse effect on the business, financial condition and results of operations of the Group.

The Group's insurance coverage may not be adequate and any uncovered losses could adversely affect its business, financial condition and results of operations

The generation of electricity involves significant hazards that could result in fires, explosions, spills, landslides, discharges, leaks, release of hazardous materials, and other unexpected or dangerous conditions, accidents, and environmental risks. Many of these events may cause personal injury or loss of life, severe damage to or destruction of the Group's properties and the properties of others, and environmental pollution, and may result in the suspension of the Group's operations and the imposition of civil or criminal penalties.

While the Group believes that its insurance policies are consistent with industry practice having taken into account the Group's risk appetite, the exclusions in the insurance policies and conditions of the insurance market at the relevant time, the Group may not be fully insured against all potential hazards and events incidental to its business. For example, acts of terrorism and war are typically excluded from insurance policies for various reasons, including the low likelihood of these risks materialising. Although the Group believes that the insurance coverage it procures is the most comprehensive coverage at the most competitive commercial terms, there is no assurance that the Group's insurance coverage will be adequate and available to cover any loss incurred in relation to such types of incidents. The Group procures insurance coverage based on the Group's risk appetite and commercial consideration, as well as compliance with loan covenants, if any, and therefore any coverage which is limited or not taken out is consciously determined, based on the best interests of the Group. There is also no certainty that adequate insurance cover for all potential liabilities and losses will be available in the future on commercially viable terms. If the Group experiences a larger uninsured loss or if any loss significantly exceeds available insurance coverage, this may have a material adverse impact on the Group's business, financial condition and results of operations.

In addition, insurance policies for the Group are subject to periodic renewal and numerous factors which are beyond the Group's control, such as market conditions, which in turn can limit and/or affect the availability of insurance coverage and affect the premiums for such policies. If the availability of insurance coverage is reduced significantly, the Group's operations may become exposed to certain risks which are not and/or cannot be insured. The Group periodically reviews its risk appetite and risk exposure with the aim of obtaining suitable insurance coverage to protect the Group's financial position.

Non-compliance with, and any changes in, occupational health and safety laws and regulations may adversely affect the Group's business, financial condition and results of operations

The operation of TNB's existing and future power generation, grid and distribution facilities are subject to a broad range of health and safety laws and regulations and TNB has incurred, and expects to continue to incur, compliance costs to comply with such laws and regulations. Any failure in the Group's compliance with the health and safety regimes to which it is subject may result in members of the Group being subject to fines,

damages and criminal or civil sanctions which may lead to significant interruptions to the Group's operations and an adverse effect on TNB's reputation. All this could result in a material adverse effect on the Group's business, financial condition and results of operations.

A downgrade of TNB's credit rating could affect the ability of TNB to obtain financing and on the price of the Sukuk

As at the date of this Offering Circular, TNB has been assigned an overall corporate credit rating of "A3" by Moody's Investors Service, Inc. ("Moody's) and "BBB+" by Standard & Poor's Rating Services, a division of the McGraw Hill Companies, Inc. ("S&P") (with stable outlook).

Credit ratings are subject to revision, suspension or withdrawal at any time by the assigning rating agency. Rating agencies may also revise or replace entirely the methodology applied to derive credit ratings. No assurances can be given that a credit rating will remain for any period of time or that a credit rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgement circumstances in the future so warrant or if a different methodology is applied to derive that credit rating. A downgrade in Malaysia's sovereign debt rating may also lead to a rating agency lowering the credit rating assigned to TNB.

One or more independent credit rating agencies may assign credit ratings to a Series of Sukuk. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this Offering Circular and other factors that may affect the value of the Sukuk. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Any adverse change in an applicable credit rating could impact TNB's ability to obtain financing or increase its financing costs or adversely affect the trading or market price of the Sukuk.

The Group's business may be adversely affected by health epidemics and other outbreaks of contagious diseases

The Group's business could be adversely affected by an outbreak of an infectious disease, such as avian influenza, H1N1 influenza, Middle East respiratory syndrome, Zika virus, Ebola virus or severe acute respiratory syndrome. An outbreak of contagious diseases, together with the resulting travel restrictions and/or imposition of quarantine, could result in a widespread health crisis that could adversely affect the economy and financial markets of Asia, Europe and the Middle East. Additionally, any recurrence of the H1N1 influenza pandemic, similar to the occurrence in 2009 that affected Malaysia as well as other countries and regions, would also have similar adverse effects. There can be no assurance that any precautionary measures taken against infectious diseases would be effective. Such outbreaks or the perception that an outbreak may occur could severely disrupt the Malaysian economy and undermine investor confidence, thereby materially and adversely affecting the Group's business, financial condition and results of operations.

The Group's operations could be adversely affected by natural disasters or other disruptive events beyond its control

The development or operation of the Group's power plants and grid could be adversely affected or disrupted by natural disasters (such as earthquakes, floods, tsunamis, hurricanes, fires or typhoons) or other disruptive weather conditions such as changes to predominant natural weather, as well as hydrologic and climatic patterns, including sea levels. The occurrence of any of the foregoing may result in developmental and operational difficulties or interruptions and in turn affect the expected performance level of the power plants and grid. All this may have a material adverse effect on the Group's financial condition and increase its costs and expenses.

Risks Relating to an Investment in a Malaysian Company

Economic, political and social developments in Malaysia and the other countries in which the Group operates could adversely affect the Group's business, financial condition and results of operations

Electricity sales growth of the Group has historically been closely linked to the performance of the Malaysian economy, although the link has weakened in recent years. For FY2017, 93.6 per cent. of the operating revenue of the Group arising from sales of electricity was derived from within Malaysia. Through its subsidiaries, TNB also has power related business interests located in India, Pakistan, Saudi Arabia, Turkey and the UK.

The Group's revenue depends on the political, economic and social stability of Malaysia and all the countries in which the Group operates, but due to the majority of its revenue coming from customers in Malaysia, the Group depends predominantly on the continued strength and stability of Malaysia's political, economic and social climate to generate sufficient revenue to meet its payment obligations under Sukuk issued under the Programme. The Malaysian economy is particularly affected by general economic and business conditions in the Asian region.

Adverse developments in political, economic and regulatory conditions in Malaysia and the other countries in which TNB's subsidiaries operate could have a material adverse effect on the business, financial condition and results of operations of the Group. Amongst the political, economic and regulatory uncertainties are changes in the political landscape, terrorist attack, implementation of unfavourable industry regulations and laws by statutory authorities, changes in the interest rate environment and legislation on taxation, currency exchange rules and controls, adverse foreign currency fluctuations, expropriation, nationalisation and re-negotiation or nullification of existing orders, and there can be no assurance that any such changes will not adversely affect the business, financial condition or results of operations of the Group.

There remains uncertainty in the Euro-zone in light of the unstable sovereign finances of certain European nations, as well as uncertainty as to the impact of the UK's departure from the European Union (following its referendum on its membership held on 23 June 2016) on general economic conditions in the UK and the European Union and any consequential impact on global financial markets. Turkey is also suffering a currency crisis and high inflation which is putting substantial pressure on its economy.

In addition, there remains significant uncertainty as to the impact of President Donald Trump's administration globally following the 2016 United States presidential election results, including the Trump administration's approach to international trade negotiations resulting in tensions with a number of nations. There can be no assurance that market disruptions in Europe or general uncertainty in global markets will not affect the Group. If there is another global or regional financial crisis or a deterioration in the economic or political environment of Malaysia or any of the other countries in which the Group operates (including the UK and Turkey), this may have a material adverse effect on the Group's business, financial condition and results of operations of the Group.

Furthermore, the monetary and fiscal policies of the Government will be influenced by global and domestic developments. The Government's policies may change in tandem with the economic climate, which may, in turn, adversely affect the Group. In addition, laws and regulations and fiscal policies affecting the economy as a whole and the power sector, specifically in emerging markets in Asia, the Middle East and Europe, also tend to be evolving and changing compared to mature markets and the Group may be adversely affected by any such change relating to power generation, licensing and services.

The insolvency laws of Malaysia and other local insolvency laws may differ from those of another jurisdiction with which the Sukukholders are familiar

As the Trustee and TNB are incorporated under the laws of Malaysia, any insolvency proceedings relating to the Trustee and TNB would likely involve Malaysian insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the Sukukholders are familiar.

There can be no assurance that the Government will not reimpose capital controls

As part of the package of policy responses to the 1997 economic crisis in Southeast Asia, the Government introduced selective capital control measures on 1 September 1998. The Government subsequently liberalised such selective capital control measures in 1999 to allow foreign investors to repatriate principal capital and profits, subject to an exit levy based on a percentage of profits repatriated. On 1 February 2001, the Government revised the levy to apply only to profits made from portfolio investments retained in Malaysia for less than one year. On 2 May 2001, the Government lifted all such controls in respect of the repatriation of foreign portfolio funds (largely consisting of proceeds from the sale of stocks listed on Bursa Securities).

There can be no assurance that the Government will not re impose these or other forms of capital controls in the future. If the Government reimposes or introduces foreign exchange controls, investors may not be able to repatriate the proceeds of the sale of the Sukuk and profit and principal paid on the Sukuk from Malaysia for a specified period of time or may only be able to do so after paying a tax or levy.

Inflation pressures could adversely affect the Malaysian economy

Headline inflation, as measured by the annual percentage change in the overall Consumer Price Index (“CPI”) and reported by the Department of Statistics Malaysia, rose 2.7 per cent. in December 2015, 1.8 per cent. in December 2016 and 3.5 per cent. in December 2017. The latest CPI was for the month of August 2018 which showed an increase of 0.2 per cent. as compared to the corresponding month last year, registering the lowest rate for 42 months. This slowdown in inflation was due to the decrease in the cost of fuels which caused the CPI for transport to increase 2.1 per cent. in August 2018 as compared to 6.7 per cent. recorded in July 2018. Despite the current slowdown, inflationary pressures in the Malaysian economy could adversely affect the continued development of Malaysia’s economy. This could, in turn, adversely affect the business, financial condition and results of operations of the Group.

Certain foreign judgments may not be enforceable against the Trustee and TNB in Malaysia

Foreign judgments obtained in the superior courts of reciprocating countries as listed in the First Schedule of the Reciprocal Enforcement of Judgments Act 1958 (the “REJA”) (other than a judgment of such a court given on appeal from a court which is not a superior court) in respect of any sum payable by the Trustee or TNB can be recognised and enforced in Malaysia by applying to register the said foreign judgment with the Malaysian courts. The process of registration for a foreign judgment dispenses the need to re-litigate or re-examine the issues in dispute, as long as:

- the enforcement of the judgment would not be contrary to public policy in Malaysia;
- the judgment was not given or obtained by fraud or in a manner contrary to natural justice;
- the judgment was by a court of competent jurisdiction in such jurisdiction and was not obtained in proceedings in which the judgment debtor being the defendant in the original court did not receive notice of those proceedings in sufficient time to enable it to defend the proceedings and did not appear;

- the judgment has not been wholly satisfied or is enforceable by execution in the original court;
- the judgment is final and conclusive between the parties thereto;
- the judgment is for a liquidated sum;
- the liquidated sum payable under the judgment (if any) is not directly or indirectly for the payment, satisfaction or enforcement of any penal or revenue laws or sanctions imposed by the authorities of such jurisdiction;
- the judgment is not preceded by a final and conclusive judgment by a court having jurisdiction in that matter; and
- the rights under the judgment are vested in the person by whom the application for registration was made.

The judgment creditor under a judgment to which the REJA applies, may apply to the High Court at any time in accordance with the provisions of the REJA within six years after the date of the judgment or, where there have been proceedings by way of appeal against the judgment, after the date of the last judgment given in those proceedings, to have the judgment registered.

A person who has obtained a judgment against the Trustee and/or TNB in a court which is not listed in the First Schedule of the REJA will have to rely entirely on the principles of common law to enforce the judgment, that is, by instituting a fresh suit in Malaysia based either on the judgment or on the original cause of action.

Accounting and corporate disclosure standards in Malaysia may vary from those in other jurisdictions

There may be different publicly available information about Malaysian public companies, such as TNB, than is regularly made available by public companies in other jurisdictions. These differences include (i) the timing and content of disclosure of beneficial ownership of equity securities of officers, directors and significant shareholders; (ii) officer certification of disclosure and financial statements in periodic public reports; and (iii) disclosure of off balance sheet transactions in management's discussion of results of operations in periodic public reports.

The change in the financial year end of the Group in 2017 means that recent financial statements published by the Group are not directly comparable to financial statements for any previous financial periods

On 30 November 2016, the Board passed a resolution approving the change in the financial year end of the Group from 31 August to 31 December, which was implemented after FY2017. As a result of this change, for the period between 1 September 2017 and 31 December 2017, the Group published audited consolidated financial information as at and for 4M 2017 (which includes the comparative consolidated financial information as at and for FY2017). The Group's audited consolidated statement of profit or loss and other comprehensive income for 4M 2017 and for FY2017 are therefore not directly comparable and the Group has not prepared any financial statements for any previous periods which are comparable to 4M 2017.

The summary of the Group's unaudited condensed consolidated statement of profit or loss and other comprehensive income for 6M 2018 and the unaudited condensed consolidated statement of financial position as at 6M 2018 (which, for the latter, includes a comparative statement of the financial position as at 31 December 2017) set forth in this Offering Circular are extracted from the Group's unaudited consolidated interim financial information as at the date and for the period indicated. Such summary unaudited condensed financial information

should be read in conjunction with the Group's unaudited consolidated statement of profit or loss and other comprehensive income for 6M 2018 and the statement of financial position as at 6M 2018, including the notes thereto.

Due to the change in the financial year end of the Group as described above, there is no statement of profit or loss or other comprehensive income for a comparable period from previous financial years that would be directly comparable with the statement of profit or loss and other comprehensive income for 6M 2018. The Group has not prepared any consolidated statements of its financial position as at or for any previous periods which are comparable to the financial information as at or for 6M 2018. The approach taken by the Group with respect to its financial reporting is in line with Malaysian financial reporting standards.

Investors are advised to read and understand the contents of this Offering Circular and the financial information with respect to the Group before investing and, if in doubt, investors should consult their advisers.

Considerations relating to the Sukuk

The Sukuk are limited recourse obligations

The Sukuk are not debt obligations of the Trustee. Instead, each Sukuk represents solely an undivided ownership interest in the Trust Assets relating to that Series. Recourse to the Trustee is limited to the Trust Assets of the relevant Series and the proceeds of the Trust Assets of the relevant Series are the sole source of payments on the Sukuk of that Series. Upon receipt by the Trustee of a Dissolution Notice in accordance with the terms of Condition 12 (*Dissolution Events*), the sole rights of each of the Trustee and/or the Delegate (acting on behalf of the Sukukholders), will be (subject to Condition 13 (*Realisation of Trust Assets*)) against the Obligor to perform its obligations under the Transaction Documents to which it is a party.

No Sukukholder shall be entitled to proceed directly against the Trustee or the Obligor unless the Delegate, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing. Under no circumstances shall the Delegate or any Sukukholder have any right to cause the sale or other disposition of any of the Trust Assets (other than as expressly contemplated in the Transaction Documents) and the sole right of the Delegate and the Sukukholders against the Trustee and the Obligor shall be to enforce their respective obligations under the Transaction Documents to which they are a party.

Following the enforcement, realisation and ultimate distribution of the net proceeds of the relevant Trust Assets in respect of the Sukuk of the relevant Series to the Sukukholders in accordance with the Terms and Conditions of the Sukuk and the Declaration of Trust, the Trustee shall not be liable for any further sums in respect of such Series and, accordingly, Sukukholders may not take any action against the Trustee, the Delegate or any other person (including the Obligor) to recover any such sum in respect of the Sukuk or the relevant Trust Assets.

After enforcing the Trust Assets and distributing the net proceeds of such Trust Assets in accordance with Condition 5(b) (*Application of Proceeds from Trust Assets*), the obligations of the Trustee in respect of the Sukuk shall be satisfied and no Sukukholder may take any further steps against the Trustee (or any steps against the Delegate) to recover any further sums in respect of the Sukuk and the right to receive any such sums unpaid shall be extinguished. In particular, no Sukukholder shall be entitled in respect thereof to petition or to take any other steps for the winding up of the Trustee.

No amount whatsoever shall be due and payable by the Issuer except to the extent funds are available from the Trust Assets. There can be no assurance that the net proceeds of any enforcement or realisation of the Trust Assets will be sufficient to make all payments due.

No third-party guarantees

Investors should be aware that no guarantee is or will be given in relation to the Sukuk by the Obligor or any other person.

Ability of defined majorities to bind all Sukukholders

The Master Declaration of Trust contains provisions for calling meetings of Sukukholders of a Series to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Sukukholders of such a Series including Sukukholders who did not attend and vote at the relevant meeting and Sukukholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Sukuk, the Declaration of Trust and other Transaction Documents may be modified without notice to Sukukholders

The Master Declaration of Trust provides that the Delegate may, without the consent of the Sukukholders, (i) agree to any modification of any of the provisions of the Declaration of Trust or the Transaction Documents that is, in the opinion of the Delegate, of a formal, minor or technical nature or is made to correct a manifest error, or (ii) (A) agree to any other modification (except as mentioned in the Declaration of Trust), or to any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Declaration of Trust or the Transaction Documents or (B) determine that any Dissolution Event or Potential Dissolution Event shall not be treated as such, provided that such modification, waiver, authorisation or determination is in the opinion of the Delegate not materially prejudicial to the interests of the Sukukholders and is other than in respect of a matter listed in Conditions 14(a)(i) to 14(a)(ix) (*Meetings of Sukukholders, Modification, Waiver and Substitution*) and not in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least 25.0 per cent. of the outstanding aggregate face amount of a Series of Sukuk.

The Delegate may request the Sukukholders to provide an indemnity and/or security and/or prefunding to its satisfaction

In certain circumstances, including without limitation the giving of a notice pursuant to Condition 12 (*Dissolution Events*) and the taking of action to enforce or realise any relevant Trust Assets or steps against the Trustee or the Obligor under the relevant Transaction Documents pursuant to Condition 13 (*Realisation of Trust Assets*), the Delegate may (at its sole discretion) request the holders of the relevant Sukuk to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes actions on behalf of the holders of such Sukuk. The Delegate shall not be obliged to take any such actions if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Delegate may not be able to take actions, notwithstanding the provision of an indemnity and/or security and/or prefunding to it, in breach of the terms and conditions governing the relevant Sukuk or the relevant Transaction Documents and/or in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, in such circumstances, to the extent permitted by the agreements and the applicable law, it will be for the holders of the relevant Sukuk to take such actions directly.

The Sukuk may not be a suitable investment for all investors

Each potential investor in the Sukuk must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Sukuk, the merits and risks of investing in the Sukuk and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Sukuk and the impact the Sukuk will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Sukuk, including where the currency for the face amount or any periodic distribution payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Sukuk and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Sukuk are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Sukuk which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Sukuk will perform under changing conditions, the resulting effects on the value of the Sukuk and the impact this investment will have on the potential investor's overall investment portfolio.

The Sukuk are unsecured obligations, the repayment of which may be jeopardised in certain circumstances

As the Sukuk and the Obligor's payment obligations under the Transaction Documents are unsecured obligations, their payment may be compromised if:

- the Obligor enters into bankruptcy, liquidation, reorganisation or other winding-up procedures;
- there is a default in payment under the Obligor's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Obligor's indebtedness.

If any of these events occurs, the Obligor's assets may not be sufficient to pay amounts due under the Transaction Documents which in turn may result in the Trustee having insufficient funds to pay amounts due in respect of any of the Sukuk.

The Sukuk may be subject to early dissolution by the Trustee

In certain circumstances, the Sukuk may be subject to early dissolution by the Trustee. If the Trustee has or will become liable to pay additional amounts in respect of the Sukuk and/or the Obligor is required to pay additional amounts pursuant to certain Transaction Documents, in each case as a result of certain changes affecting taxation in Malaysia or any political subdivision or any authority thereof or therein having power to tax, the Trustee may redeem all but not some only of the Sukuk upon giving notice in accordance with the Terms and Conditions of the Sukuk.

If the Optional Redemption Right is specified in the applicable Pricing Supplement, the Obligor may exercise its option under the Sale Undertaking to procure the Trustee to redeem the Sukuk in whole or in part on the relevant Optional Redemption Date at the relevant Optional Redemption Amount as specified in the applicable Pricing Supplement.

In each case, dissolution will take place in accordance with the Terms and Conditions of the Sukuk. An early dissolution feature of any Sukuk is likely to limit its market value. During any period when the Obligor may require the Trustee to redeem any Sukuk, the market value of those Sukuk generally may not rise substantially above the dissolution amount payable.

The occurrence of a Total Loss Termination Event will cause a redemption of the Sukuk prior to the Scheduled Dissolution Date

Where the Wakala Portfolio comprises Lease Assets, pursuant to the Purchase Undertaking, where a Total Loss Termination Event has occurred in respect of a Series of Sukuk, the Trustee will have the right to require the Obligor to purchase and accept the transfer and conveyance on the Total Loss Dissolution Date specified in the Exercise Notice of all of the Trustee's interests, rights, benefits and entitlements in and to any Residual Assets at the Residual Assets Exercise Price specified in the Exercise Notice. The Residual Assets Exercise Price, together with the Deferred Sale Price (if any), will be paid into the Transaction Account on the Total Loss Dissolution Date. The Trustee (or the Delegate on its behalf) will use the relevant amounts received from the Obligor as above to redeem the relevant Sukuk at their Dissolution Distribution Amount.

Where the Wakala Portfolio comprises Lease Assets, pursuant to the Lease Agreement, the Trustee is required, among other things, to insure the Lease Assets. The Trustee has delegated this obligation to the Obligor, as its Wakeel, and the Obligor has undertaken in the Wakala Agreement, *inter alia*, to insure the Lease Assets in the name of the Trustee against the occurrence of a Total Loss Termination Event in an amount at least equal to the Takaful/Insurance Coverage Amount.

Where the Wakala Portfolio comprises Lease Assets, if (i) a Total Loss Event occurs and an amount (if any) less than the Takaful/Insurance Coverage Amount is available to the Wakeel to be applied by the Wakeel towards the purchase of new assets from the Obligor, or (ii) a Total Loss Termination Event occurs and the amount credited to the Transaction Account is less than the Takaful/Insurance Coverage Amount, the Wakeel acknowledges that it shall have failed in its responsibility to properly insure the Lease Assets (unless it proves beyond any doubt that any shortfall in the takaful/insurance proceeds is neither attributable to its negligence nor its failing to comply with the terms of the Wakala Agreement relating to takaful/insurance) and accordingly will irrevocably and unconditionally undertake to pay any shortfall directly to the Transaction Account within 31 days of the occurrence of the Total Loss Event.

The Delegate will be entitled to enforce these undertakings against the Obligor on behalf of the Sukukholders.

Considerations relating to the Wakala Assets

Ownership of the Wakala Assets

In order to comply with the requirements of Shari'a, an interest in the Wakala Assets of each Series will pass to the Trustee under the Master Asset and Sale Purchase Agreement, as supplemented by the relevant Supplemental Asset Sale and Purchase Agreement and/or under the Master Grant of Rights to Services Agreement, as supplemented by the relevant Supplemental Grant of Rights to Services Agreement. The Trustee will declare a trust in respect of its ownership interest in such Wakala Assets and the other relevant Trust Assets in favour of the Sukukholders of the relevant Series pursuant to the Master Declaration of Trust, as supplemented by the relevant Supplemental Declaration of Trust. Accordingly, Sukukholders will have beneficial ownership interests in the relevant Wakala Assets unless transfer of the Wakala Assets is prohibited by, or ineffective under, any applicable law (see "*Transfer of the Wakala Assets*" below).

No investigation or enquiry will be made and no due diligence will be conducted in respect of any Wakala Assets. Only limited representations will be obtained from the Obligor in respect of the Wakala Assets of a

Series. In particular, the precise terms of such Wakala Assets or the nature of the assets sold or held will not be known (including whether there are any restrictions on transfer or any further obligations required to be performed by the Obligor to give effect to the transfer of the ownership interest in the Wakala Assets). No steps will be taken to perfect the transfer of the ownership interest in any Wakala Assets or otherwise give notice to any obligor in respect thereof. The obligors in respect of such Wakala Assets may have rights of set off or counterclaim against the Obligor in respect of such Wakala Assets.

In addition, if and to the extent that a third party is able to establish a direct claim against the Trustee, the Delegate or any relevant Sukukholders on the basis of legal or beneficial ownership of any Wakala Assets, the Obligor has agreed in the Declaration of Trust to indemnify the Trustee, the Delegate and the Sukukholders against any such liabilities. If the Obligor is unable to meet any such claims then the relevant Sukukholders may suffer losses in excess of the original face amount invested.

Transfer of the Wakala Assets

No investigation has been or will be made as to whether any interest in any Wakala Assets may be transferred as a matter of the law governing the contracts, the law of the jurisdiction where such assets are located or any other relevant law. No investigation will be made to determine if any Supplemental Asset Sale and Purchase Agreement will have the effect of transferring an ownership interest in the relevant Wakala Assets. The Master Asset Sale and Purchase Agreement is, and each Supplemental Asset Sale and Purchase Agreement will be, governed by the laws of Malaysia and, to the extent that such laws are applied in relation to any dispute, there are doubts whether an ownership interest in certain assets can be effectively transferred without notice of the transfer being given to the obligor. Accordingly, no assurance is given that any ownership interest in any Wakala Assets will be transferred to the Trustee.

The Obligor has agreed in the Purchase Undertaking to indemnify the Trustee for the purposes of redemption in full of the outstanding Sukuk in the event that any transfer of an ownership interest in any Wakala Assets is found to be ineffective. In addition, the Obligor has agreed in the Purchase Undertaking that, to the extent that the sale and purchase or transfer of any ownership interest in any Wakala Assets is not (or is alleged not to be) effective in any jurisdiction for any reason, it will make payment of an amount equal to the relevant exercise price.

In the event that the Wakala Assets of any Series are not repurchased by the Obligor for any reason, the Delegate will seek to enforce the above provisions of the Purchase Undertaking. To the extent that it obtains an English judgment in its favour, it may seek to enforce that judgment or award in a Malaysian court.

Considerations related to Sukuk generally

Set out below is a brief description of certain risks relating to the Sukuk generally:

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to an issue of Sukuk. The ratings may not reflect the potential impact of all risks that may affect the value of the Sukuk including those relating to the structure of the Sukuk, market conditions and the factors discussed above. A credit rating is not a recommendation to buy, sell or hold securities and may be suspended, reduced or withdrawn by the rating agency at any time.

A downgrade in ratings may affect the market price of the Sukuk

Sukuk issued under the Programme may be rated or unrated. There can be no assurance that the ratings of the Obligor, the Programme or any issue of Sukuk (if rated) will remain in effect for any given period or that the

ratings will not be revised by the rating agencies in the future if, in their judgement, circumstances so warrant. A downgrade in the ratings of the Obligor, the Programme or any issue of Sukuk (if rated) may affect the market price of the Sukuk.

There is no active trading market for the Sukuk

The Sukuk may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Sukuk easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Sukuk that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Sukuk generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have an adverse effect on the market value of the Sukuk.

Definitive Sukuk may not be available in certain denominations

In relation to any issue of Sukuk which are tradeable in clearing systems in amounts other than integral multiples of the relevant minimum or specified denomination, should definitive Sukuk be required to be issued, a holder who does not have such integral multiple in his account with the relevant clearing system, at the relevant time, may not receive all of his entitlement in the form of definitive Sukuk unless and until such time as his holding becomes an integral multiple thereof.

Reliance on procedures of clearing systems

Sukuk issued under the Programme will be represented on issue by one or more Global Certificates that may be deposited with a common depository for Euroclear and Clearstream, Luxembourg (the "Clearing Systems"). Except in the circumstances described in each Global Certificate, investors will not be entitled to receive Sukuk in definitive form. Each relevant Clearing System and their respective direct and indirect participants (if any) will maintain records of the beneficial interests in each Global Certificate held through it. While the Sukuk are represented by a Global Certificate, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants (if any).

While the Sukuk are represented by Global Certificates, the Trustee will discharge its payment obligations in respect of the Sukuk by making payments through the relevant Clearing System. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the Clearing System and its participants (if any) to receive payments under the Sukuk. The Trustee has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Certificate.

Holders of beneficial interests in a Global Certificate will not have a direct right to vote in respect of the Sukuk so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the Clearing System and its participants to appoint appropriate proxies.

Investors must make their own determination as to Shari'a compliance

The Joint Shari'a Advisers have confirmed that, in their opinion, the Sukuk and the Transaction Documents are in compliance with Shari'a principles. However, there can be no assurance as to the Shari'a permissibility of the Transaction Documents or any issue and the trading of a Series of Sukuk will be deemed to be Shari'a-compliant by any other Shari'a board or Shari'a scholars. None of the Trustee, the Obligor, the Delegate, the Agents, the Arrangers and the Dealers makes any representation as to the Shari'a compliance of any Series of Sukuk. Investors are reminded that, as with any Shari'a views, differences in opinion are possible. Investors are advised

to obtain their own independent Shari'a advice as to whether the structure and the Transaction Documents meet their individual standards of compliance and make their own determination as to the future tradability of the Sukuk on any secondary market. Questions as to the Shari'a permissibility of the structure or the issue and the trading of the Sukuk may limit the liquidity and adversely affect the market value of the Sukuk.

Shari'a requirements in relation to interest awarded by a court

In accordance with applicable Shari'a principles, each of the Trustee and the Delegate will waive all and any entitlement it may have to interest awarded in its favour by any court in connection with any dispute under any of the Transaction Documents. Should there be any delay in the enforcement of a judgment given against the Obligor, judgment interest may accrue in respect of that delay and, as a result of the waiver referred to above, Sukukholders will not be entitled to receive any part of such interest.

Sukuk linked to "benchmarks" (including Floating Rate Sukuk)

The Programme allows for the issuance of Sukuk that reference certain interest rates or other types of rates or indices which are deemed to be "benchmarks", including the London Interbank Offered Rate ("LIBOR") and the Euro Interbank Offered Rate ("EURIBOR"), in particular with respect to certain floating rate Sukuk where the Reference Rate (as defined in the Terms and Conditions of the Sukuk) may be LIBOR, EURIBOR or another such benchmark. The Pricing Supplement for Sukuk will specify whether LIBOR, EURIBOR or another such benchmark is applicable.

Benchmarks are the subject of ongoing national and international regulatory reform. Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. For example, the UK Financial Conduct Authority has announced that after 2021 it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark and that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021 by the UK Financial Conduct Authority.

The Terms and Conditions of the Sukuk and the Agency Agreement contain fall-back provisions in the event that LIBOR or EURIBOR rates are not available. However, the potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner in which the LIBOR benchmark or any other benchmark is administered, could result in discrepancies in the rates calculated according to the Terms and Conditions of the Sukuk and the Agency Agreement and those based on any substitute or alternate benchmark that has become the market standard by or after 2021. Any such consequence could have a material adverse effect on the value and marketability of, and return on, any Sukuk linked to any such benchmark.

TERMS AND CONDITIONS OF THE SUKUK

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Sukuk in definitive form (if any) issued in exchange for the Global Certificate representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Sukuk in definitive form. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Sukuk in definitive form. References in the Terms and Conditions of the Sukuk to “Sukuk” are to the Sukuk of one Series only, not to all Sukuk that may be issued under the Programme.

TNB Global Ventures Capital Berhad (in its capacity as issuer and in its capacity as trustee, as applicable, the “Trustee”) has established a multicurrency sukuk issuance programme (the “Programme”) for the issuance of trust certificates (the “Sukuk”) in a maximum aggregate face amount of U.S.\$2,500,000,000 (or the equivalent in other currencies calculated as described in the amended and restated dealer agreement between the Trustee, Tenaga Nasional Berhad (the “Obligor”) and the Dealers named therein dated 12 October 2018 (the “Dealer Agreement”), or such other maximum aggregate face amount as increased in accordance with the terms of the Dealer Agreement.

The Sukuk are constituted by an amended and restated master declaration of trust dated 12 October 2018 between the Trustee, the Obligor and Citicorp International Limited as the Trustee’s delegate (the “Delegate”, which expression shall include all persons for the time being the delegate or delegates under the Declaration of Trust) (the “Master Declaration of Trust”) as supplemented by a supplemental declaration of trust entered into on the date of issue of the relevant Sukuk (the “Issue Date”) in respect of the relevant Series (the “Supplemental Declaration of Trust” and, together with the Master Declaration of Trust, the “Declaration of Trust”).

An amended and restated agency agreement (as amended or supplemented as at the Issue Date, the “Agency Agreement”) dated 12 October 2018 has been entered into in relation to the Sukuk between the Trustee, the Obligor, the Delegate, Citibank, N.A., London Branch as initial principal paying agent, paying agent, calculation agent and transfer agent and Citigroup Global Markets Europe AG as initial registrar and the other agents named in it. The principal paying agent, the other paying agents, the registrar, the transfer agents and the calculation agent for the time being (if any) are referred to below respectively as the “Principal Paying Agent”, the “Paying Agents”, the “Registrar”, the “Transfer Agents” (which expression shall include the Registrar) and the “Calculation Agent”, and together the “Agents”.

These terms and conditions (the “Conditions”) include summaries of, and are subject to, the detailed provisions of the Declaration of Trust, which includes the form of Certificate referred to below, the Agency Agreement and the remaining Transaction Documents (as defined below). The Sukukholders are bound by, and are deemed to have notice of, all the provisions applicable to them in the Transaction Documents. Copies of the Transaction Documents are available for inspection during usual business hours at the principal office of the Delegate and the specified office of the Principal Paying Agent following prior written request and proof of holding to the satisfaction of the Delegate or the Principal Paying Agent, as the case may be.

Each initial Sukukholder, by its acquisition and holding of its interest in a Sukuk, shall be deemed to authorise and direct the Trustee, on behalf of the Sukukholders: (a) to apply the proceeds of the issue of the Sukuk towards the purchase of Tangible Assets and (if applicable to a Series) the purchase of Non-Tangible Assets and/or the entry into of a Commodity Murabaha Investment (in the proportions to be determined prior to the relevant Issue Date and otherwise in accordance with the provisions of the Transaction Documents), and (b) to enter into each

Transaction Document to which it is a party, subject to the terms and conditions of the Declaration of Trust and these Conditions.

1. Interpretation

Unless defined herein or the context otherwise requires, capitalised words and expressions used but not defined herein or hereon shall have the meaning given to them in the Declaration of Trust and the Agency Agreement. In addition, for the purposes of these Conditions, the following expressions have the following meanings:

“Additional Dissolution Distribution Amount” has the meaning given to it in Condition 9(b);

“Broken Amount” means the amount specified as such in the applicable Pricing Supplement;

“Business Day” has the meaning given in Condition 7(h);

“Calculation Amount” means the amount specified as such in the applicable Pricing Supplement;

“Cancellation Notice” means a cancellation notice given pursuant to the terms of the Sale Undertaking;

“Commodity Murabaha Investment” means, if applicable to a Series, the sale of Shari’a-compliant commodities by the Trustee to the Obligor, initially purchased by the Trustee using a proportion of the proceeds of the issue of the Sukuk, pursuant to the Master Murabaha Agreement;

“Day Count Fraction” has the meaning given to it in Condition 7(h);

“Deferred Sale Price” means the deferred sale price payable by the Obligor to the Trustee in respect of the Commodity Murabaha Investment, if applicable to a Series;

“Delegation” has the meaning given to it in Condition 15(a);

“Dissolution Date” means, in respect of a Series, as the case may be:

- (a) the Scheduled Dissolution Date;
- (b) any Early Tax Dissolution Date;
- (c) any Total Loss Dissolution Date;
- (d) any Optional Redemption Date;
- (e) any Sukukholder Put Right Date;
- (f) any Dissolution Event Redemption Date; or
- (g) such other date as specified hereon for the redemption of Sukuk and dissolution of the Trust in whole or in part prior to the Scheduled Dissolution Date;

“Dissolution Distribution Amount” means in relation to any Sukuk:

- (a) the sum of:
 - (i) the outstanding face amount of such Sukuk; and
 - (ii) any due and unpaid Periodic Distribution Amounts for such Sukuk; or
- (b) such other amount specified hereon as being payable upon any Dissolution Date;

“Dissolution Event” means a Trustee Event or an Obligor Event;

“Dissolution Event Redemption Date” has the meaning given to it in Condition 12(a);

“Dissolution Notice” has the meaning given to it in Condition 12(a);

“Early Tax Dissolution Date” has the meaning given to it in Condition 8(b);

“Euro-zone” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

“Exercise Notice” means an exercise notice given pursuant to the terms of the Purchase Undertaking and/ or the Sale Undertaking (as the case may be);

“Extraordinary Resolution” has the meaning given to it in the Declaration of Trust;

“Fixed Amount” means the amount specified as such in the applicable Pricing Supplement;

“Fixed Rate Sukuk” means a Series in respect of which Fixed Periodic Distribution Amounts are specified as applicable hereon;

“Floating Rate Sukuk” means a Series in respect of which Floating Periodic Distribution Amounts are specified as applicable hereon;

“ISDA Definitions” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon;

“Lease Agreement” means, in respect of a particular Series, the Master Lease Agreement as supplemented by the relevant Supplemental Lease Agreement in respect of such Series;

“Lease Assets” means, in respect of a particular Series, the Shari’a-compliant assets to be leased as set out in the Lease Agreement for such Series;

“Liability” means any loss, damage, cost, charge, claim, demand, expense, fee, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes) and including any value added tax or similar tax charged or chargeable in respect thereof and legal or other fees and expenses on a full indemnity basis and references to “Liabilities” shall mean all of these;

“Master Asset Sale and Purchase Agreement” means the amended and restated master asset sale and purchase agreement dated 12 October 2018 between the Trustee and the Obligor (in its capacity as seller);

“Master Grant of Rights to Services Agreement” means the amended and restated master grant of rights to services agreement dated 12 October 2018 between the Trustee and the Obligor (in its capacity as grantor);

“Master Lease Agreement” means the amended and restated master lease agreement dated 12 October 2018 between the Trustee, the Obligor (in its capacity as lessee) and the Delegate;

“Master Murabaha Agreement” means the amended and restated master murabaha agreement dated 12 October 2018 between the Trustee, the Obligor (in its capacity as buyer) and CIMB Islamic Bank Berhad in its capacity as commodity trading participant;

“Master Sub-Grant of Rights to Services Agreement” means the amended and restated master sub-grant of rights to services agreement dated 12 October 2018 between the Trustee and the Obligor (in its capacity as sub-grantee);

“Material Adverse Effect” means an event, condition or thing which materially adversely affects the financial condition, prospects, results of operations or assets of the Issuer, the Obligor or the Obligor and its Subsidiaries and affiliates taken as a whole, or the ability of the Issuer or the Obligor to perform its obligations under any of the Transaction Documents or any Sukuk, or that are otherwise material in the context of the issue of the Sukuk;

“Non-Tangible Assets” has the meaning given to it in the Master Asset Sale and Purchase Agreement;

“Obligor Event” means any of the following events:

- (a) **Non-payment:** the Obligor (acting in any capacity) fails to pay any amount in the nature of principal or profit payable by it on the due date for payment pursuant to any Transaction Document to which it is a party and such failure continues for a period of five days; or
- (b) **Breach of Other Obligations:** the Obligor (acting in any capacity) does not perform or comply with any one or more of its other obligations in the Transaction Documents to which it is a party which default is, in the opinion of the Delegate, incapable of remedy or, if in the opinion of the Delegate is capable of remedy, is not, in the opinion of the Delegate, remedied within the period of 30 days after written notice of such failure shall have been given to the Obligor by the Trustee (or the Delegate) requiring the same to be remedied; or
- (c) **Cross Acceleration:** (A) any other present or future indebtedness of the Obligor or any of its Principal Subsidiaries for or in respect of moneys financed, borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described); or (B) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period; or (C) the Obligor or any of its Principal Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys financed, borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) shall have occurred and be continuing equals or exceeds U.S.\$75,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph (c) operates); or
- (d) **Insolvency:** the Obligor or any of its Principal Subsidiaries is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due, stops, suspends or threatens to

stop or suspend payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant financiers or creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any material part of the debts of the Obligor or any of its Principal Subsidiaries; or

- (e) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Obligor or any of its Principal Subsidiaries which distress, attachment, execution or other legal process which has or would have a Material Adverse Effect and which is not discharged or stayed within 60 days; or
- (f) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, which was secured against any indebtedness or borrowing exceeding, individually or in the aggregate, U.S.\$75,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph (f) operates), created or assured by the Obligor or any of its Principal Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator, manager or other similar person) which is not discharged or stayed within 60 days; or
- (g) **Winding-up:** an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Obligor or any of its Principal Subsidiaries, or the Obligor or any of its Principal Subsidiaries shall apply or petition for a winding-up or administration order in respect of itself or ceases to carry on all or substantially all of its business or operations, in each case which has or would have a Material Adverse Effect, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution of the Sukukholders; or
- (h) **Authorisations and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order: (A) to enable the Obligor lawfully to enter into, exercise its rights and perform and comply with its obligations under the Transaction Documents to which it is a party; (B) to ensure that those obligations are legally binding and enforceable; or (C) to make the Transaction Documents to which it is a party admissible in evidence in the courts of Malaysia and/or England, as the case may be, is not taken, fulfilled or done; or
- (i) **Illegality:** it is or will become unlawful for the Obligor (acting in any capacity) to perform or comply with any one or more of its obligations under any of the Transaction Documents to which it is a party; or
- (j) **Nationalisation:** any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Obligor or any of its Principal Subsidiaries; or
- (k) **Repudiation:** the Obligor repudiates any Transaction Document or does or causes to be done any act or thing evidencing an intention to repudiate any Transaction Document to which it is a party; or

- (l) **Analogous Effect:** any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (c) to (g) above of this definition; or
- (m) **Change of Control:** the Special Share is either no longer held by the Special Shareholder, directly or indirectly, or is redeemed by the Obligor.

References in paragraph (c) (*Cross Acceleration*) and (d) (*Insolvency*) above of this definition to “indebtedness” and “debts”, respectively, shall be deemed to include any debt or other financing arrangement issued (or intended to be issued) in compliance with the principles of Shari’a, whether entered into directly or indirectly by the Obligor or a Subsidiary, as the case may be;

“Optional Redemption Date” means, in relation to any exercise of the Optional Redemption Right, the date(s) specified as such hereon and which must (if this Sukuk is a Floating Rate Sukuk) be a Periodic Distribution Date;

“Optional Redemption Right” means the right specified in Condition 8(d);

“outstanding” shall have the meaning given to it in the Declaration of Trust;

“Periodic Distribution Amount” has the meaning given to it in Condition 7;

“Periodic Distribution Date” means the date or dates specified as such in the applicable Pricing Supplement;

“Periodic Distribution Period” means the period beginning on and including the Profit Commencement Date and ending on but excluding the first Periodic Distribution Date and each successive period beginning on and including a Periodic Distribution Date and ending on but excluding the next succeeding Periodic Distribution Date;

“Potential Dissolution Event” means any condition, event or act which, with the giving of notice, lapse of time, declaration, demand, determination or fulfilment of any other applicable condition (or any combination of the foregoing) would constitute a Dissolution Event;

“Principal Subsidiary” means any Subsidiary:

- (a) whose net profits (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total net assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent not less than ten per cent. of the consolidated net profits, or, as the case may be, the consolidated total net assets of the Obligor and its Subsidiaries taken as a whole, all as calculated respectively by reference to the latest financial statements (consolidated or, as the case may be, unconsolidated) of the Subsidiary and the then latest audited consolidated financial statements of the Obligor; provided that in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Obligor relate for the purpose of applying each of the foregoing tests, the reference to the Obligor’s latest audited consolidated financial statements shall be deemed to be a reference to such financial statements as if such Subsidiary had been shown therein by reference to its then latest relevant financial statements, adjusted as deemed appropriate by the auditors of the Obligor for the time being after consultation with the Obligor; or
- (b) to which is transferred all or substantially all of the business, undertaking and assets of another Subsidiary which immediately prior to such transfer is a Principal Subsidiary, whereupon (i) in the

case of a transfer by a Principal Subsidiary, the transferor Principal Subsidiary shall immediately cease to be a Principal Subsidiary and (ii) the transferee Subsidiary shall immediately become a Principal Subsidiary, provided that on or after the date on which the relevant financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined pursuant to the provisions of sub-paragraph (a) above of this definition.

A report by two Authorised Signatories of the Obligor that in their opinion (making such adjustments (if any) as they shall deem appropriate) a Subsidiary is or is not or was or was not at any particular time or during any particular period a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Obligor, the Trustee, the Delegate and the Sukukholders;

“Proceedings” has the meaning given to it in Condition 19(b);

“Profit Amount” means:

- (a) in respect of a Return Accumulation Period, the amount of profit payable per Calculation Amount for that Return Accumulation Period and which, in the case of Fixed Rate Sukuk, and unless otherwise specified hereon, shall mean the Fixed Amount or Broken Amount specified hereon as being payable on the Periodic Distribution Date ending the Periodic Distribution Period of which such Return Accumulation Period forms part; and
- (b) in respect of any other period, the amount of profit payable per Calculation Amount for that period;

“Profit Commencement Date” means the Issue Date or such other date as may be specified hereon;

“Profit Period Date” means each Periodic Distribution Date unless otherwise specified hereon;

“Profit Rate” means the profit rate payable from time to time in respect of the Sukuk and that is either specified hereon or calculated in accordance with the provisions hereof;

“Profit Rate Determination Date” means, with respect to a Profit Rate and Return Accumulation Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Return Accumulation Period if the Specified Currency is Sterling or Hong Kong Dollars or Renminbi or (ii) the day falling two Business Days in London prior to the first day of such Return Accumulation Period if the Specified Currency is neither Sterling nor euro nor Hong Kong Dollars nor Renminbi or (iii) the day falling two TARGET Business Days prior to the first day of such Return Accumulation Period if the Specified Currency is euro;

“Project Financing” means any indebtedness incurred or assumed pursuant to any financing arrangement entered into by the Obligor, any of its Subsidiaries or any of its affiliates:

- (a) for the purpose of financing the cost of (A) the acquisition, purchase, construction, refurbishment, conversion and/or ownership of any property or assets (including, without limitation, the equipping, alteration, repair or improvement of such property or assets), and/or (B) the acquisition, development or redevelopment of any project, venture or asset; and
- (b) which financing arrangement relies on the cash flow of that project, property, venture or asset or the value of the project, property, venture or asset, or both as the principal means of repayment of such financing arrangement, as the same may be renewed or refinanced from time to time, provided that such renewal or refinancing is pursuant to a financing arrangement which satisfies items (A) and (B) above;

“Purchase Undertaking” means the amended and restated purchase undertaking dated 12 October 2018 and granted by the Obligor for the benefit of the Trustee and the Delegate;

“Record Date” has the meaning given to it in Condition 9(a);

“Reference Banks” means, (i) in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, chosen by the Trustee, failing which the Delegate; (ii) in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, chosen by the Trustee, failing which the Delegate; and (iii) in the case of a determination of SIBOR, the principal Singapore office of three major banks in the Singapore inter-bank market, chosen by the Trustee, failing which the Delegate;

“Reference Rate” means the rate specified as such hereon;

“Register” has the meaning given to it in Condition 2;

“Relevant Date” has the meaning given to it in Condition 10;

“Relevant Indebtedness” means any present or future indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which (i) for the time being are, or are intended to be or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market and (ii) are payable in a currency other than Malaysian Ringgit or are denominated in Malaysian Ringgit and more than 50 per cent. of the aggregate principal amount of which is initially distributed outside Malaysia by, or with the authorisation of, the Obligor;

“Relevant Powers” has the meaning given to it in Condition 15(a);

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon;

“Relevant Sukuk Obligation” means any undertaking or other obligation to pay any money given in connection with any issue of trust certificates or other securities intended to be issued in compliance with the principles of Shari’a, whether or not in return for consideration of any kind, which (i) for the time being are, or are intended to be, or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market and (ii) are payable in a currency other than Malaysian Ringgit or are denominated in Malaysian Ringgit and more than 50 per cent. of the aggregate principal amount of which is initially distributed outside Malaysia by, or with the authorisation of, the Obligor;

“Rental” has the meaning given to it in the Lease Agreement for the relevant Series;

“Residual Assets” means the remaining assets constituting the Wakala Portfolio following the occurrence of a Total Loss Termination Event;

“Residual Assets Exercise Price” has the meaning given to it in the Purchase Undertaking;

“Return Accumulation Period” means the period beginning on (and including) the Profit Commencement Date and ending on (but excluding) the first Profit Period Date and each successive period beginning on (and including) a Profit Period Date and ending on (but excluding) the next succeeding Profit Period Date;

“Rights to Services” has the meaning given to it in the Sub-Grant of Rights to Services Agreement;

“Sale Undertaking” means the amended and restated sale undertaking dated 12 October 2018 and granted by the Trustee for the benefit of the Obligor;

“Scheduled Dissolution Date” means the date specified as such in the applicable Pricing Supplement;

“Series” means a series of Sukuk which are identical in all respects;

“SIBOR Sukuk” has the meaning given to it in Condition 7(b)(iii)(C);

“Special Share” means the special rights redeemable preference share in the Obligor;

“Special Shareholder” means The Minister of Finance (Incorporated);

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Sukuk are denominated and which for the avoidance of doubt shall not be Malaysian Ringgit;

“Specified Denominations” means the amount(s) specified as such in the applicable Pricing Supplement;

“Subsidiary” means in relation to the Obligor, any company (i) in which the Obligor controls the composition of the board of directors or (ii) of which the Obligor controls more than half of the voting power or (iii) of which the Obligor holds more than half of the issued share capital, and includes any company which is a Subsidiary of a Subsidiary of the Obligor and a Subsidiary which falls within the meaning of Section 4 of the Companies Act, 2016 of Malaysia;

“Substitution Undertaking” means the amended and restated substitution undertaking dated 12 October 2018 and granted by the Trustee for the benefit of the Obligor;

“Sukukholder” or “holder” has the meaning given to it in Condition 2;

“Sukukholder Put Exercise Notice” has the meaning given to it in Condition 8(e);

“Sukukholder Put Right” means the right specified in Condition 8(e);

“Sukukholder Put Right Date” means, in relation to any exercise of the Sukukholder Put Right, the date(s) specified as such hereon and which must (if this Sukuk is a Floating Rate Sukuk) be a Periodic Distribution Date;

“Supplemental Asset Sale and Purchase Agreement” means the supplemental asset sale and purchase agreement to be dated the Issue Date of the relevant Series between the Trustee and the Obligor (or such other person named therein as the seller of the assets which are the subject of such agreement) for purchase of the Tangible Assets and (if applicable for that Series) the Non-Tangible Assets;

“Supplemental Lease Agreement” has the meaning given to it in the Master Lease Agreement;

“Swap Rate Sukuk” has the meaning given to it in Condition 7(b)(iii)(C);

“Takaful/Insurance Coverage Amount” means, where the Wakala Portfolio for a particular Series comprises Lease Assets, an amount equal to:

- (a) the aggregate of:
 - (i) the outstanding face amount of the Sukuk;
 - (ii) an amount equal to at least 30 days Rental payable under the Lease Agreement;
 - (iii) if no Rights to Services are included in the Wakala Portfolio, without duplication or double counting, an amount equal to any Wakala Services Charge Amount outstanding under the terms of the Wakala Agreement; and
 - (iv) any Outstanding Liquidity Amount,

less

- (b) the aggregate of:
 - (i) an amount equal to the aggregate of the Value of the other assets constituting the Wakala Portfolio;
 - (ii) the outstanding Deferred Sale Price (after any reduction pursuant to clause 11.2 of the Master Murabaha Agreement);

“Takaful/Insurance Proceeds” means the proceeds of a claim under the Takaful/Insurances, excluding any third party liability takaful/insurance proceeds or any environmental liability takaful/insurance proceeds;

“Takaful/Insurances” means the takaful/insurances in respect of the Lease Assets (if any) to be taken out by the Wakeel in accordance with the Wakala Agreement;

“Tangible Assets” has the meaning given to it in the Master Asset Sale and Purchase Agreement;

“TARGET Business Day” has the meaning given to it in Condition 7(h);

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto;

“Total Loss Dissolution Date” has the meaning given to it in Condition 8(c);

“Total Loss Event” has the meaning given to it in the Master Lease Agreement;

“Total Loss Shortfall Amount” has the meaning given to it in the Wakala Agreement;

“Total Loss Surplus Amount” has the meaning given to it in Condition 8(c);

“Total Loss Termination Event” means an event or circumstances where:

- (a) a Total Loss Event has occurred; and

- (b) Tenaga Nasional Berhad has failed, within 30 days of the Total Loss Event occurring, to sell new assets to the Trustee pursuant to a sale agreement for an amount at least equal to the Takaful/ Insurance Coverage Amount;

“Transaction Account” means, in relation to each Series, the account in the Trustee’s name held with Citibank, N.A., London Branch and into which the Obligor will deposit all amounts due to the Trustee under the Transaction Documents, details of which are specified hereon;

“Transaction Documents” means, in relation to each Series:

- (a) the relevant Sukuk;
- (b) the Master Declaration of Trust as supplemented by the Supplemental Declaration of Trust;
- (c) the Agency Agreement;
- (d) if applicable to a Series, the Master Asset Sale and Purchase Agreement as supplemented by the applicable Supplemental Asset Sale and Purchase Agreement;
- (e) if applicable to a Series, the Master Lease Agreement as supplemented by the applicable Supplemental Lease Agreement;
- (f) if applicable to a Series, Master Grant of Rights to Services Agreement as supplemented by the Supplemental Grant of Rights to Services Agreement;
- (g) if applicable to a Series, Master Sub-Grant of Rights to Services Agreement as supplemented by the Supplemental Sub-Grant of Rights to Services Agreement;
- (h) the Sale Undertaking (together with each relevant sale agreement or transfer agreement executed upon exercise of the Sale Undertaking);
- (i) the Purchase Undertaking (together with each relevant sale agreement executed upon exercise of the Purchase Undertaking);
- (j) the Substitution Undertaking (together with each relevant sale agreement executed upon exercise of the Substitution Undertaking);
- (k) the Wakala Agreement;
- (l) if applicable to a Series, the Master Murabaha Agreement (together with all offers, acceptances and confirmations delivered pursuant thereto in connection with the relevant Series); and
- (m) any additional documents specified hereon;

“Trust” means, in respect of a Series, the trust created by the Trustee over the Trust Assets pursuant to the Declaration of Trust;

“Trust Assets” has the meaning given to it in Condition 5(a);

“Trustee Event” means any of the following events:

- (a) **Non-Payment:** default is made in the payment of any Dissolution Distribution Amount, any Periodic Distribution Amount or any other amount (whether in the nature of principal or otherwise) due to be made on the Sukuk following the due date for payment thereof; or
- (b) **Breach of Other Obligations:** the Trustee does not perform or comply with any one or more of its other duties, obligations or undertakings in the Sukuk or the Transaction Documents to which it is a party which failure is, in the opinion of the Delegate, incapable of remedy or, if in the opinion of the Delegate is capable of remedy, is not, in the opinion of the Delegate, remedied within the period of 30 days after written notice of such failure shall have been given by the Delegate to the Trustee requiring the same to be remedied; or
- (c) **Enforcement Proceedings:** any distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Trustee and is not discharged or stayed within 45 days; or
- (d) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Trustee becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator, manager or other similar person); or
- (e) **Insolvency:** the Trustee is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant financiers or creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any material part of the debts of the Trustee; or
- (f) **Winding-up:** an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Trustee, or the Trustee shall apply or petition for a winding-up or administration order in respect of itself or cease or through an official action of its board of directors threaten to cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution; or
- (g) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order:
 - (x) to enable the Trustee lawfully to enter into, exercise its rights and perform and comply with its obligations under the Sukuk and the Transaction Documents to which it is a party;
 - (y) to ensure that those obligations are legally binding and enforceable; or
 - (z) to make the Sukuk and the Transaction Documents to which it is a party admissible in evidence in the courts of Malaysia and/or England, as the case may be, is not taken, fulfilled or done; or
- (h) **Illegality:** it is or will become unlawful for the Trustee to perform or comply with any one or more of its obligations under any of the Sukuk or the Transaction Documents to which it is a party; or

- (i) **Repudiation:** the Trustee repudiates any Transaction Document or does or causes to be done any act or thing evidencing an intention to repudiate any Transaction Document to which it is a party; or
- (j) **Analogous Events:** any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (c) to (f) above of this definition;

The “Value” of an asset has the meaning given to it in the Wakala Agreement;

“Wakala Agreement” means the amended and restated wakala agreement dated 12 October 2018 between the Trustee and the Obligor (in its capacity as Wakeel);

“Wakala Asset Obligor” has the meaning given to it in the Wakala Agreement;

“Wakala Portfolio” has the meaning given to it in the Wakala Agreement;

“Wakala Portfolio Revenue” has the meaning given to it in the Wakala Agreement;

“Wakala Venture” means the Tangible Assets and (if applicable to a Series) the Non-Tangible Assets and/ or the Commodity Murabaha Investment, and all other investments made in accordance with the Transaction Documents in respect of a Series; and

“Wakeel” means the Obligor acting in its capacity as wakeel under the Wakala Agreement.

All references to the “face amount” of a Sukuk shall be deemed to include the relevant Dissolution Distribution Amount, any additional amounts (other than relating to Periodic Distribution Amounts) which may be payable under Condition 10 and any other amount in the nature of face amounts payable pursuant to these Conditions.

All references to “Periodic Distribution Amounts” shall be deemed to include any additional amounts in respect of profit distributions which may be payable under Condition 10 and any other amount in the nature of a profit distribution payable pursuant to these Conditions.

All references to “ISDA” and related terms are only included for the purposes of benchmarking.

2. Form, Denomination and Title

The Sukuk are issued in registered form in the Specified Denomination(s) shown hereon.

Sukuk are represented by registered certificates (“Certificates”) and, save as provided in Condition 3(c), each Certificate shall represent the entire holding of Sukuk by the same holder.

Title to the Sukuk shall pass by registration in the register that the Trustee shall procure to be kept by the Registrar outside the United Kingdom in accordance with the provisions of the Agency Agreement (the “Register”). Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the Register. Except as ordered by a court of competent jurisdiction or as required by law, the registered holder of any Sukuk shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the

holder. The registered holder of a Sukuk will be recognised by the Trustee as entitled to his Sukuk free from any equity, set-off or counterclaim on the part of the Trustee against the original or any intermediate holder of such Sukuk.

In these Conditions, “Sukukholder” or “holder” means the person in whose name a Sukuk is registered and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Sukuk.

Upon issue, the Sukuk will be represented by a Global Certificate which will be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream, Luxembourg”). Ownership interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg, and their respective participants. The Terms and Conditions of the Sukuk are modified by certain provisions contained in the Global Certificate.

Except in limited circumstances, owners of interests in the Global Certificate will not be entitled to receive definitive Certificates representing their holdings of Sukuk. See “Summary of Provisions Relating to the Sukuk while in Global Form”.

3. Transfers

- (a) **Transfer of Sukuk:** Subject to Condition 3(e), one or more Sukuk may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Sukuk to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Trustee), duly completed and executed and any other evidence as the Registrar or any other relevant Transfer Agent may require. In the case of a transfer of part only of a holding of Sukuk represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Sukuk to a person who is already a holder of Sukuk, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Sukuk and entries on the Register will be made subject to the detailed regulations concerning transfers of Sukuk scheduled to the Agency Agreement. The regulations may be changed by the Trustee, with the prior written approval of the Registrar and the Delegate, or by the Registrar with the prior written approval of the Delegate, provided that any such change is not materially prejudicial to the interests of the Sukukholders. A copy of the current regulations will be made available (at the Trustee’s or the Obligor’s expense) by the Registrar to any Sukukholder upon request.
- (b) **Exercise of Options or Partial Dissolution in Respect of Sukuk:** In the case of an exercise of the Obligor’s or a Sukukholder’s option in respect of, or a partial redemption of, a holding of Sukuk represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding for which no payment was made. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent.
- (c) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 3(a) or 3(b) shall be available for delivery within three business days of receipt of the form of transfer or Sukukholder Put Exercise Notice and surrender of the Certificate for exchange. Delivery of the

new Certificate shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Sukukholder Put Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Sukukholder Put Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance or takaful as it may specify. In this Condition 3(c), “business day” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

- (d) **Transfers Free of Charge:** Transfers of Sukuk on registration, transfer, exercise of an option or partial dissolution shall be effected without charge by or on behalf of the Trustee, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security as the Registrar or the relevant Transfer Agent may require).
- (e) **Closed Periods:** No Sukukholder may require the transfer of a Sukuk to be registered (i) during the period of 15 days ending on the due date for payment of any Dissolution Distribution Amount or Periodic Distribution Amount or any other date on which any payment of the face amount or payment of any profit in respect of that Sukuk falls due, (ii) during the period of 15 days prior to any date on which Sukuk may be called for redemption by the Trustee at its option pursuant to Condition 8(d) or (iii) after any such Sukuk has been called for redemption.

4. Status

- (a) **Status of Sukuk:** The Sukuk represent an undivided beneficial ownership interest in the relevant Trust Assets. Each Sukuk will constitute unsecured obligations of the Trustee and shall at all times rank *pari passu* and without any preference or priority with all other Sukuk of the relevant Series. The payment obligations of the Obligor (in any capacity) under the Transaction Documents shall, save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions described in Condition 6(b), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Obligor, present and future.
- (b) **Limited Recourse and Agreement of Sukukholders:** Save as provided in this Condition 4(b), the Sukuk do not represent an interest in or obligation of any of the Trustee, the Delegate, the Obligor, any of the Agents or any of their respective affiliates.

The proceeds of the relevant Trust Assets are the sole source of payments on the Sukuk of each Series. The net proceeds of the realisation of, or enforcement with respect to, the relevant Trust Assets may not be sufficient to make all payments due in respect of the Sukuk. Subject to Condition 12, Sukukholders, by subscribing for or acquiring the Sukuk, acknowledge that notwithstanding anything to the contrary contained in these Conditions or any Transaction Document:

- (i) no amount whatsoever shall be due and payable by the Trustee or the Delegate or any of their respective directors, officers, employees or agents on their behalf except to the extent funds are available therefor from the relevant Trust Assets and further acknowledge and

agree that no recourse shall be had for the payment of any amount due and owing hereunder or under any Transaction Document, whether for the payment of any fee or other amount hereunder or any other obligation or claim arising out of or based upon the Transaction Documents, against the Trustee to the extent the Trust Assets have been exhausted, following which all obligations of the Trustee shall be extinguished;

- (ii) the Trustee may not sell, transfer, assign or otherwise dispose of the Wakala Venture or any part thereof (save as permitted pursuant to the Sale Undertaking, the Purchase Undertaking and the Substitution Undertaking) to a third party, and may only realise its interests, rights, title, benefits and entitlements, present and future, in, to and under the Wakala Venture in the manner expressly provided in the Transaction Documents;
- (iii) if the proceeds of the Trust Assets are insufficient to make all payments due in respect of the Sukuk, Sukukholders will have no recourse to any assets of the Trustee (and/or its directors, officers or shareholders in their capacity as such) (other than the relevant Trust Assets) or the Delegate or the Agents or any of their respective directors, officers, employees, agents, shareholders or affiliates, in respect of any shortfall or otherwise;
- (iv) no Sukukholders will be able to petition for, institute, or join with any other person in instituting proceedings for, the reorganisation, arrangement, liquidation, bankruptcy, winding-up or receivership or other proceedings under any bankruptcy or similar law against the Trustee, the Delegate, the Agents or any of their respective directors, officers, employees, agents, shareholders or affiliates as a consequence of such shortfall or otherwise;
- (v) no recourse (whether by institution or enforcement of any legal proceedings or assessment or otherwise) in respect of any breaches of any duty, obligation or undertaking of the Trustee or the Delegate arising under or in connection with the Declaration of Trust by virtue of any customary law, statute or otherwise shall be had against any shareholder, officer, employee, agent or director in their capacity as such for any breaches by the Trustee or Delegate and any and all personal liability of every such shareholder, officer, employee, agent or director in their capacity as such for any breaches by the Trustee or the Delegate of any such duty, obligation or undertaking is expressly waived and excluded to the extent permitted by law. The obligations of the Trustee under the Declaration of Trust are corporate or limited liability obligations of the Trustee and no personal liability shall attach to or be incurred by the shareholders, members, officers, agents or directors of the Trustee (in their capacity as such), save in the case of their gross negligence, wilful default or fraud. Reference in these Conditions to gross negligence, wilful default or fraud means a finding to such effect by a court of competent jurisdiction in relation to the conduct of the relevant party; and
- (vi) it shall not be entitled to claim or exercise any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Sukuk. No collateral is or will be given for the payment obligations under the Sukuk (without prejudice to the negative pledge provisions described in Condition 6(b)).

Pursuant to the terms of the Transaction Documents, the Obligor is obliged to make payments under the relevant Transaction Documents to which it is a party directly to or to the order of the Trustee. Such payment obligations form part of the Trust Assets and the Trustee and the Delegate will thereby have direct recourse against the Obligor to recover payments due to the Trustee from the Obligor pursuant to such Transaction Documents notwithstanding any other provision of this Condition 4(b). Such right of the

Trustee and the Delegate shall (subject to the negative pledge provisions described in Condition 6(b)) constitute an unsecured claim against the Obligor. None of the Sukukholders, the Trustee and the Delegate shall be entitled to claim any priority right in respect of any specific assets of the Obligor in connection with the enforcement of any such claim.

5. The Trust

(a) **Trust Assets:** Pursuant to the Declaration of Trust, the Trustee holds the Trust Assets for each Series upon trust absolutely for and on behalf of the Sukukholders of such Series pro rata according to the face amount of Sukuk held by each holder. The term “Trust Assets” in respect of each Series means the following:

- (i) the interests, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Wakala Venture from time to time (excluding any representations given by the Obligor to the Trustee and/or the Delegate under any documents constituting the Wakala Venture from time to time);
- (ii) the interests, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (excluding any representations given by the Obligor to the Trustee and/or the Delegate pursuant to any of the Transaction Documents or the covenant given to the Trustee pursuant to Clause 16.1 of the Master Declaration of Trust);
- (iii) all moneys standing to the credit of the Transaction Account from time to time;
- (iv) the interests, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under any other assets, rights, cash or investments as may be specified hereon,

and all proceeds of the foregoing.

See “Summary of Principal Transaction Documents” appearing elsewhere in this Offering Circular for more information on the Trust Assets, the Wakala Venture and the Transaction Documents.

(b) **Application of Proceeds from Trust Assets:** On each Periodic Distribution Date and on any Dissolution Date, the Principal Paying Agent shall apply the monies standing to the credit of the relevant Transaction Account in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full):

- (i) first, (to the extent not previously paid) to the Delegate in respect of all amounts owing to it under the Transaction Documents in its capacity as Delegate (including any amounts owing to the Delegate in respect of its Appointees (as defined in the Master Declaration of Trust)) and to any receiver, manager or administrative receiver or any other analogous officer appointed in respect of the Trust by the Delegate in accordance with the Declaration of Trust;
- (ii) second, only if such payment is due on a Periodic Distribution Date (to the extent not previously paid) to pay pro rata and pari passu each Agent in respect of all amounts owing to such Agent on account of its fees, costs, charges and expenses properly incurred and (without double counting) the payment or satisfaction of any other Liability incurred by such Agent pursuant to the Agency Agreement or the other Transaction Documents in its capacity as Agent;

- (iii) third, only if such payment is due on a Dissolution Date, to each Agent in respect of all amounts owing to such Agent on account of its fees, costs, charges and expenses properly incurred and (without double counting) the payment or satisfaction of any other Liability incurred by such Agent pursuant to the Agency Agreement or the other Transaction Documents in its capacity as Agent;
 - (iv) fourth, to the Principal Paying Agent for application in or towards payment pari passu and rateably of all Periodic Distribution Amounts due but unpaid;
 - (v) fifth, only if such payment is due on a Dissolution Date, to the Principal Paying Agent for application in or towards payment pari passu and rateably of the relevant Dissolution Distribution Amount; and
 - (vi) sixth, only on the Scheduled Dissolution Date (or any earlier date on which the Sukuk are redeemed in full) and provided that all amounts required to be paid on the Sukuk hereunder have been discharged in full, in payment of any residual amount to the Obligor in its capacity as Wakeel as an incentive fee for its performance under the Wakala Agreement.
- (c) **Transaction Account:** The Trustee will establish a Transaction Account in respect of each Series by no later than the relevant Issue Date. The Transaction Account shall be operated by the Principal Paying Agent on behalf of the Trustee for the benefit of Sukukholders into which the Obligor will deposit all amounts payable by it to the Trustee pursuant to the terms of the Transaction Documents.

6. Covenants

- (a) **Trustee Covenants:** The Trustee covenants that for so long as any Sukuk is outstanding, it shall not (without the prior written consent of the Delegate):
- (i) incur any indebtedness in respect of financed, borrowed or raised money whatsoever (whether structured (or intended to be structured) in accordance with the principles of Shari'a or otherwise), or give any guarantee or indemnity in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) except, in all cases, as contemplated in the Transaction Documents;
 - (ii) secure any of its present or future indebtedness by any lien, pledge, charge or other security interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law (if any) and other than under or pursuant to any of the Transaction Documents);
 - (iii) sell, lease, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any part of its interests in any of the Trust Assets except pursuant to any of the Transaction Documents;
 - (iv) except as provided in Condition 14, amend or agree to any amendment of any Transaction Document to which it is a party (other than in accordance with the terms thereof) or its constitutional documents;

- (v) except as provided in the Declaration of Trust, act as trustee in respect of any trust other than the Trust or in respect of any parties other than the Sukukholders;
 - (vi) have any subsidiaries or employees (save for the directors of the Trustee);
 - (vii) redeem any of its shares or pay any dividend or make any other distribution to its shareholders;
 - (viii) use the proceeds of the issue of the Sukuk for any purpose other than as stated in the Transaction Documents;
 - (ix) put to its directors or shareholders any resolution for, or appoint any liquidator for, its winding-up or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it; or
 - (x) enter into any contract, transaction, amendment, obligation or liability other than the Transaction Documents to which it is a party or as expressly contemplated, permitted or required thereunder or required by law or regulation or engage in any business or activity other than:
 - (A) as contemplated, provided for or permitted in the Transaction Documents;
 - (B) the ownership, management and disposal of the Trust Assets as provided in the Transaction Documents; and
 - (C) such other matters which are incidental thereto.
- (b) **Obligor Negative Pledge:** The Obligor undertakes that, so long as any Sukuk remains outstanding, it will not create or have outstanding any mortgage, charge, lien, pledge or other security interest (“Security”), upon the whole or any part of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or Relevant Sukuk Obligation, or to secure any guarantee or indemnity in respect of any Relevant Indebtedness or Relevant Sukuk Obligation, without (A) at the same time or prior thereto securing equally and rateably therewith its obligations under the Transaction Documents to which it is party (in whatever capacity) or (B) providing such other security for those obligations as the Delegate may in its absolute discretion consider to be not materially less beneficial to the interests of the Sukukholders or as may be approved by an Extraordinary Resolution, provided that the above restrictions shall not apply to:
- (i) any Security of the Obligor existing as at the Issue Date;
 - (ii) the creation by the Obligor of any Security created to secure any Project Financing or any payment under any guarantee of, or indemnity or other like obligation relating to, such Project Financing; or
 - (iii) any Security arising out of a refinancing, extension, renewal or refunding of any indebtedness secured by any Security permitted by either (i) or (ii) above, provided that the principal amount of such indebtedness is not increased and the Security is limited to the property or asset originally subject thereto and any improvements thereon.

- (c) **Consolidation, Merger and Sale of Assets:** So long as any Sukuk remains outstanding, the Obligor shall not consolidate with or merge into any other company or entity (where the Obligor is not the surviving entity), and the Obligor may not, directly or indirectly, sell, convey, transfer or lease all or substantially all of its properties and assets to any company or other entity (other than as permitted pursuant to the Transaction Documents) unless:
- (i) the company or other entity formed by or surviving such consolidation or merger or the person, company or other entity which acquires by conveyance or transfer, or which leases, all or substantially all of the properties and assets of the Obligor shall be a corporation organised and existing under the laws of Malaysia, and shall expressly assume all of the obligations of the Obligor under the Transaction Documents; and
 - (ii) immediately after giving effect to such transaction, no Dissolution Event or Potential Dissolution Event shall have happened and be continuing.

7. Periodic Distribution Amounts

- (a) **Fixed Rate Sukuk:** Each Fixed Rate Sukuk bears profit on its outstanding face amount from the Profit Commencement Date at the rate per annum (expressed as a percentage) equal to the Profit Rate, such profit being payable in arrear on each Periodic Distribution Date. The amount of profit payable shall be determined in accordance with Condition 7(e). Each such amount of profit is referred to in these Conditions as a “Periodic Distribution Amount”. Periodic Distribution Amounts shall be distributed to Sukukholders by the Principal Paying Agent on behalf of the Trustee, pro rata to their respective holdings, out of amounts transferred to the Transaction Account and subject to Condition 5(b) and Condition 9.
- (b) **Floating Periodic Distribution Amounts:**
- (i) *Periodic Distribution Dates:* Each Floating Rate Sukuk bears profit on its outstanding face amount from the Profit Commencement Date at the rate per annum (expressed as a percentage) equal to the Profit Rate, such profit being payable in arrear on each Periodic Distribution Date. The amount of profit payable shall be determined in accordance with Condition 7(e). Each such amount of profit is referred to in these Conditions as a “Periodic Distribution Amount”. Such Periodic Distribution Date(s) is/are either shown hereon as Specified Periodic Distribution Dates or, if no Specified Periodic Distribution Date(s) is/are shown hereon, Periodic Distribution Date shall mean each date which falls the number of months or other period shown hereon as the Periodic Distribution Period after the preceding Periodic Distribution Date or, in the case of the first Periodic Distribution Date, after the Profit Commencement Date. Periodic Distribution Amounts shall be distributed to Sukukholders by the Principal Paying Agent on behalf of the Trustee, pro rata to their respective holdings, out of amounts transferred to the Transaction Account and subject to Condition 5(b) and Condition 9.
 - (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which

such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Profit Rate for Floating Rate Sukuk*: The Profit Rate in respect of Floating Rate Sukuk for each Return Accumulation Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Sukuk

Where ISDA Determination is specified hereon as the manner in which the Profit Rate is to be determined, the Profit Rate for each Return Accumulation Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "ISDA Rate" for a Return Accumulation Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Return Accumulation Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity", "Reset Date" and "Swap Transaction" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Sukuk where the Reference Rate is specified as being LIBOR or EURIBOR:

(x) Where Screen Rate Determination is specified hereon as the manner in which the Profit Rate is to be determined, the Profit Rate for each Return Accumulation Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Profit Rate Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are

available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Sukuk is specified hereon as being other than LIBOR or EURIBOR, the Profit Rate in respect of such Sukuk will be determined as provided hereon (save that if the Reference Rate is SIBOR or SOR the Profit Rate will be determined as provided in paragraph (C) below).

- (y) if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11.00 a.m. (Brussels time), in each case on the Profit Rate Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Profit Rate for such Return Accumulation Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Profit Rate shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Profit Rate Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Profit

Rate Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Delegate and the Trustee suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Profit Rate cannot be determined in accordance with the foregoing provisions of this paragraph (z), the Profit Rate shall be determined as at the last preceding Profit Rate Determination Date (though substituting, where a different Margin or Maximum Profit Rate or Minimum Profit Rate is to be applied to the relevant Return Accumulation Period from that which applied to the last preceding Return Accumulation Period, the Margin or Maximum Profit Rate or Minimum Profit Rate relating to the relevant Return Accumulation Period, in place of the Margin or Maximum or Minimum Profit Rate relating to that last preceding Return Accumulation Period).

(C) Screen Rate Determination for Floating Rate Sukuk where the Reference Rate is specified as being SIBOR or SOR:

(x) where the Reference Rate is specified as being SIBOR (in which case such Sukuk will be a “SIBOR Sukuk”) or SOR (in which case such Sukuk will be a “Swap Rate Sukuk”) the Profit Rate will be determined by reference to a benchmark as specified hereon or in any case such other benchmark as specified hereon;

(y) the Profit Rate payable from time to time in respect of each Floating Rate Sukuk under this Condition 7(b)(iii)(C) will be determined by the Calculation Agent on the basis of the following provisions:

(1) In the case of Floating Rate Sukuk which are SIBOR Sukuk:

(aa) the Calculation Agent will, at or about the Relevant Time on the relevant Profit Rate Determination Date in respect of each Return Accumulation Period, determine the Profit Rate for such Return Accumulation Period which shall be the offered rate for deposits in Singapore Dollars for a period equal to the duration of such Return Accumulation Period which appears on the Reuters Screen ABSFIX01 Page under the caption “ASSOCIATION OF BANKS IN SINGAPORE — SIBOR AND SWAP OFFER RATES — RATES AT 11:00 A.M. SINGAPORE TIME” and the column headed “SGD SIBOR/USD” (or such other Relevant Screen Page);

(bb) if no such rate appears on the Reuters Screen ABSFIX01 Page (or such other replacement page thereof), the Calculation Agent will, at or about the Relevant Time on such Profit Rate Determination Date, determine the Profit Rate for such Return Accumulation Period which shall be the rate which appears on the Reuters Screen SIBP Page under the caption “SINGAPORE DOLLAR INTER-BANK OFFERED RATES — 11:00 A.M.” and the row headed “SIBOR SGD” (or such other replacement

page thereof), being the offered rate for deposits in Singapore Dollars for a period equal to the duration of such Return Accumulation Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time) or by such other relevant authority as the Calculation Agent may select;

- (cc) if no such rate appears on the Reuters Screen SIBP Page (or such other replacement page thereof or, if no rate appears, on such other Relevant Screen Page) or if Reuters Screen SIBP Page (or such other replacement page thereof or such other Relevant Screen Page) is unavailable for any reason, the Calculation Agent will request the principal Singapore office of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore Dollars are offered by it at approximately the Relevant Time on the Profit Rate Determination Date to prime banks in the Singapore inter-bank market for a period equivalent to the duration of such Return Accumulation Period commencing on such Profit Period Date in an amount comparable to the aggregate face amount of the relevant Floating Rate Sukuk. The Profit Rate for such Return Accumulation Period shall be the arithmetic mean (rounded, if necessary, to the nearest four decimal places) of such offered quotations, as determined by the Calculation Agent;
- (dd) if on any Profit Rate Determination Date two but not all the Reference Banks provide the Calculation Agent with such quotations, the Profit Rate for the relevant Return Accumulation Period shall be determined in accordance with paragraph (cc) of this Condition 7(b)(iii)(C) on the basis of the quotations of those Reference Banks providing such quotations; and
- (ee) if on any Profit Rate Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotations, the Profit Rate for the relevant Return Accumulation Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded, if necessary, to the nearest four decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about the Relevant Time on such Profit Rate Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Return Accumulation Period, an amount equal to the aggregate face amount of the relevant Floating Rate Sukuk for such Return Accumulation Period by whatever means they determine to be most appropriate or if on such Profit Rate Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotation, the rate per annum

which the Calculation Agent determines to be the arithmetic mean (rounded, if necessary, to the nearest four decimal places) of the prime lending rates for Singapore Dollars quoted by the Reference Banks at or about the Relevant Time on such Profit Rate Determination Date;

(2) In the case of Floating Rate Sukuk which are Swap Rate Sukuk:

(aa) the Calculation Agent will, at or about the Relevant Time on the relevant Profit Rate Determination Date in respect of each Return Accumulation Period, determine the Profit Rate for such Return Accumulation Period which shall be the rate which appears on the Reuters Screen ABSFIX01 Page under the caption “ASSOCIATION OF BANKS IN SINGAPORE — SIBOR AND SWAP OFFER RATES — RATES AT 11:00 A.M. SINGAPORE TIME” under the column headed “SGD SWAP OFFER” (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Profit Rate Determination Date and for a period equal to the duration of such Return Accumulation Period;

(bb) if on any Profit Rate Determination Date, no such rate is quoted on the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Profit Rate (which shall be rounded up, if necessary, to the nearest five decimal places) for such Return Accumulation Period in accordance with the following formula:

In the case of Premium:

$$\text{Profit Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(\text{T} \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360}$$

In the case of Discount:

$$\text{Profit Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Discount} \times 36500)}{(\text{T} \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR = the rate which appears under the caption “SINGAPORE INTERBANK OFFER RATES (DOLLAR DEPOSITS) AT 11:00 A.M.” and the row headed “SIBOR USD” on the Reuters Screen SIBO Page of the Reuters Monitor Money Rates Service (or such other page as may replace the Reuters Screen SIBO Page for the purpose of displaying Singapore interbank U.S. Dollar

offered rates of leading reference banks) at or about the Relevant Time on the relevant Profit Rate Determination Date for a period equal to the duration of the Return Accumulation Period concerned;

Spot Rate = the rate (determined by the Calculation Agent) to be the arithmetic mean (rounded up, if necessary, to the nearest five decimal places) of the rates quoted by the Reference Banks and which appear on the Reuters Screen ABSFIX06 Page under the caption “ASSOCIATION OF BANKS IN SINGAPORE — SGD SPOT AND SWAP OFFER RATES AT 11:00 A.M. SINGAPORE” and the column headed “SPOT” (or such other replacement page thereof for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Profit Rate Determination Date for a period equal to the duration of the Return Accumulation Period concerned;

Premium or Discount = the rate (determined by the Calculation Agent) to be the arithmetic mean (rounded up, if necessary, to the nearest five decimal places) of the rates quoted by the Reference Banks for a period equal to the duration of the Return Accumulation Period concerned which appear on the Reuters Screen ABSFIX06 Page under the caption “ASSOCIATION OF BANKS IN SINGAPORE — SGD SPOT AND SWAP OFFER RATES AT 11:00 A.M. SINGAPORE” (or such other replacement page thereof for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Profit Rate Determination Date for a period equal to the duration of the Return Accumulation Period concerned; and

T = the number of days in the Return Accumulation Period concerned;

(cc) if on any Profit Rate Determination Date any one of the components for the purposes of calculating the Profit Rate under this Condition 7(b)(iii)(C) is not quoted on the relevant Reuters

Screen Page (or such other replacement page as aforesaid) or the relevant Reuters Screen Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will request the principal Singapore office of the Reference Banks to provide the Calculation Agent with quotations of their Swap Rates for the Return Accumulation Period concerned at or about the Relevant Time on that Profit Rate Determination Date and the Profit Rate for such Return Accumulation Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest five decimal places) of the Swap Rates quoted by the Reference Banks to the Calculation Agent. The “Swap Rate” of a Reference Bank means the rate at which that Reference Bank can generate Singapore Dollars for the Return Accumulation Period concerned in the Singapore inter-bank market at or about the Relevant Time on the relevant Profit Rate Determination Date and shall be determined as follows:

$$\text{Profit Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(T \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360}$$

$$\text{Profit Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Discount} \times 36500)}{(T \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR = the rate per annum at which U.S. Dollar deposits for a period equal to the duration of the Return Accumulation Period concerned are being offered by that Reference Bank to prime banks in the Singapore inter-bank market at or about the Relevant Time on the relevant Profit Rate Determination Date;

Spot Rate = the rate at which that Reference Bank sells U.S. Dollars spot in exchange for Singapore Dollars in the Singapore inter-bank market at or about the Relevant Time on the relevant Profit Rate Determination Date;

Premium or Discount = the rate (determined by the Calculation Agent) to be the arithmetic mean (rounded up, if necessary, to the nearest five decimal places) of the rates quoted by the Reference Banks for a period equal to the duration of the Return Accumulation Period concerned which appear on the Reuters Screen ABSFIX06 Page under the caption “ASSOCIATION OF BANKS IN SINGAPORE — SGD SPOT AND SWAP OFFER RATES AT 11:00 A.M. SINGAPORE” (or such other replacement page thereof for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the

relevant Profit Rate Determination Date for a period equal to the duration of the Return Accumulation Period concerned; and

T = the number of days in the Return Accumulation Period concerned;

(dd) if on any Profit Rate Determination Date one only or none of the Reference Banks provides the Calculation Agent with quotations of their Swap Rate(s), the Profit Rate shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest five decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about the Relevant Time on such Profit Rate Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding an amount equal to the aggregate face amount of the relevant Floating Rate Sukuk for such Return Accumulation Period by whatever means they determine to be most appropriate, or if on such Profit Rate Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Profit Rate for the relevant Return Accumulation Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest five decimal places) of the prime lending rates for Singapore Dollars quoted by the Reference Banks at or about the Relevant Time on such Profit Rate Determination Date.

(c) **Entitlement to Profit:** Profit shall cease to accumulate in respect of each Sukuk on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event profit shall, subject to the terms of the Transaction Documents, continue to accumulate (both before and after judgment) at the Profit Rate in the manner provided in this Condition 7 to the Relevant Date.

(d) **Margin, Maximum Profit Rates/Minimum Profit Rates and Rounding:**

(i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Return Accumulation Periods), an adjustment shall be made to all Profit Rates, in the case of (x), or the Profit Rates for the specified Return Accumulation Periods, in the case of (y), calculated in accordance with Condition 7(b) by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.

(ii) If any Maximum Profit Rate or Minimum Profit Rate is specified hereon, then any Profit Rate shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if

necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country or countries of such currency.

- (e) **Calculations:** The amount of profit payable per Calculation Amount in respect of any Sukuk for any Return Accumulation Period shall be equal to the product of the Profit Rate, the Calculation Amount specified hereon, and the Day Count Fraction for such Return Accumulation Period, unless a Profit Amount (or a formula for its calculation) is applicable to such Return Accumulation Period, in which case the amount of profit payable per Calculation Amount in respect of such Sukuk for such Return Accumulation Period shall equal such Profit Amount (or be calculated in accordance with such formula). Where any Periodic Distribution Period comprises two or more Return Accumulation Periods, the amount of profit payable per Calculation Amount in respect of such Periodic Distribution Period shall be the sum of the Profit Amounts payable in respect of each of those Return Accumulation Periods. In respect of any other period for which profit is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which profit is required to be calculated.
- (f) **Determination and Publication of Profit Rates, Profit Amounts and Dissolution Distribution Amounts:** The Calculation Agent shall, as soon as practicable on each Profit Rate Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Profit Amounts for the relevant Return Accumulation Period, calculate the relevant Dissolution Distribution Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Profit Rate and the Profit Amounts for each Return Accumulation Period and the relevant Periodic Distribution Date and, if required to be calculated, the relevant Dissolution Distribution Amount to be notified to the Delegate, the Trustee, the Obligor, each of the Paying Agents, the Sukukholders, any other Calculation Agent appointed in respect of the Sukuk that is to make a further calculation upon receipt of such information and, if the Sukuk are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Periodic Distribution Period, if determined prior to such time, in the case of notification to such exchange of a Profit Rate and Profit Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Periodic Distribution Date or Profit Period Date is subject to adjustment pursuant to Condition 7(b)(ii), the Profit Amounts and the Periodic Distribution Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Delegate by way of adjustment) without notice in the event of an extension or shortening of the Periodic Distribution Period. If the Sukuk become due and payable under Condition 12, the accrued profit and the Profit Rate payable in respect of the Sukuk shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Profit Rate or the Profit Amount so calculated need be made unless the Delegate otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of wilful default, fraud or manifest error) be final and binding upon all parties.
- (g) **Determination or Calculation by the Delegate:** If the Calculation Agent does not at any time for any reason determine or calculate the Profit Rate for a Return Accumulation Period or any Profit

Amount or Dissolution Distribution Amount, the Delegate may, but shall not be obliged to, appoint an agent on behalf of the Trustee to do so and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, such agent shall apply the foregoing provisions of this Condition 7, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

- (h) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Business Day” means:

- (i) in the case of a currency other than euro and Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a “TARGET Business Day”); and/or
- (iii) in the case of Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong; and/or
- (iv) in the case of a currency and/or one or more Business Centres a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

“Day Count Fraction” means, in respect of the calculation of an amount of profit on any Sukuk for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting a Periodic Distribution Period or a Return Accumulation Period, the “Calculation Period”):

- (i) if “Actual/Actual” or “Actual/Actual — ISDA” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if “Actual/365 (Fixed)” is specified hereon, the actual number of days in the Calculation Period divided by 365
- (iii) if “Actual/365 (Sterling)” is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of a Periodic Distribution Date falling in a leap year, 366
- (iv) if “Actual/360” is specified hereon, the actual number of days in the Calculation Period divided by 360

- (v) if “30/360”, “360/360” or “Bond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30

- (vi) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30

- (vii) if “30E/360 (ISDA)” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Scheduled Dissolution Date or (ii) such number would be 31, in which case D₂ will be 30

- (viii) if “Actual/Actual-ICMA” is specified hereon,
- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
 - (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date and

“Determination Date” means the date(s) specified as such hereon or, if none is so specified, the Periodic Distribution Date(s).

- (i) **Calculation Agent:** The Trustee shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Sukuk is outstanding. Where more than one Calculation Agent is appointed in respect of the Sukuk, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Terms and Conditions of the Sukuk. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Profit Rate for a Return Accumulation Period or to calculate any Profit Amount or any Dissolution Distribution Amount, as the case may be, or to comply with any other requirement, the Trustee shall (with the prior written approval of the Delegate) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

8. Redemption and Dissolution of the Trust

- (a) **Dissolution on the Scheduled Dissolution Date:** Unless previously redeemed, or purchased and cancelled, in full, as provided below, each Sukuk shall be finally redeemed at its Dissolution Distribution Amount and the Trust shall be dissolved by the Trustee on the Scheduled Dissolution Date specified hereon following the payment of all such amounts in full and the execution of a sale agreement pursuant to the Purchase Undertaking.
- (b) **Early Dissolution for Taxation Reasons:** The Sukuk may be redeemed at the option of the Trustee in whole, but not in part, on any Periodic Distribution Date (if this Sukuk is a Floating Rate Sukuk) or at any time (if this Sukuk is a Fixed Rate Sukuk) (such dissolution date being an “Early Tax Dissolution Date”), on giving not less than 30 nor more than 60 days’ notice to the Sukukholders (which notice shall be irrevocable) at their Dissolution Distribution Amount if the Trustee satisfies the Delegate immediately before the giving of such notice that:
 - (i) (A) the Trustee has or will become obliged to pay additional amounts as described under Condition 10 as a result of any change in, or amendment to, the laws or regulations of Malaysia or any political subdivision or, in each case, any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the relevant Series, and (B) such obligation cannot be avoided by the Trustee taking reasonable measures available to it; or
 - (ii) (A) the Obligor has or will become obliged to pay additional amounts pursuant to the terms of any Transaction Document as a result of any change in, or amendment to, the laws or regulations of Malaysia or any political subdivision or, in each case, any authority thereof or therein having power to tax, or any change in the application or official interpretation of

such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the relevant Series, and (B) such obligation cannot be avoided by the Obligor taking reasonable measures available to it,

provided that in either case, (x) no such notice of dissolution shall be given to Sukukholders unless a duly completed Exercise Notice has been received by the Trustee from the Obligor pursuant to the Sale Undertaking and, if applicable to a Series, the Obligor has been notified by the Trustee that the outstanding Deferred Sale Price is immediately due and payable under the terms of the Master Murabaha Agreement; and (y) no such notice of dissolution may be given earlier than 90 days prior to the earliest date on which the Trustee or the Obligor, as the case may be, would be obliged to pay such additional amounts were a payment in respect of the Sukuk (in the case of the Trustee) or pursuant to any Transaction Document (in the case of the Obligor) then due.

Prior to the publication of any notice of dissolution pursuant to this Condition 8(b), the Trustee shall deliver to the Delegate:

- (aa) a certificate signed by two Authorised Signatories of the Trustee (in the case of Condition 8(b)(i)) or of the Obligor (in the case of Condition 8(b)(ii)) stating that the obligation referred to in Condition 8(b)(i) or Condition 8(b)(ii), as the case may be, cannot be avoided by the Trustee or the Obligor, as the case may be, taking reasonable measures available to it; and
- (bb) an opinion of independent legal advisers of recognised standing to the effect that the Trustee or the Obligor, as the case may be, has or will become obliged to pay additional amounts as a result of such change or amendment,

and the Delegate shall be entitled to accept such certificate and legal opinion as sufficient evidence of the satisfaction of the condition precedent set out in Condition 8(b)(i) or, as the case may be, Condition 8(b)(ii) above, in which event the same shall be conclusive and binding on Sukukholders.

Upon expiry of any such notice given in accordance with this Condition 8(b), payment in full of the Dissolution Distribution Amount to Sukukholders and execution of a sale agreement pursuant to the Sale Undertaking, the Trustee shall be bound to dissolve the Trust.

- (c) **Dissolution following a Total Loss Termination Event:** Where the Wakala Portfolio for a particular Series comprises Lease Assets, upon the occurrence of a Total Loss Termination Event in respect of such Lease Assets, the Sukuk will be redeemed and the Trust dissolved by the Trustee on the date which is 35 days after the relevant Total Loss Event (the “Total Loss Dissolution Date”), as notified to the Sukukholders in accordance with Condition 17. The Sukuk shall be redeemed at the Dissolution Distribution Amount using: (i) the Takaful/Insurance Proceeds (if any) required to be paid into the Transaction Account by the Wakeel in accordance with the terms of the Wakala Agreement on or before the 30th day following the occurrence of a Total Loss Event; (ii) the Total Loss Shortfall Amount (if any) required to be paid into the Transaction Account by the Wakeel in accordance with the terms of the Wakala Agreement no later than the close of business in Malaysia on the 31st day after the Total Loss Termination Event has occurred; (iii) the Residual Assets Exercise Price required to be paid into the Transaction Account by Tenaga Nasional Berhad pursuant to the sale of the Residual Assets under the Purchase Undertaking and (iv) the Deferred Sale Price (if any) required to be paid into the Transaction Account by Tenaga Nasional Berhad pursuant to any Commodity Murabaha Investment.

Notwithstanding the foregoing, if a Total Loss Termination Event occurs and an amount greater than the Takaful/Insurance Coverage Amount (plus any accrued but unpaid Rental) is credited to the Transaction Account (the difference between the amount credited to the relevant Transaction Account and the Takaful/Insurance Coverage Amount (plus any accrued but unpaid Rental) being the “Total Loss Surplus Amount”), then the Wakeel will be entitled to retain the Total Loss Surplus Amount as an incentive fee for the performance of its obligations under the Wakala Agreement and any takaful/insurance proceeds received thereafter shall be for the Wakeel’s sole account.

Following redemption of the Sukuk on the Total Loss Dissolution Date, the Trust will be dissolved.

- (d) **Dissolution at the Option of the Obligor (Optional Redemption Right):** If Optional Redemption Right is specified hereon, the Obligor may in its sole discretion deliver to the Trustee a duly completed Exercise Notice in accordance with the provisions of the Sale Undertaking and, on receipt of such notice, the Trustee shall, on giving not less than 15 nor more than 30 days’ irrevocable notice to the Sukukholders (or such other notice period as may be specified hereon) redeem all or, if so specified in the relevant Exercise Notice, some of the Sukuk on any Optional Redemption Date. Any such redemption of Sukuk shall be at their Dissolution Distribution Amount. Any such redemption or exercise must relate to Sukuk of a nominal amount at least equal to the Minimum Optional Redemption Amount to be redeemed specified hereon and no greater than the Maximum Optional Redemption Amount to be redeemed if specified hereon.

All Sukuk in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 8(d). If all (and not some only) of the Sukuk are to be redeemed on any Optional Redemption Date in accordance with this Condition 8(d), upon payment in full of the Dissolution Distribution Amount to all Sukukholders and execution of a sale agreement pursuant to the Sale Undertaking and, if applicable to a Series, notice to the Obligor from the Trustee that the outstanding Deferred Sale Price is immediately due and payable under the terms of the Master Murabaha Agreement, the Trustee shall be bound to dissolve the Trust.

In the case of a partial redemption, the notice to Sukukholders shall also specify the nominal amount of Sukuk drawn and the holder(s) of such Sukuk to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

- (e) **Dissolution at the Option of Sukukholders (Sukukholder Put Right):** If Sukukholder Put Right is specified hereon, the Trustee shall, at the option of the holder of any Sukuk, upon the holder of such Sukuk giving not less than 15 nor more than 30 days’ notice to the Trustee (or such other notice period as may be specified hereon), redeem such Sukuk on the Sukukholder Put Right Date at its Dissolution Distribution Amount. For the purposes thereof, the Trustee shall deliver to the Obligor a duly completed Exercise Notice in accordance with the provisions of the Purchase Undertaking and, if applicable to a Series, notice to the Obligor from the Trustee that the outstanding Deferred Sale Price is immediately due and payable under the terms of the Master Murabaha Agreement. If all (and not some only) of the Sukuk are to be redeemed on any Sukukholder Put Right Date in accordance with this Condition 8(e), upon payment in full of the Dissolution Distribution Amount to all Sukukholders and execution of a sale agreement pursuant to the Purchase Undertaking, the Trustee shall be bound to dissolve the Trust.

To exercise such option the holder must deposit the Certificate representing such Sukuk with the Registrar or any Transfer Agent at its specified office, together with a duly completed Sukukholder

put right exercise notice (a “Sukukholder Put Exercise Notice”) in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Certificate so deposited and right exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Trustee and the Obligor.

- (f) **Dissolution following a Dissolution Event:** Upon the occurrence of a Dissolution Event, the Sukuk may be redeemed at the Dissolution Distribution Amount and the Trustee may be required to dissolve the Trust, in each case as more particularly described in Condition 12.
- (g) **Purchases:** Each of the Obligor and the Obligor’s Subsidiaries may at any time purchase Sukuk in the open market or otherwise at any price.
- (h) **Cancellation:** All Sukuk purchased by or on behalf of the Obligor or any of the Obligor’s Subsidiaries shall be surrendered for cancellation by surrendering the Certificate representing such Sukuk to the Registrar and by the Obligor delivering to the Trustee a duly completed Cancellation Notice in accordance with the terms of the Sale Undertaking. Any Certificate so surrendered shall be cancelled forthwith and may not be reissued or resold and the obligations of the Trustee in respect of any such Sukuk shall be discharged. If all (and not some only) of the Sukuk are cancelled in accordance with this Condition 8(h), and upon execution of a transfer agreement pursuant to the Sale Undertaking, the Trustee shall be bound to dissolve the Trust.
- (i) **No other Dissolution:** The Trustee shall not be entitled to redeem the Sukuk or dissolve the Trust other than as provided in this Condition 8 and Condition 12. Upon payment in full of all amounts due in respect of the Sukuk of any Series and the subsequent dissolution of the Trust as provided in this Condition 8 and/or Condition 12 (as the case may be), the Sukuk shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

9. Payments

- (a) **Method of Payment:** Payments of the Dissolution Distribution Amount shall be made against surrender of the relevant Certificate at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided below.

Payments of Periodic Distribution Amounts in respect of each Sukuk shall be paid to the person shown on the Register at the close of business on the fifth (in the case of Renminbi) and (in the case of a currency other than Renminbi) the fifteenth day before the due date for payment thereof (the “Record Date”).

Payments on each Sukuk shall be made:

- (i) in the case of a currency other than Renminbi, in the relevant currency by cheque drawn on a bank and mailed to the holder (or to the first named of joint holders) of such Sukuk at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment may be made by transfer to an account in the relevant currency maintained by the payee with a bank; and
- (ii) in the case of Renminbi, by transfer to the registered account of the Sukukholder.

In this Condition 9(a), “registered account” means the Renminbi account maintained by or on behalf of the Sukukholder with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth business day before the due date for payment.

(b) **Cessation/Continuation of Profit Entitlement**

Provided that, upon due presentation, payment is not improperly withheld or refused, no further amounts will be payable on any Sukuk from and including the relevant Dissolution Date. If the amount of any Dissolution Distribution Amount or Periodic Distribution Amount is not paid in full when due, the Registrar will annotate the Register with a record of the amount of such Dissolution Distribution Amount or Periodic Distribution Amount in fact paid.

In the event that, upon due presentation, the Dissolution Distribution Amount in respect of any Series is improperly withheld or refused, to the extent applicable:

- (i) where the relevant Wakala Portfolio comprises Rights to Services, the relevant Sub-Grant of Rights to Services Agreement shall be deemed to be extended for a period from and including the date on which the Dissolution Distribution Amount for such Sukuk was due to but excluding the date on which the Dissolution Distribution Amount is paid in full. In addition, in accordance with the terms of the Purchase Undertaking or the Sale Undertaking, as the case may be, the Trustee shall continue, where the relevant Wakala Portfolio comprises Rights to Services, to sub-grant such Rights to Services to Tenaga Nasional Berhad and will continue to act as Wakeel in respect of the relevant Wakala Portfolio until but excluding the date on which the Dissolution Distribution Amount for such Sukuk is paid in full;
- (ii) where the relevant Wakala Portfolio does not comprise Rights to Services but does comprise Lease Assets, the relevant Lease Agreement shall be deemed to be extended for a period from and including the date on which the Dissolution Distribution Amount for such Sukuk was due to but excluding the date on which the Dissolution Distribution Amount is paid in full. In addition, in accordance with the terms of the Purchase Undertaking or the Sale Undertaking, as the case may be, Tenaga Nasional Berhad shall continue, where the relevant Wakala Portfolio comprises Lease Assets, to lease such Lease Assets from the Trustee and will continue to act as Wakeel in respect of the relevant Wakala Portfolio until but excluding the date on which the Dissolution Distribution Amount for such Sukuk is paid in full.

Sukukholders shall be entitled to payment of a defined share in the additional Sub-Grant Fee or additional Rental received from the continuation of the sub-grant of such Rights to Services or leasing of such Lease Assets, as the case may be (such amount to be the “Additional Dissolution Distribution Amount”) and the Additional Dissolution Distribution Amount shall be distributed by the Trustee to the Sukukholders as part of the Dissolution Distribution Amount in accordance with these Conditions.

- (c) **Payments subject to Laws:** Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 10 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 10) any law

implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Sukukholders in respect of such payments.

- (d) **Appointment of Agents:** The Principal Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Trustee and their respective specified offices are listed below. The Principal Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Trustee and do not assume any obligation or relationship of agency or trust for or with any Sukukholder. The Trustee reserves the right at any time with the prior written approval of the Delegate to vary or terminate the appointment of the Principal Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent and to appoint additional or other Paying Agents, Transfer Agents or Calculation Agents, provided that the Trustee shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent, (iv) a Calculation Agent where the Terms and Conditions of the Sukuk so require and (v) such other agents as may be required by any stock exchange on which the Sukuk may be listed, in each case as approved by the Delegate.

Notice of any such change or any change of any specified office shall promptly be given by the Trustee to the Sukukholders.

- (e) **Non-Business Days:** If any date for payment in respect of any Sukuk is not a business day, the holder shall not be entitled to payment until the next following business day nor to any profit or other sum in respect of such postponed payment. In this Condition 9(e), “business day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “Financial Centres” hereon and:

- (i) (in the case of a payment in a currency other than euro or Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency;
- (ii) (in the case of a payment in euro) which is a TARGET Business Day; or
- (iii) (in the case of a payment in Renminbi) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

- (f) **Payment of U.S. Dollar Equivalent:** Notwithstanding the foregoing, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Trustee is not able to satisfy payments of any Dissolution Distribution Amount, any Periodic Distribution Amount or any other amount (whether in the nature of principal or otherwise) in respect of the Sukuk when due in Renminbi in Hong Kong, the Trustee may be, on giving not less than five nor more than 30 days’ irrevocable notice to the Sukukholders prior to the due date for payment, settle any such payment in U.S. dollars on the due date at the U.S. Dollar Equivalent of any such Renminbi denominated amount.

In such event, payments of the U.S. Dollar Equivalent of the relevant Dissolution Distribution Amount, any Periodic Distribution Amount or any other amount (whether in the nature of principal or otherwise) in respect of the Sukuk shall be made by a U.S. dollar denominated cheque drawn on a bank in New York City and mailed to the holder (or to the first named of joint holders) of the Sukuk at its address appearing in the Register, or, upon application by the holder of the Sukuk to the specified office of the Registrar or any Transfer Agent before the Record Date, by transfer to a U.S. dollar denominated account maintained by the payee with a bank in New York City.

In this Condition 9(f):

“Determination Business Day” means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong, London and in New York City;

“Determination Date” means the day which is two Determination Business Days before the due date of the relevant amount under these Conditions;

“Governmental Authority” means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong;

“Illiquidity” means the general Renminbi exchange market in Hong Kong becomes illiquid as a result of which the Trustee cannot obtain sufficient Renminbi in order to satisfy its obligation to pay Periodic Distribution Amounts or principal in respect of the Sukuk as determined by the Trustee in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers;

“Inconvertibility” means the occurrence of any event that makes it impossible (where it had previously been possible) for the Trustee to convert any amount due in respect of the Sukuk in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Trustee to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Trustee, due to an event beyond its control, to comply with such law, rule or regulation);

“Non-transferability” means the occurrence of any event that makes it impossible for the Trustee to transfer Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong or from an account outside Hong Kong to an account inside Hong Kong, other than where such impossibility is due solely to the failure of the Trustee to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Trustee, due to an event beyond its control, to comply with such law, rule or regulation);

“Renminbi Dealer” means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong;

“Spot Rate”, means the Renminbi/U.S. dollar exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two Determination Business Days, as determined by the Calculation Agent at or around 11 a.m. (Hong Kong time) on the Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent will determine the Spot Rate at or around 11.00 a.m. (Hong Kong time) on the Determination Date as the most recently available Renminbi/U.S. dollar official fixing rate for settlement in two Determination Business Days reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service)

or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate. All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 9(f) by the Calculation Agent, will (in the absence of wilful default, fraud or manifest error) be binding on the Trustee, the Obligor, the Paying Agents and all Sukukholders; and

“U.S. Dollar Equivalent” means the Renminbi amount converted into U.S. dollars using the Spot Rate for the relevant Determination Date.

10. Taxation

All payments in respect of the Sukuk shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Malaysia or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Trustee shall pay such additional amounts as shall result in receipt by the Sukukholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Sukuk:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Sukuk by reason of his having some connection with Malaysia other than the mere holding of the relevant Sukuk; or
- (b) **Surrender more than 30 days after the Relevant Date:** if the relevant Sukuk is surrendered for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on surrendering the Sukuk for payment on the last day of such period of 30 days irrespective of whether that day is a business day (as defined in Condition 9(e)).

As used in these Conditions, “Relevant Date” in respect of any Sukuk means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Sukukholders that, upon further presentation of the Sukuk being made in accordance with the Terms and Conditions of the Sukuk, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to “Periodic Distribution Amounts” and the “Dissolution Distribution Amount” shall be deemed to include any additional amounts that may be payable under this Condition 10 or any undertaking given in addition to or in substitution for it under the Declaration of Trust.

The Transaction Documents each provide that payments thereunder by the Obligor shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by Malaysia or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law and, in such case, provide for the payment by the Obligor of additional amounts so that the full amount which would otherwise have been due and payable is received by the Trustee.

Further, the Obligor has undertaken in the Wakala Agreement to pay such additional amounts as may be necessary pursuant to this Condition 10 so that the full amount due and payable by the Trustee in respect of the Sukuk to the Sukukholders is received by the Trustee for the purposes of payment to the Sukukholders in accordance with and subject to the provisions of this Condition 10.

11. Prescription

Claims against the Trustee for payment in respect of the Sukuk shall be prescribed and become void unless made within 10 years (in the case of the Dissolution Distribution Amount) or five years (in the case of Periodic Distribution Amounts) from the appropriate Relevant Date in respect of them.

12. Dissolution Events

(a) **Dissolution Event:** Upon the occurrence of a Dissolution Event which is continuing:

- (i) the Delegate, upon receiving written notice thereof under the Declaration of Trust, shall (subject to it being indemnified, secured and/or pre-funded to its satisfaction, if required by the Delegate in the circumstances) promptly give notice of the occurrence of the Dissolution Event to the Sukukholders in accordance with Condition 17 with a request to Sukukholders to indicate to the Trustee and the Delegate if they wish the Sukuk to be redeemed and the Trust to be dissolved; and
- (ii) the Delegate in its sole discretion may, and shall if so requested in writing by the holders of at least 25 per cent. of the then aggregate face amount of the Series of Sukuk outstanding or if so directed by an Extraordinary Resolution, subject in each case to being indemnified, secured and/or prefunded to its satisfaction, give notice (a "Dissolution Notice") to the Trustee, the Obligor and the Sukukholders in accordance with Condition 17 that the Sukuk are immediately due and payable at the Dissolution Distribution Amount, whereupon they shall become so due and payable. A Dissolution Notice may be given pursuant to this Condition 12(a)(ii) whether or not notice has been given to Sukukholders as provided in Condition 12(a)(i).

Upon receipt of such Dissolution Notice, the Trustee (failing which the Delegate) shall (x) deliver an Exercise Notice to the Obligor under the Purchase Undertaking and thereafter the Trustee shall execute the relevant sale agreement for purchase of the Wakala Portfolio and (y) if applicable to a Series, notify the Obligor that the outstanding Deferred Sale Price is immediately due and payable under the terms of the Master Murabaha Agreement. The Trustee (failing which the Delegate) shall use the proceeds thereof to redeem the Sukuk at the Dissolution Distribution Amount on the date specified in the relevant Dissolution Notice (the relevant "Dissolution Event Redemption Date") and the Trust shall be dissolved on the day after the last outstanding Sukuk has been so redeemed in full.

Upon payment in full of such amounts and dissolution of the Trust as aforesaid, the Sukuk shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

(b) **Enforcement and Exercise of Rights:** Upon the occurrence of a Dissolution Event, to the extent that any amount payable in respect of the Sukuk of the relevant Series has not been paid in full (notwithstanding the provisions of Condition 12(a)), the Trustee or the Delegate, subject to it being indemnified and/or secured and/or pre-funded to its satisfaction, may (acting for the benefit of the Sukukholders) take one or more of the following steps:

- (i) enforce the provisions of the Purchase Undertaking and, if applicable to a Series, the Master Murabaha Agreement against the Obligor; and/or

- (ii) take such other steps as the Trustee or the Delegate may consider necessary to recover amounts due to the Sukukholders.

13. Realisation of Trust Assets

- (a) The Delegate shall not be bound in any circumstances to take any action to enforce or to realise the relevant Trust Assets or take any action or steps or proceedings against the Trustee and/or the Obligor under any Transaction Document to which either of the Trustee or the Obligor is a party unless directed or requested to do so: (i) by an Extraordinary Resolution; or (ii) in writing by the holders of at least 25 per cent. of the then outstanding aggregate face amount of the Series of Sukuk, and in either case then only if it shall be indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which in its opinion it may thereby render itself liable or which it may incur by so doing.
- (b) No Sukukholder shall be entitled to proceed directly against the Trustee or the Obligor unless the Delegate, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing. Under no circumstances shall the Delegate or any Sukukholder have any right to cause the sale or other disposition of any of the relevant Trust Assets (other than as expressly contemplated in the Transaction Documents) and the sole right of the Delegate and the Sukukholders against the Trustee and the Obligor shall be to enforce their respective obligations under the Transaction Documents to which they are a party.
- (c) Following the enforcement, realisation and ultimate distribution of the net proceeds of the relevant Trust Assets in respect of the Sukuk of the relevant Series to the Sukukholders in accordance with these Conditions and the Declaration of Trust, the Trustee shall not be liable for any further sums in respect of such Series and, accordingly, Sukukholders may not take any action against the Trustee, the Delegate or any other person (including the Obligor) to recover any such sum in respect of the Sukuk or the relevant Trust Assets.
- (d) Conditions 13(a), 13(b) and 13(c) are subject to this Condition 13(d). After enforcing or realising the relevant Trust Assets in respect of the Sukuk of the relevant Series and distributing the net proceeds of the relevant Trust Assets in respect of the Sukuk of the relevant Series in accordance with Condition 5(b), the obligations of the Trustee in respect of the Sukuk of the relevant Series shall be satisfied and no Sukukholder may take any further steps against the Trustee (or any steps against the Delegate) to recover any further sums in respect of the Sukuk of the relevant Series and the right to receive from the Trustee any such sums remaining unpaid shall be extinguished. In particular, no Sukukholder shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Trustee.

14. Meetings of Sukukholders, Modification, Waiver and Substitution

- (a) **Meetings of Sukukholders:** The Declaration of Trust contains provisions for convening meetings of Sukukholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Declaration of Trust) of a modification of any of these Conditions or any provisions of the Declaration of Trust. Such a meeting may be convened by the Trustee, the Obligor or the Delegate at any time and if it receives a written request by Sukukholders holding at least 10 per cent. in aggregate face amount of the Sukuk of any Series for the time being outstanding, the Trustee or, subject to it being indemnified and/or secured and/or prefunded to its satisfaction against all costs and expenses, the Delegate shall convene a meeting of the Sukukholders for that Series. The quorum for any meeting convened to consider an

Extraordinary Resolution shall be two or more persons holding or representing not less than 50 per cent. in face amount of the Sukuk for the time being outstanding, or at any adjourned meeting two or more persons being or representing Sukukholders whatever the nominal amount of the Sukuk held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend any Dissolution Date in respect of the Sukuk or any date for payment of Periodic Distribution Amounts on the Sukuk, (ii) to reduce or cancel the face amount of, or any premium payable on redemption of, the Sukuk, (iii) to reduce the rate or rates of profit in respect of the Sukuk or to vary the method or basis of calculating the rate or rates or amount of profit or the basis for calculating any Profit Amount in respect of the Sukuk, (iv) if a Minimum Profit Rate and/or a Maximum Profit Rate is shown hereon, to reduce any such Minimum Profit Rate and/or Maximum Profit Rate, (v) to vary any method of, or basis for, calculating the Dissolution Distribution Amount, (vi) to vary the currency of payment or denomination of the Sukuk, (vii) to modify the provisions concerning the quorum required at any meeting of Sukukholders or the majority required to pass an Extraordinary Resolution, (viii) to modify or cancel the payment obligations of the Obligor (in any capacity) and/or the Trustee under the Transaction Documents and/or the Sukuk (as the case may be) or (ix) to amend any of the Obligor's covenants included in the Purchase Undertaking, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in face amount of the Sukuk for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Sukukholders (whether or not they were present at the meeting at which such resolution was passed).

The Declaration of Trust provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in face amount of the Sukuk outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Sukukholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Sukukholders.

- (b) **Modification of the Declaration of Trust or any Transaction Document:** The Delegate may (but shall not be obliged to), without the consent of the Sukukholders, (i) agree to any modification of any of the provisions of the Declaration of Trust or the Transaction Documents that is, in the opinion of the Delegate, of a formal, minor or technical nature or is made to correct a manifest error, or (ii) (A) agree to any other modification (except as mentioned in the Declaration of Trust), or to any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Declaration of Trust or the Transaction Documents or (B) determine that any Dissolution Event or Potential Dissolution Event shall not be treated as such provided that such modification, waiver, authorisation or determination is in the opinion of the Delegate not materially prejudicial to the interests of the Sukukholders and is other than in respect of a matter listed in Conditions 14(a)(i) to 14(a)(ix) (both inclusive) and not in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least 25 per cent. of the outstanding aggregate face amount of that Series. Any such modification, authorisation, determination or waiver shall be binding on the Sukukholders and, unless the Delegate agrees otherwise, such modification, authorisation, determination or waiver shall be notified by the Trustee to the Sukukholders in accordance with Condition 17 as soon as practicable.
- (c) **Entitlement of the Delegate:** In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those referred to in this Condition 14), the Delegate shall have regard to the interests of the Sukukholders as a class and shall not have regard to the consequences of such exercise for individual Sukukholders and the Delegate shall not be entitled to require, nor shall any Sukukholder be entitled to claim, from the Trustee, the Obligor or the

Delegate any indemnification or payment in respect of any tax consequence of any such exercise upon individual Sukukholders.

15. Delegate

- (a) **Delegation of Powers:** The Trustee will in the Declaration of Trust irrevocably and unconditionally appoint the Delegate to be its attorney and in its name, on its behalf and as its act and deed, to execute, deliver and perfect all documents, and to exercise all of the present and future duties, powers (including the power to sub-delegate), trusts, rights, authorities (including, but not limited to, the authority to request directions from any Sukukholders and the power to make any determinations to be made under the Declaration of Trust) and discretions vested in the Trustee by the Declaration of Trust, that the Delegate may consider to be necessary or desirable in order to, upon the occurrence of a Dissolution Event or Potential Dissolution Event, and subject to its being indemnified and/or secured and/or pre-funded to its satisfaction, exercise all of the rights of the Trustee under the Transaction Documents and make such distributions from the relevant Trust Assets as the Trustee is bound to make in accordance with the Declaration of Trust, provided that no obligations, duties, liabilities or covenants of the Trustee pursuant to the Declaration of Trust or any other Transaction Document shall be imposed on the Delegate by virtue of this Delegation (together the “Delegation” of the “Relevant Powers”), provided that in no circumstances will such Delegation of the Relevant Powers result in the Delegate holding on trust the relevant Trust Assets and provided further that such Delegation and the Relevant Powers shall not include any duty, power, trust, authority or discretion to hold any of the relevant Trust Assets, to dissolve any of the trusts constituted by the Declaration of Trust following the occurrence of a Dissolution Event or Potential Dissolution Event or to determine the remuneration of the Delegate. The Trustee shall ratify and confirm all things done and all documents executed by the Delegate in the exercise of all or any of the Relevant Powers.

In addition to the Delegation of the Relevant Powers under the Declaration of Trust, the Delegate also has certain powers which are vested solely in it from the date of the Master Declaration of Trust.

The appointment of a delegate by the Trustee is intended to be in the interests of the Sukukholders and does not affect the Trustee’s continuing role and obligations as sole trustee.

- (b) **Indemnification:** The Declaration of Trust contains provisions for the indemnification of the Delegate in certain circumstances and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction. In particular, but without limitation, in connection with the exercise of any of its rights in respect of the relevant Trust Assets or any other right it may have pursuant to the Declaration of Trust or the other Transaction Documents, the Delegate shall in no circumstances be bound to take any action unless directed to do so in accordance with Conditions 12 or 13, and then only if it shall also have been indemnified and/or secured and/or pre-funded to its satisfaction.
- (c) **No Liability:** The Delegate makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of the Obligor or the Trustee under the Transaction Documents to which it is a party and shall not under any circumstances have any liability or be obliged to account to Sukukholders in respect of any payments which should have been paid by the Obligor but are not so paid and shall not in any circumstances have any liability arising from the relevant Trust Assets other than as expressly provided in these Conditions or in the Declaration of Trust.

- (d) **Reliance on Certificates and/or Reports:** The Delegate may rely on any certificate or report of the auditors or insolvency officials (as applicable) of the Trustee, the Obligor or any other person called for by or provided to the Delegate (whether or not addressed to the Delegate) in accordance with or for the purposes of the Declaration of Trust or the other Transaction Documents and such certificate or report may be relied upon by the Delegate as sufficient evidence of the facts stated therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Delegate in connection therewith contains a monetary or other limit on the liability of the auditors of the Trustee, the Obligor or such other person in respect thereof and notwithstanding that the scope and/or basis of such certificate or report may be limited by an engagement or similar letter or by the terms of the certificate or report itself and the Delegate shall not be bound in any such case to call for further evidence or be responsible for any liability or inconvenience that may be occasioned by its failure to do so.
- (e) **Proper performance of duties:** Nothing shall, in any case in which the Trustee or the Delegate has failed to show the degree of care and diligence required of it as trustee, in the case of the Trustee (having regard to the provisions of the Declaration of Trust conferring on it any trusts, powers, authorities or discretions) or as donee and delegate, in the case of the Delegate (having regard to the powers, authorities and discretions conferred on it by the Declaration of Trust and to the Relevant Powers delegated to it), respectively exempt the Trustee or the Delegate from or indemnify either of them against any Liability for gross negligence, wilful default or fraud of which either of them may be guilty in relation to their duties under the Declaration of Trust. Notwithstanding the foregoing or any provision of the Declaration of Trust or the other Transaction Documents to the contrary, none of the Delegate, its directors, officers, employees and duly appointed agents or delegates shall, in any event, be liable for special, indirect, punitive or consequential loss (including, without limitation, loss of business, goodwill, reputation, opportunity or profit) or damage of any kind whatsoever, in each case however caused or arising and whether or not foreseeable, even if the Delegate is actually aware of or has been advised of the likelihood of such loss or damage and regardless of whether the claim for loss or damage is made in negligence, for breach of contract, breach of trust, breach of fiduciary obligation or otherwise.
- (f) **Notice of events:** The Delegate shall not be responsible for monitoring or ascertaining whether or not a Dissolution Event, Potential Dissolution Event, Obligor Event or Trustee Event has occurred or exists and, unless and until it shall have received express written notice to the contrary, it will be entitled to assume that no such event or circumstance exists or has occurred (without any liability to Sukukholders or any other person for so doing).

16. Replacement of Certificates

If a Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Registrar or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Trustee for the purpose and notice of whose designation is given to Sukukholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Certificate is subsequently presented for payment, there shall be paid to the Trustee on demand the amount payable by the Trustee in respect of such Certificate) and otherwise as the Trustee may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

17. Notices

Notices to the holders of Sukuk shall be mailed to them at their respective addresses in the Register and shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing.

The Trustee shall also ensure that notices are duly given in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system on which the Sukuk are for the time being listed. Any notices shall be deemed to have been given on the fourth day (being a day other than a Saturday or a Sunday) after being so mailed (or on the date of publication, or if so published more than once or on different dates, on the date of the first publication).

So long as the Sukuk are represented by a Global Certificate and such Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system, notices to the holders of Sukuk of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for mailing as required by Condition 17.

18. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Sukuk under the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of any person which exists or is available apart from that Act.

19. Governing Law and Jurisdiction

- (a) **Governing Law:** The Declaration of Trust (including these Conditions), the Agency Agreement and the Sukuk and any non-contractual obligations arising out of or in connection with the same are and shall be governed by, and construed in accordance with, English law.
- (b) **Jurisdiction:** The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Sukuk (including any dispute relating to any non-contractual obligations arising out of or in connection with any Sukuk) and accordingly any legal action or proceedings arising out of or in connection with any Sukuk (including any dispute relating to any non-contractual obligations arising out of or in connection with any Sukuk) (the "Proceedings") may be brought in such courts. The Trustee irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of the Delegate and each of the holders of the Sukuk and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).
- (c) **Service of Process:** The Trustee and the Obligor have in the Declaration of Trust irrevocably appointed London Central Services Ltd of 4, Old Park Lane, London W1K 1QW, United Kingdom as their agent in England to receive, for them and on their behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Trustee or the Obligor, as the case may be). If for any reason such process agent ceases to be able to act as such or no longer has an address in England, the Trustee and the Obligor have irrevocably agreed to appoint a substitute process agent within 30 days of such cessation and immediately to notify Sukukholders of such appointment in accordance with Condition 17 and the Delegate in writing. Nothing shall affect the right to serve process in any manner permitted by law.

- (d) **Waiver of immunity:** The Trustee and the Obligor have in the Declaration of Trust irrevocably agreed that no immunity (to the extent that it may now or hereafter exist, whether on the grounds of sovereignty or otherwise) from any Proceedings or from execution of judgment shall be claimed by or on behalf of them or with respect to their respective assets, any such immunity being irrevocably waived by the Trustee and the Obligor, and the Trustee and the Obligor have irrevocably consented generally in respect of any such Proceedings to the giving of any relief or the issue of any process in connection with any such Proceedings including, without limitation, the making, enforcement or execution against any property whatsoever of any order or judgment which may be made or given in such Proceedings.
- (e) **Waiver of Interest:**
- (i) Each of the Trustee, the Delegate and the Obligor has irrevocably agreed in the Declaration of Trust that no interest will be payable or receivable under or in connection therewith and if it is determined that any interest is payable or receivable in connection therewith by a party, whether as a result of any judicial award or by operation of any applicable law or otherwise, such party has agreed to waive any rights it may have to claim or receive such interest and has agreed that if any such interest is actually received by it, it shall hold such amount in a suspense account and promptly donate the same to a registered or otherwise officially recognised charitable organisation.
- (ii) For the avoidance of doubt, nothing in this Condition 19(e) shall be construed as a waiver of rights in respect of Periodic Distribution Amounts payable under the Sukuk, Deferred Sale Price payable under the Master Murabaha Agreement (if applicable to a Series), Wakala Portfolio Revenue or profit of any kind howsoever described payable by the Obligor (in any capacity) or the Trustee (in any capacity) pursuant to the Transaction Documents and/or the Terms and Conditions of the Sukuk, howsoever such amounts may be described or re-characterised by any court.

SUMMARY OF PROVISIONS RELATING TO THE SUKUK WHILE IN GLOBAL FORM

1 Initial Issue of Sukuk

Each Series of Sukuk will initially be represented by a Global Certificate in registered form. Global Certificates will be delivered on or prior to the issue date of the Series to a Common Depositary. Upon the initial deposit of a Global Certificate with a common depositary for Euroclear and Clearstream, Luxembourg (the “Common Depositary”) or registration of Sukuk in the name of any nominee for a Common Depositary and delivery of the relevant Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a face amount of Sukuk equal to the face amount thereof for which it has subscribed and paid.

Sukuk that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Sukuk that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

2 Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system (“Alternative Clearing System”) as the holder of a Sukuk represented by a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Trustee to the bearer of such Global Certificate or the holder of the underlying Sukuk, as the case may be, and in relation to all other rights arising under the Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Trustee in respect of payments due on the Sukuk for so long as the Sukuk are represented by such Global Certificate and such obligations of the Trustee will be discharged by payment to the holder of the underlying Sukuk, as the case may be, in respect of each amount so paid.

3 Exchange

3.1 Global Certificates

The following will apply in respect of transfers of Sukuk held in Euroclear, Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Sukuk within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Sukuk may be withdrawn from the relevant clearing system.

Transfers of the holding of Sukuk represented by a Global Certificate pursuant to Condition 3(a) may only be made in part:

- (a) if the Sukuk represented by a Global Certificate are held on behalf of Euroclear, Clearstream, Luxembourg or any Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or the relevant accountholder has notified the Trustee that it is unable or unwilling to act as depositary for the Sukuk and to continue performing its duties as set out in its terms and conditions for the provision of depositary services, supplements thereto and/or restatements thereof from time to time and no successor or Alternative clearing System satisfactory to the Trustee is available; or

(b) if a Dissolution Event has occurred,

provided that, in the case of the first transfer of part of a holding as contemplated above, the holder of the Sukuk represented by a Global Certificate has given the Registrar not less than 30 days' notice at its Specified Office of such holder's intention to effect such transfer.

4 Amendment to Conditions

The Global Certificates contain provisions that apply to the Sukuk that they represent, some of which modify the effect of the terms and conditions of the Sukuk set out in this Offering Circular. The following is a summary of certain of those provisions:

4.1 Payments

All payments in respect of Sukuk represented by a Global Certificate will be made against presentation and, if no further payment falls to be made in respect of the Sukuk, surrender of that Global Certificate to or to the order of the Registrar or such other Paying Agent as shall have been notified to the Sukukholders for such purpose. All payments in respect of Sukuk represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "Clearing System Business Day" means Monday to Friday inclusive except 25 December and 1 January. For the purposes of payments made in respect of a Global Certificate, the words "on which banks and foreign markets are open for business in the relevant place of presentation" shall not apply in the definition of "business day" in Condition 9(e).

So long as the Sukuk are represented by a Global Certificate and the Global Certificate is held on behalf of a clearing system, the Issuer has undertaken, *inter alia*, to pay Periodic Distribution Amounts in respect of such Sukuk from the Profit Commencement Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Terms and Conditions of the Sukuk, save that the calculation is made in respect of the total aggregate amount of the Sukuk represented by the Global Certificate.

A record of each payment made will be noted on the Register which shall be *prima facie* evidence that such payment has been made in respect of the Sukuk.

4.2 Prescription

Claims against the Trustee for payment in respect of the Sukuk shall be prescribed and become void unless made within 10 years (in the case of the Dissolution Distribution Amount) or five years (in the case of Periodic Distribution Amounts) from the appropriate Relevant Date (as defined in Condition 10 (*Taxation*)) in respect of them.

4.3 Meetings

The holder of Sukuk represented by a Global Certificate shall (unless such Global Certificate represents only one Sukuk) be treated as being two persons for the purposes of any quorum requirements of a meeting of Sukukholders. All holders of Sukuk are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Sukuk comprising such Sukukholder's holding, whether or not represented by a Global Certificate.

4.4 Cancellation

Cancellation of any Sukuk represented by a Global Certificate that is surrendered for cancellation (other than upon its redemption) will be effected by reduction in the aggregate face amount of the relevant Series of Sukuk in the Register.

4.5 Optional Redemption

In the event that any early dissolution right of the Trustee or the Obligor is exercised in respect of some but not all of the Sukuk of any Series, the rights of accountholders with a clearing system in respect of the Sukuk will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg or any other clearing system (as the case may be).

4.6 Sukukholders' Dissolution Right

Any early dissolution right of the Sukukholders provided for in the Terms and Conditions of the Sukuk while such Sukuk are represented by a Global Certificate may be exercised by the holder of the Sukuk in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg or any other clearing system (as the case may be).

4.7 Notices

So long as the Sukuk are represented by a Global Certificate and such Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system, notices to the holders of Sukuk of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for mailing as required by the Terms and Conditions of the Sukuk.

USE OF PROCEEDS

The proceeds of each Series of Sukuk issued under the Programme will be applied by the Trustee pursuant to the terms of the relevant Transaction Documents to acquire the relevant Wakala Portfolio from TNB, and enter into any Commodity Murabaha Investment, as applicable, as specified in the Pricing Supplement for the relevant Series, following which such assets will form part of the Wakala Venture for the relevant Series.

The proceeds of each Series of Sukuk subsequently received by TNB as a result of the Trustee's acquisition of the relevant Wakala Portfolio, and entry into the relevant Commodity Murabaha Investment, if any, will be applied by TNB for its general corporate purposes or, as the case may be, as set forth in the Pricing Supplement for the relevant Series.

DESCRIPTION OF THE TRUSTEE

TNB Global Ventures Capital Berhad (Company No. 1189462-U) was incorporated on 30 May 2016 in Malaysia under the Companies Act, 1965 of Malaysia (as repealed by the Companies Act, 2016 of Malaysia) with its registered office at The Company Secretary's Office, Level 2, Tenaga Nasional Berhad Headquarters, No. 129 Jalan Bangsar, 59200 Kuala Lumpur, Malaysia. The Trustee is a special purpose company and has been formed for the purpose of participating in the transactions contemplated by the Transaction Documents. The Trustee is a wholly-owned subsidiary of the Obligor.

The Trustee has not engaged since its incorporation, and will not engage, in any material activities other than those relating to or incidental to the issue of the Sukuk and the matters contemplated in this Offering Circular and the Transaction Documents to which it is or will be a party.

The Directors of the Trustee are Datuk Seri Ir. Azman bin Mohd, Datuk Fazlur Rahman bin Zainuddin and Dato' Nor Azman bin Mufti.

The issued share capital of the Trustee is RM2.00 divided into two ordinary shares which are fully paid-up. As at the date of this Offering Circular, the Trustee does not have any debt outstanding other than the Sukuk issued under the Programme on 19 October 2016, amounting to U.S.\$750.0 million.

CAPITALISATION OF THE GROUP

As at 30 June 2018, the issued share capital of TNB was RM5,678,180,572.00 divided into 5,678,180,571 ordinary shares and one special rights redeemable preference share (“Special Share”). The Special Share is owned by The Minister of Finance (Incorporated) (“MOF Inc.”).

The following table sets out the consolidated capitalisation and indebtedness of the Group as at 30 June 2018. This table should be read in conjunction with the unaudited condensed consolidated interim financial information of TNB and the notes thereto in respect of the six months ended 30 June 2018:

	RM	U.S.\$
	(Amounts in millions)	
	Unaudited	
Short-Term Debt (including current portion of long-term debt)	3,463.7	836.8
Total Long-Term Unsecured Debt	14,443.9	3,489.7
Total Long-Term Secured Debt	24,609.7	5,945.8
Total Long-Term Debt	39,053.6	9,435.5
Non-Controlling Interest	944.4	228.2
Shareholders’ Equity		
Share Capital	11,360.6	2,744.8
Other reserves	(6,483.1)	(1,566.3)
Retained Profits	54,135.3	13,079.3
Capital and Reserve Attributable to Owners of the Company	59,012.8	14,257.7
Total Capitalisation (excluding short-term debt and the current portion of long-term debt)	99,010.8	23,921.4

There has been no material change in the capitalisation of the Group since 30 June 2018 other than with respect to long-term borrowings which have increased following an Islamic medium term note issuance by TNB in August 2018 amounting to RM3 billion and a dividend payment of RM1,718.8 million which was made in August 2018.

SELECTED FINANCIAL INFORMATION OF THE GROUP

The summary of the Group's audited consolidated financial information as at and for the financial years ended 31 August 2016 and 31 August 2017 set forth below are extracted from the Group's audited consolidated financial statements as at the dates and for the financial years indicated, which have been audited by PricewaterhouseCoopers PLT and disclosed in the Group's published audited consolidated financial statements for FY2016 and FY2017 respectively. Such summarised audited financial information should be read in conjunction with the Group's audited consolidated financial statements for FY2016 and FY2017, including the notes thereto. The Group's published financial statements and auditor's report for FY2016 and FY2017 were unmodified.

On 30 November 2016, the Board passed a resolution approving the change in the financial year end of the Group from 31 August to 31 December, which was implemented after FY2017. As a result of this change, for the period between 1 September 2017 and 31 December 2017, the Group published audited consolidated financial statements as at and for the four month financial period ended 31 December 2017 (which includes the comparative audited consolidated financial statements as at and for the financial year ended 31 August 2017). The Group's audited consolidated statement of profit or loss and other comprehensive income for 4M 2017 and for FY2017 is therefore not directly comparable.

The audited consolidated financial information of the Group as at and for 4M 2017 set forth below are extracted from the Group's audited consolidated financial statements as at the date and for the period indicated, which have been audited by PricewaterhouseCoopers PLT. Such audited consolidated financial information should be read in conjunction with the Group's audited consolidated statement of profit or loss and other comprehensive income for 4M 2017 and the audited consolidated statement of financial position as at 4M 2017, including the notes thereto. The Group's published financial statements and auditor's report as at and for 4M 2017 were unmodified. Commencing 1 January 2018, the financial year end of the Group shall revert to a 12-month period ending 31 December, for each subsequent year.

The summary of the Group's unaudited condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2018 and the unaudited condensed consolidated statement of financial position as at 30 June 2018 (which, for the latter, includes restated comparatives as at 31 December 2017) set forth below are extracted from the Group's unaudited condensed consolidated interim financial information as at the date and for the period indicated. The restated comparatives as at FY2017 is a result of the adoption of Malaysian Financial Reporting Standards ("MFRS") 15 "Revenue from Contracts with Customers" ("MFRS 15"). These restated figures have not been audited. These restatements reflect the adoption of the new accounting standard issued by the Malaysian Accounting Standards Board. This new accounting standard has been applied on a retrospective basis with practical expedients permitted under the standard, which means the impact of the adoption will be recognised in the retained profits as at 1 September 2017 and comparatives will be restated.

MFRS 9 "Financial Instruments" ("MFRS 9") replaces MFRS 139 "Financial Instruments: Recognition and Measurement" ("MFRS 139") with effect from 1 January 2018. The Group had adopted and applies the new standard retrospectively from 1 January 2018, with the practical expedients permitted under the standard, where comparatives are not restated.

Such summary unaudited condensed consolidated interim financial information should be read in conjunction with the Group's unaudited condensed consolidated statement of profit or loss and other comprehensive income for 6M 2018 and the condensed consolidated statement of financial position as at 6M 2018, including the notes thereto. Due to the change in the financial year end of the Group as described above, there is no statement of profit or loss or other comprehensive income for a comparable period from previous financial years that would

be directly comparable with the statement of profit or loss and other comprehensive income for 6M 2018. The Group has not prepared any consolidated statements of its financial position as at 30 June 2017.

The Group's audited consolidated financial information as at and for FY2016 and FY2017 and the Group's audited consolidated financial information as at and for the four months ended 31 December 2017 were prepared and presented in accordance with MFRS, International Financial Reporting Standards, the requirements of the Companies Act, 1965 of Malaysia (for FY2016) and the Companies Act, 2016 of Malaysia (for FY2017 and 4M 2017, respectively) which repealed the Companies Act, 1965 of Malaysia.

The Group's unaudited condensed consolidated statement of financial position as at 30 June 2018 (which includes the comparative described above) and the unaudited condensed consolidated statement of profit or loss and other comprehensive income information for the six months ended 30 June 2018 were prepared and presented in accordance with MFRS 134 "Interim Financial Reporting", International Accounting Standards 34 "Interim Financial Reporting" and paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Securities.

	For the financial year ended 31 August			For the 4 month financial period ended 31 December	
	2016	2017	2017	2017	2017
	RM million	RM million	U.S.\$ million	RM million	U.S.\$ million
	Audited	Audited	Unaudited	Audited	Unaudited
Consolidated Statement of Profit or Loss and other Comprehensive Income:					
Revenue	44,531.5	47,416.9	11,456.1	15,827.1	3,823.9
Operating expenses ⁽¹⁾	(36,171.0)	(39,074.2)	(9,440.5)	(13,191.1)	(3,187.0)
Other operating income	711.5	1,021.3	246.8	512.6	123.8
Operating profit	9,072.0	9,364.0	2,262.4	3,148.6	760.7
Foreign exchange (loss)/gain	(358.2)	7.9	1.9	310.2	74.9
Share of results of joint ventures	26.0	25.0	6.0	7.7	1.9
Share of results of associates	67.3	103.3	25.0	(44.7)	(10.8)
Profit before finance cost	8,807.1	9,500.2	2,295.3	3,421.8	826.7
Finance income	299.0	237.6	57.4	133.5	32.3
Finance cost	(1,039.3)	(1,456.0)	(351.8)	(576.0)	(139.2)
Profit before taxation and zakat	8,066.8	8,281.8	2,000.9	2,979.3	719.8
Taxation and zakat ⁽²⁾	(746.0)	(1,369.7)	(330.9)	(235.4)	(56.9)
Profit for the financial year/period	7,320.8	6,912.1	1,670.0	2,743.9	662.9
Profit attributable to:					
Owners of the Company	7,367.6	6,904.0	1,668.0	2,755.7	665.8
Non-controlling interests	(46.8)	8.1	2.0	(11.8)	(2.9)
Profit for the financial year/period	7,320.8	6,912.1	1,670.0	2,743.9	662.9
Earnings per share (Sen):					
Basic	130.6	122.0	29.5	48.7	11.8
Diluted	130.2	121.5	29.4	48.6	11.7
Profit for the financial year/period	7,320.8	6,912.1	1,670.0	2,743.9	662.9
Other comprehensive (expense)/income					
Items that will not be reclassified subsequently to profit or loss:					
Defined benefit plan actuarial (loss)/gain	(719.2)	24.7	6.0	(107.6)	(26.0)

	For the financial year ended 31 August			For the 4 month financial period ended 31 December	
	2016	2017	2017	2017	2017
	RM million	RM million	U.S.\$ million	RM million	U.S.\$ million
	Audited	Audited	Unaudited	Audited	Unaudited
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences	(5.0)	(184.6)	(44.6)	(219.8)	(53.1)
Fair value of available-for-sale financial assets	0.1	33.3	8.0	(2.6)	(0.6)
Share of other comprehensive loss of associates accounted for using the equity method	0.0	(86.2)	(20.8)	94.2	22.8
Total other comprehensive (expense) for the financial year/period	(724.1)	(212.8)	(51.4)	(235.8)	(57.0)
Total comprehensive income for the financial year/period	6,596.7	6,699.3	1,618.6	2,508.1	606.0
Attributable to:					
Owners of the Company	6,643.5	6,691.2	1,616.6	2,519.9	608.8
Non-controlling interests	(46.8)	8.1	2.0	(11.8)	(2.9)
Total comprehensive income for the financial year/period	6,596.7	6,699.3	1,618.6	2,508.1	606.0

- (1) Operating expenses include depreciation expenses allocated among energy, transmission and distribution costs, administrative expenses and other operating expenses aggregating RM5,722.2 million in FY2016, RM6,105.0 million in FY2017 and RM2,049.9 million in 4M 2017.
- (2) On 23 November 2015, the Inland Revenue Board (“IRB”) disallowed TNB’s reinvestment allowance (“RIA”) claims of RM2,068.2 million for Year Assessment 2013 and 2014 and issued notices of additional assessments (“Notices”) to TNB. TNB filed an appeal to the Special Commissioners of Income Tax (“SCIT”) on the Notices. As at 31 December 2017, the Group recorded a tax recoverable of RM1,765.1 million from IRB arising from the resubmission of tax computations in FY2014, pursuant to the explicit approval given by IRB on 21 January 2013 on the eligibility of TNB in claiming the RIA. In addition, the Group has not recorded the potential additional tax liability arising from the tax impact if the RIA claimed is disallowed and TNB loses its appeal. The realisation of this tax recoverable and the potential tax liability is dependent on the outcome of judgment on the RIA claims by the SCIT and by the Kuala Lumpur High Court, including if there is a subsequent appeal by either party. The dates for the hearing in relation to TNB’s appeal on the Notices are 26 to 29 November 2019. See “Description of the Group — TNB’s appeals before the SCIT”.

	As at 31 August			As at 31 December	
	2016	2017	2017	2017	2017
	RM million	RM million	U.S.\$ million	RM million	U.S.\$ million
	Audited	Audited	Unaudited	Audited	Unaudited
Consolidated Statement of Financial Position:					
Non-current assets					
Property, plant and equipment	96,512.7	103,083.7	24,905.5	104,807.6	25,322.0
Joint ventures	138.9	152.3	36.8	153.1	37.0
Associates	1,699.3	2,937.8	709.8	2,799.2	676.3
Goodwill on consolidation	211.0	211.0	51.0	211.0	51.0
Investments in unquoted debt security	15.4	275.7	66.6	318.5	77.0
Tax recoverable ⁽¹⁾	1,693.2	1,765.1	426.5	1,765.1	426.5
Deferred tax assets	31.2	77.0	18.6	68.3	16.5
Long term receivables	620.3	549.7	132.8	829.4	200.4
Finance lease receivable	13.6	13.8	3.3	13.4	3.2
Prepaid operating leases	5,172.7	5,353.7	1,293.5	5,505.2	1,330.1
Available-for-sale financial assets	38.6	71.9	17.4	69.3	16.7
	<u>106,146.9</u>	<u>114,491.7</u>	<u>27,661.8</u>	<u>116,540.1</u>	<u>28,156.7</u>
Current assets					
Non-current assets held-for-sale	31.6	0.0	0.0	0.0	0.0
Inventories	792.3	828.7	200.2	885.0	213.8
Receivables, deposits and prepayments ⁽²⁾	8,276.8	8,962.2	2,165.3	10,362.1	2,503.5
Tax recoverable	125.0	83.8	20.2	104.7	25.3
Finance lease receivable	0.7	0.7	0.2	0.8	0.2
Prepaid operating leases	150.1	139.1	33.6	146.2	35.3
Amounts due from joint ventures	6.0	0.6	0.1	1.1	0.3
Amounts due from associates	202.4	226.3	54.7	332.0	80.2
Derivative financial instruments	16.8	1.2	0.3	0.0	0.0
Financial assets at fair value through profit or loss	13,182.4	12,221.9	2,952.9	10,490.2	2,534.5
Deposits, bank and cash balances	3,971.2	5,056.2	1,221.6	5,415.0	1,308.3
	<u>26,755.3</u>	<u>27,520.7</u>	<u>6,649.1</u>	<u>27,737.1</u>	<u>6,701.4</u>

	As at 31 August			As at 31 December	
	2016	2017	2017	2017	2017
	RM million	RM million	U.S.\$ million	RM million	U.S.\$ million
	Audited	Audited	Unaudited	Audited	Unaudited
Current liabilities					
Payables ⁽³⁾	(11,409.1)	(10,245.0)	(2,475.2)	(9,065.2)	(2,190.2)
Finance lease payables	(661.6)	(329.6)	(79.6)	(336.4)	(81.3)
Derivative financial instruments ⁽⁴⁾	(12.9)	(10.9)	(2.6)	(47.3)	(11.4)
Deferred income	(1,139.2)	(1,460.9)	(353.0)	(1,487.2)	(359.3)
Amounts due to associates	(559.5)	(636.9)	(153.9)	(691.2)	(167.0)
Current tax liabilities	(50.6)	(85.2)	(20.6)	(132.9)	(32.1)
Employee benefits	(762.3)	(749.9)	(181.2)	(748.8)	(180.9)
Short term borrowings	(1,488.8)	(1,808.1)	(436.8)	(1,745.3)	(421.7)
	<u>(16,084.0)</u>	<u>(15,326.5)</u>	<u>(3,702.9)</u>	<u>(14,254.3)</u>	<u>(3,443.9)</u>
Net current assets	<u>10,671.3</u>	<u>12,194.2</u>	<u>2,946.2</u>	<u>13,482.8</u>	<u>3,257.5</u>
Total assets less current liabilities	<u>116,818.2</u>	<u>126,685.9</u>	<u>30,608.0</u>	<u>130,022.9</u>	<u>31,414.2</u>
Non-current liabilities					
Borrowings	(32,817.9)	(37,038.4)	(8,948.6)	(39,698.4)	(9,591.3)
Consumer deposits	(4,551.1)	(5,073.4)	(1,225.8)	(5,209.2)	(1,258.6)
Finance lease payables	(5,287.2)	(4,988.9)	(1,205.3)	(4,874.1)	(1,177.6)
Deferred income	(1,165.6)	(993.9)	(240.1)	(1,107.6)	(267.6)
Other liabilities	(1,366.8)	(1,413.1)	(341.4)	(1,357.4)	(328.0)
Deferred tax liabilities	(6,961.9)	(7,728.3)	(1,867.2)	(7,646.0)	(1,847.3)
Employee benefits	(11,048.8)	(10,887.3)	(2,630.4)	(11,036.3)	(2,666.4)
Government development grants	(1,019.2)	(977.8)	(236.2)	(964.1)	(232.9)
	<u>(64,218.5)</u>	<u>(69,101.1)</u>	<u>(16,695.0)</u>	<u>(71,893.1)</u>	<u>(17,369.7)</u>
Total net assets	<u>52,599.7</u>	<u>57,584.8</u>	<u>13,913.0</u>	<u>58,129.8</u>	<u>14,044.5</u>
Equity					
Share capital	5,643.6	11,124.9	2,687.9	11,199.6	2,705.9
Share premium	5,382.2	0.0	0.0	0.0	0.0
Other reserves	(5,967.2)	(6,128.8)	(1,480.7)	(6,373.0)	(1,539.7)
Retained profits	<u>47,330.0</u>	<u>52,115.3</u>	<u>12,591.4</u>	<u>52,378.0</u>	<u>12,654.8</u>
Capital and reserves attributable to owners of the company	<u>52,388.6</u>	<u>57,111.4</u>	<u>13,798.6</u>	<u>57,204.6</u>	<u>13,821.0</u>
Non-controlling interests	<u>211.1</u>	<u>473.4</u>	<u>114.4</u>	<u>925.2</u>	<u>223.5</u>
Total equity	<u>52,599.7</u>	<u>57,584.8</u>	<u>13,913.0</u>	<u>58,129.8</u>	<u>14,044.5</u>
Net assets per share attributable to owners of the company (Sen)					
	928.3	—	—	—	—

- (1) On 23 November 2015, IRB disallowed TNB's RIA claims of RM2,068.2 million for Year Assessment 2013 and 2014 and issued Notices to TNB. TNB filed an appeal to the SCIT on the Notices. As at 31 December 2017, the Group recorded a tax recoverable of RM1,765.1 million from IRB arising from the resubmission of tax computations in FY2014, pursuant to the explicit approval given by IRB on 21 January 2013 on the eligibility of TNB in claiming the RIA. In addition, the Group has not recorded the potential additional tax liability arising from the tax impact if the RIA claimed is disallowed and TNB loses its appeal. The realisation of this tax recoverable and the potential tax liability is dependent on the outcome of judgment on the RIA claims by the SCIT and by the Kuala Lumpur High Court, including if there is a subsequent appeal by either party. The dates for the hearing in relation to TNB's appeal on the Notices are 26 to 29 November 2019. See "Description of the Group — TNB's appeals before the SCIT".
- (2) Receivables include trade receivables (RM8,062.7 million in FY2016, RM8,467.6 million in FY2017 and RM8,823.3 million in 4M 2017) and other receivables (RM808.9 million in FY2016, RM1,427.4 million in FY2017 and RM1,595.7 million in 4M 2017).
- (3) Payables include trade payables (RM8,889.2 million in FY2016, RM7,617.1 million in FY2017 and RM6,421.4 million in 4M 2017) and other payables (RM734.8 million in FY2016, RM577.0 million in FY2017 and RM680.6 million in 4M 2017).

- (4) In FY2016, the Group entered into forward foreign currency contracts with forward rates ranging from RM4.0220 to RM4.2665 for U.S.\$1.00 and RM3.7458 to RM4.0359 for 100 Japanese Yen. In 4M 2017, the Group entered into forward foreign currency contracts with forward rates ranging from RM4.0880 to RM4.4100 (for FY2017 rates were RM4.2520 to RM4.3610) for U.S.\$1.00, RM3.6209 to RM3.8271 (for FY2017 rates were RM3.8953 to RM4.1972) for 100 Japanese Yen and RM4.8736 (for FY2017 the rate was RM5.045) for €1.00. In FY2017, TNB entered into forward foreign currency contracts with forward rates of RM4.0889 for U.S.\$1.00.

	For the six months ended	
	30 June 2018	
	RM million	U.S.\$ million
	Unaudited	
Consolidated Statement of Profit or Loss and Other Comprehensive Income		
Revenue	24,771.9	5,985.0
Operating expenses	(20,450.2)	(4,940.9)
Other operating income	382.4	92.4
Operating profit	4,704.1	1,136.5
Foreign exchange		
Translation (loss)/gain	(80.6)	(19.5)
Transaction gain/(loss)	(5.2)	(1.3)
Share of results of joint ventures	13.8	3.3
Share results of associates	(92.9)	(22.4)
Profit before finance cost	4,539.2	1,096.6
Finance income	209.0	50.5
Finance cost	(771.8)	(186.5)
Fair value of financial instruments	(37.1)	(9.0)
Profit before taxation and zakat	3,939.3	951.6
Taxation and zakat		
Company and subsidiaries	(601.6)	(145.3)
Deferred taxation	47.5	11.5
Profit for the period	3,385.2	817.8
Attributable to:		
Owners of the Company	3,357.0	811.1
Non-controlling interests	28.2	6.8
Profit for the period	3,385.2	817.9
Earnings per share attributable to the owners of the Company (Sen)		
Basic	59.2	14.3
Diluted	59.1	14.3
Profit for the period	3,385.2	817.9
Other comprehensive (expense)/income		
Items that will not be reclassified subsequently to profit or loss		
Defined benefit plan actuarial loss	104.0	25.1
Items that may be classified subsequently to profit or loss		
Foreign currency translation differences	(172.2)	(41.6)
Fair value of financial assets at fair value through other comprehensive income (“OCI”)	3.2	0.8
Share of other comprehensive gain of associates accounted for using the equity method	14.3	3.5
Total other comprehensive expense for the period	(50.7)	(12.2)
Total comprehensive income for the period	3,334.5	805.7
Attributable to:		
Owners of the Company	3,306.3	798.9
Non-controlling interests	28.2	6.8
Total comprehensive income for the period	3,334.5	805.7

	As at 31 December 2017		As at 30 June 2018	
	(Restated)		Unaudited	
	RM million	U.S.\$ million	RM million	U.S.\$ million
Consolidated Statement of Financial Position:				
Non-current assets				
Property, plant and equipment	104,807.6	25,322.0	108,131.9	26,125.1
Joint ventures	153.1	37.0	167.9	40.6
Associates	2,799.2	676.3	2,329.5	562.8
Goodwill on consolidation	211.0	51.0	261.3	63.1
Investments in unquoted debt security	318.5	77.0	313.6	75.8
Tax recoverable ⁽¹⁾	1,765.1	426.5	1,765.1	426.5
Deferred tax assets	68.3	16.5	82.5	19.9
Long term receivables	829.4	200.4	796.9	192.5
Finance lease receivables	13.4	3.2	13.0	3.1
Derivative financial instruments	0.0	0.0	0.2	0.0
Prepaid operating leases	5,505.2	1,330.1	5,743.3	1,387.6
Financial assets at fair value through OCI	69.3	16.7	72.6	17.5
	<u>116,540.1</u>	<u>28,156.7</u>	<u>119,677.8</u>	<u>28,914.5</u>
Current assets				
Inventories	885.0	213.8	1,247.1	301.3
Receivables, deposits and repayments	10,362.1	2,503.5	10,463.1	2,527.9
Tax recoverable	104.7	25.3	102.3	24.7
Finance lease receivables	0.8	0.2	0.8	0.2
Prepaid operating leases	146.2	35.3	146.2	35.3
Amounts due from joint ventures	1.1	0.3	1.0	0.2
Amounts due from associates	332.0	80.2	317.2	76.6
Derivative financial instruments	0.0	0.0	3.5	0.8
Financial assets at fair value through profit or loss	10,490.2	2,534.5	10,015.1	2,419.7
Deposits, bank and cash balances	5,415.0	1,308.3	4,613.5	1,114.6
	<u>27,737.1</u>	<u>6,701.4</u>	<u>26,909.8</u>	<u>6,501.3</u>
Current liabilities				
Payables	(9,069.6)	(2,191.3)	(7,894.4)	(1,907.3)
Finance lease payables	(336.4)	(81.3)	(385.2)	(93.1)
Deferred income	(1,487.2)	(359.3)	(1,488.0)	(359.5)
Amounts due to associates	(691.2)	(167.0)	(633.9)	(153.2)
Current tax liabilities	(132.9)	(32.1)	(277.7)	(67.1)
Derivative financial instruments	(47.3)	(11.4)	(60.9)	(14.7)
Employee benefits	(748.8)	(180.9)	(748.8)	(180.9)
Short term borrowings	(1,745.3)	(421.7)	(3,463.7)	(836.8)
	<u>(14,258.7)</u>	<u>(3,445.0)</u>	<u>(14,952.6)</u>	<u>(3,612.6)</u>
Net current assets	<u>13,478.4</u>	<u>3,256.4</u>	<u>11,957.2</u>	<u>2,888.7</u>

	As at 31 December 2017		As at 30 June 2018	
	(Restated)		Unaudited	
	RM million	U.S.\$ million	RM million	U.S.\$ million
Non-current liabilities				
Borrowings	(39,698.4)	(9,591.3)	(39,053.6)	(9,435.5)
Consumer deposits	(5,209.2)	(1,258.6)	(5,552.0)	(1,341.4)
Finance lease payables	(4,874.1)	(1,177.6)	(4,657.8)	(1,125.3)
Deferred income	(1,220.2)	(294.8)	(1,447.8)	(349.8)
Other liabilities	(1,357.4)	(328.0)	(1,423.6)	(343.9)
Deferred tax liabilities	(7,646.0)	(1,847.3)	(7,674.9)	(1,854.3)
Employee benefits	(11,036.3)	(2,666.4)	(10,880.4)	(2,628.8)
Government development grants	(964.1)	(232.9)	(979.7)	(236.7)
Derivative financial instruments	0.0	0.0	(8.0)	(1.9)
	<u>(72,005.7)</u>	<u>(17,396.9)</u>	<u>(71,677.8)</u>	<u>(17,317.6)</u>
Total net assets	<u>58,012.8</u>	<u>14,016.2</u>	<u>59,957.2</u>	<u>14,485.6</u>
Equity				
Share capital	11,199.6	2705.9	11,360.6	2,744.4
Other reserves	(6,373.0)	(1,539.7)	(6,483.1)	(1,566.3)
Retained profits	52,263.0	12,627.0	54,135.3	13,079.3
Capital and reserves attributable to owners of the company	<u>57,089.6</u>	<u>13,793.2</u>	<u>59,012.8</u>	<u>14,257.4</u>
Non-controlling interests	<u>923.2</u>	<u>223.0</u>	<u>944.4</u>	<u>228.2</u>
Total equity	<u>58,012.8</u>	<u>14,016.2</u>	<u>59,957.2</u>	<u>14,485.6</u>

- (1) On 23 November 2015, IRB disallowed TNB's RIA claims of RM2,068.2 million for Year Assessment 2013 and 2014 and issued Notices to TNB. TNB filed an appeal to the SCIT on the Notices. As at 31 December 2017, the Group recorded a tax recoverable of RM1,765.1 million from IRB arising from the resubmission of tax computations in FY2014, pursuant to the explicit approval given by IRB on 21 January 2013 on the eligibility of TNB in claiming the RIA. In addition, the Group has not recorded the potential additional tax liability arising from the tax impact if the RIA claimed is disallowed and TNB loses its appeal. The realisation of this tax recoverable and the potential tax liability is dependent on the outcome of judgment on the RIA claims by the SCIT and by the Kuala Lumpur High Court, including if there is a subsequent appeal by either party. The dates for the hearing in relation to TNB's appeal on the Notices are 26 to 29 November 2019. See "Description of the Group — TNB's appeals before the SCIT".

	Previously reported as at	Effect of adoption of	Restated as at
	31 December 2017	MFRS 15	31 December 2017
	RM million	RM million	RM million
Reconciliation of consolidated statement of financial position			
Group			
Non-current assets			
Property, plant and equipment	104,807.6	—	104,807.6
Joint ventures	153.1	—	153.1
Associates	2,799.2	—	2,799.2
Goodwill on consolidation	211.0	—	211.0
Investments in unquoted debt security	318.5	—	318.5
Tax recoverable	1,765.1	—	1,765.1
Deferred tax assets	68.3	—	68.3
Long term receivables	829.4	—	829.4
Finance lease receivable	13.4	—	13.4
Prepaid operating lease	5,505.2	—	5,505.2
Available-for-sale financial assets	69.3	—	69.3
	<u>116,540.1</u>	<u>—</u>	<u>116,540.1</u>

	Previously reported as at 31 December 2017	Effect of adoption of MFRS 15	Restated as at 31 December 2017
	RM million	RM million	RM million
Reconciliation of consolidated statement of financial position			
Group			
Current assets			
Inventories	885.0	—	885.0
Receivables, deposits and prepayments	10,362.1	—	10,362.1
Tax recoverable	104.7	—	104.7
Finance lease receivable	0.8	—	0.8
Prepaid operating leases	146.2	—	146.2
Amounts due from joint ventures	1.1	—	1.1
Amounts due from associates	332.0	—	332.0
Financial assets at fair value through profit or loss	10,490.2	—	10,490.2
Deposits, bank and cash balances	5,415.0	—	5,415.0
	<u>27,737.1</u>	<u>—</u>	<u>27,737.1</u>
Current Liabilities			
Payables	(9,065.2)	(4.4)	(9,069.6)
Finance lease payables	(336.4)	—	(336.4)
Derivative financial instruments	(47.3)	—	(47.3)
Deferred income	(1,487.2)	—	(1,487.2)
Amounts due to associates	(691.2)	—	(691.2)
Current tax liabilities	(132.9)	—	(132.9)
Employee benefits	(748.8)	—	(748.8)
Short term borrowings	(1,745.3)	—	(1,745.3)
	<u>(14,254.3)</u>	<u>(4.4)</u>	<u>(14,258.7)</u>
Net current assets	<u>13,482.8</u>	<u>(4.4)</u>	<u>13,478.4</u>
Total assets less current liabilities	<u>130,022.9</u>	<u>(4.4)</u>	<u>130,018.5</u>
Non-current liabilities			
Borrowings	(39,698.4)	—	(39,698.4)
Consumer deposits	(5,209.2)	—	(5,209.2)
Finance lease payables	(4,874.1)	—	(4,874.1)
Deferred income	(1,107.6)	(112.6)	(1,220.2)
Other liabilities	(1,357.4)	—	(1,357.4)
Deferred tax liabilities	(7,646.0)	—	(7,646.0)
Employee benefits	(11,036.3)	—	(11,036.3)
Government development grants	(964.1)	—	(964.1)
	<u>(71,893.1)</u>	<u>(112.6)</u>	<u>(72,005.7)</u>
Total net assets	<u>58,129.8</u>	<u>(117.0)</u>	<u>58,012.8</u>
Equity			
Share capital	11,199.6	—	11,199.6
Other reserves	(6,373.0)	—	(6,373.0)
Retained profits	52,378.0	(115.0)	52,263.0
Capital and reserves attributable to owners of the company	<u>57,204.6</u>	<u>(115.0)</u>	<u>57,089.6</u>
Non-controlling interests	<u>925.2</u>	<u>(2.0)</u>	<u>923.2</u>
Total equity	<u>58,129.8</u>	<u>(117.0)</u>	<u>58,012.8</u>

- (1) MFRS 15 replaces MFRS 118 “Revenue” and MFRS 111 “Construction Contracts” and related interpretations. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

The Group will adopt the standard using the retrospective approach with practical expedients permitted under the standard, which means the impact of the adoption will be recognised in the retained profits as at 1 September 2017 and comparatives will be restated.

The revenue for customers’ contribution which was previously recognised under Issues IC 18 “Transfers of Assets from Customers” upon the point of connection to the network, is now recognised as revenue over a period of time under MFRS 15. For certain other revenue streams that were previously recognised over time, these revenues are now recognised at a point in time based on satisfaction of performance obligations.

- (2) MFRS 9 retains, but simplifies the mixed measurement model in MFRS 139 “Financial Instruments: Recognition and Measurement” and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss (“FVTPL”) and fair value through other comprehensive income (“FVOCI”). The basis of classification depends on the entity’s business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at FVTPL with an irrevocable option at inception to present changes in FVOCI (provided the instrument is not held for trading).

The majority of the Group’s debt instruments that were previously classified as loans and receivables are classified as amortised cost. Equity instruments previously classified as available-for-sale are classified as FVOCI and financial assets previously designated at FVTPL will continue to be measured on the same basis under MFRS 9.

The Group adopted an Expected Credit Loss (“ECL”) model on impairment that replaces the incurred loss impairment model used in MFRS 139. The ECL model is forward-looking and recognises the impairment loss based on expected credit losses. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under MFRS 15, lease receivables, loan commitments and certain financial guarantee contracts.

The Group has applied MFRS 9 retrospectively from 1 January 2018, with the practical expedients permitted under MFRS 9, where comparatives are not restated.

As at and for the six months ended
30 June 2018
Unaudited

Selected Operational Data:

Installed Capacity (MW) ⁽¹⁾	13,108.2
Combined Installed Capacity ⁽²⁾	11,015.4
Peak Demand (MW) ⁽³⁾	18,010.0
Units of Electricity Sold (GWh) ⁽⁴⁾	39,559.9
Average Tariff (Sen per kWh) ⁽⁵⁾	39.5

Selected Credit Ratios:

Interest Coverage ⁽⁶⁾	10.1x
Total Debt to Total Capitalisation ⁽⁷⁾	41.5 per cent.
Total Debt to Shareholders’ Funds ⁽⁸⁾	70.9 per cent.

(1) Peninsular Malaysia — TNB.

(2) Peninsular Malaysia — TNB and IPPs.

(3) Peak demand, excluding Sabah Electricity Sdn. Bhd. and TNB Liberty Power Limited, represents the actual maximum peak demand on TNB’s system at any single point in time during the period.

(4) Figures includes unit of electricity sold by Sabah Electricity Sdn. Bhd. and TNB Liberty Power Limited.

(5) The average electricity tariff rate in Peninsular Malaysia.

(6) Interest coverage is calculated as operating profit plus depreciation divided by finance cost.

(7) This ratio is calculated as total debt (the sum of total short-term debt and long-term debt) divided by total capitalisation (the sum of short-term debt and long-term debt, minority interests and shareholders’ funds).

(8) This ratio is calculated as total debt (the sum of total short-term debt and long-term debt) divided by the sum of minority interests and shareholders’ funds.

DESCRIPTION OF THE GROUP

TNB is a public limited company incorporated under the laws of Malaysia on 12 July 1990, which succeeded the Central Electricity Board, later renamed the National Electricity Board of the States of Malaya or *Lembaga Letrik Negara* (the “National Electricity Board”). As at 30 June 2018, TNB is the largest electricity utility company in Malaysia in terms of assets, with total assets of RM146.6 billion (U.S.\$35.4 billion). As at 30 June 2018, TNB had a market capitalisation of approximately RM83.0 billion (U.S.\$20.1 billion), making it the second largest company listed on the Main Market of Bursa Securities. As at 30 September 2018, the Government and its related entities, directly or indirectly, owned approximately 62.2 per cent. of the outstanding ordinary shares. See “*Relationship with the Malaysia Government*”.

TNB’s core activities are the generation, transmission and distribution of electricity. It is responsible for providing electricity to all residents of Peninsular Malaysia and through its subsidiary, Sabah Electricity Sdn. Bhd. (“SESB”), it supplies substantially all of the electricity used in the state of Sabah on the island of Borneo (“Sabah”) and the Federal Territory of Labuan (“Labuan”). As at 30 June 2018, TNB’s portfolio of power generating assets in Malaysia comprises five thermal power stations and three major hydroelectric power generating schemes and it supports the operations and maintenance of six IPPs. As at 30 June 2018, TNB accounted for approximately 50.6 per cent. of the total installed capacity in Peninsular Malaysia, with an aggregate installed capacity of 12,220.5 megawatts (“MW”). TNB is currently the largest distributor of electricity in Malaysia through the National Grid, being the 132kV, 275kV and 500kV grid system of TNB which spans Peninsular Malaysia from north to south with a closed loop connecting the major load centres and generating stations. TNB’s grid network connects power generated by TNB and the IPPs throughout Peninsular Malaysia using the distribution network, as well as directly to large industrial customers via the National Grid. As at 30 June 2018, TNB’s distribution system supplied electricity to approximately 9.0 million customers in Peninsular Malaysia, Sabah and Labuan.

Through its subsidiaries, TNB is also involved in energy-related operations such as the manufacture of transformers, high-voltage switchgears and cables; the provision of professional consultancy services; architectural, civil, electrical engineering works and services; and repair and maintenance.

In addition to developing its core business in Malaysia, TNB invests in companies operating in the electricity sector outside Malaysia. TNB began investing outside Malaysia in 1995 and from 2012 started to make more concerted efforts to explore opportunities for investment overseas. As at the date of this Offering Circular, TNB has interests in power companies in Southeast Asia, the Middle East, the Indian sub-continent, Turkey and the UK. In 2016, a new department called the International Asset Group was established under TNB’s CEO’s office to continue to explore international investment opportunities in the power sector in these regions. TNB’s most recent acquisitions were made in January 2017, when TNB bought a 50.0 per cent. equity interest in Vortex Solar Investments S.à.r.l. (“Vortex Solar”) on a fully diluted basis, and in February 2018, when TNB acquired an 80.0 per cent. equity interest in two RE companies registered in the UK, GVO Wind Limited (“GVO Wind”) and Bluemerang Capital Limited (“Bluemerang”). See “— *Non-Core Business Operations, International Investments*”.

The following tables highlight certain figures with respect with respect to TNB's performance in FY2016, FY2017, 4M 2017 and 6M 2018.

	For the financial year ended		For the 4 month	For the 6 month
	31 August		financial period	financial period
	2016	2017	ended	ended 30 June
	RM million	RM million	31 December	ended 30 June
	Audited	Audited	Audited	Unaudited
Revenue	44,531.5	47,416.9	15,827.1	24,771.9
Operating profit	9,072.0	9,364.0	3,148.6	4,704.1
Net profit	7,367.6	6,904.0	2,755.7	3,357.0
Total assets less current liabilities	116,818.2	126,685.9	130,022.9	131,635.0
Total borrowings ⁽¹⁾	34,306.7	38,846.5	41,443.7	39,053.6
Shareholders' funds	52,599.7	57,584.8	58,129.8	59,957.2

(1) Figure as at 30 June 2018 is long-term debt (excluding the current portion thereof).

Business Strengths

TNB believes its principal strengths are:

Operating under a Favourable Regulatory Environment

TNB operates under a favourable regulatory environment created by the IBR framework that was implemented by the Energy Commission in 2014. The IBR framework offers greater transparency of how the electricity tariff in Malaysia is set by introducing the base tariff and the ICPT. The base tariff is set to reflect capital costs and is reviewed every three years while the ICPT provides a mechanism that allows a review of electricity tariffs every six months to take into account fluctuations in fuel costs and other generation-specific costs. In this way the IBR helps TNB to pass on increased costs to customers and safeguards TNB against variations in generation-specific costs which are outside TNB's control. The IBR also contains a revenue component that provides TNB with a market-based rate of return which is currently set at 7.3 per cent. by the Energy Commission. With a regulated rate of return, TNB is better able to manage its operating margin to deliver a market-based efficient return to its debt and equity investors. TNB is also incentivised under the IBR to pursue performance efficiencies as the IBR allows for any cost efficiency to be returned to TNB as part of the revenue requirement.

Since its introduction, the IBR and the ICPT mechanism have contributed to greater stability in the Malaysian electricity supply industry, and increased transparency. It has enabled TNB to operate more efficiently and offer competitively priced electricity tariffs to its customers. Customers have benefited from any cost savings via rebates passed on through their monthly electricity bill. During the trial regulatory period of 2014 (the "Trial Regulatory Period") and the First Regulatory Period, TNB was able to pass-through RM5.4 billion in rebates to its customers under the ICPT.

Strategic Role to Malaysia's Electricity Industry

TNB is a dominant player in the development of Malaysia's electricity industry. It is the largest generator, supplier and distributor of electricity in Malaysia. In particular, TNB accounted for 50.6 per cent. of the total installed capacity in Peninsular Malaysia as at 30 June 2018. Furthermore, TNB transmits and distributes substantially all of the electricity used in Peninsular Malaysia, Sabah and Labuan. TNB also plays a critical role

in the development of IPPs in Malaysia by being the sole off-taker of electricity produced by IPPs. Since 1992, the Government has licensed IPPs to generate electricity for use in Peninsular Malaysia and under such licences, the IPPs have to generate a stated amount of electricity which must be sold to TNB. TNB has entered into long-term PPAs with 46 IPPs. These PPAs are for a period of 21 years, in the case of gas power plants and solar power plants (other than the PPA with respect to the solar power plant of Edra Global Energy Bhd. (“Edra”)), and 25 years, in the case of coal. See “— *Development of IPPs*”.

Strong Government Support

TNB has played a critical role in Malaysia’s electricity industry and, being the largest power company in Malaysia as at 30 June 2018 in terms of total assets, TNB is of strategic importance to the Malaysian economy. As at 30 September 2018, the Government and its related entities, directly or indirectly, owned approximately 62.2 per cent. of TNB’s outstanding ordinary shares and the sole Special Share is currently held by MOF Inc. Through its shareholding structure, TNB has a close relationship with the Government and TNB believes that it will also have the benefit of strong Government support if the need arises.

Close Involvement with Government’s Initiatives

The Government also consults with TNB on a regular basis on matters relating to electricity policy and central planning, industry restructuring, generation capacity, expansion plans and fuel source diversification policy. As an entity of strategic national importance, TNB assisted the Government with some of its achievements under the 10th Malaysia Plan, 2011-2015. For example, with respect to the 10th Malaysia Plan TNB helped to increase the electricity coverage in rural areas from 92.5 per cent. in 2010 to 98.2 per cent. in 2015 by expanding the grid and distribution systems to improve the quality of services, meet growing demand and reach new development areas, as well as through improving the productivity and efficiency of its electricity supply services. Through its work on the Rural Electrification Programme (*Bekalan Elektrik Luar Bandar*) (“BELB”), TNB is also involved in the realisation of the 11th Malaysia Plan, 2016-2020, which, amongst others, aims to increase national electricity coverage to 99.0 per cent. by 2020 through rural electrification programmes, especially in Sabah and Sarawak.

Experienced Management

TNB is managed by a strong management team with extensive experience in the electricity industry as well as in financial management. TNB believes that the management team’s expertise has played an important role in the growth of its business and in the successful execution of its strategies. In particular, TNB’s management constantly seeks to identify initiatives that maintain or improve TNB’s business operations or financial position, as well as to maximise business opportunities arising from TNB’s assets and inherent advantages. The skills and diversity of TNB’s senior management has also given TNB the flexibility to respond efficiently and effectively to changes in the business environment. TNB remains committed to develop the skills and expertise of its employees and organises learning and development programmes to enhance their performance and improve their competencies, including developing leadership enhancement programmes to build the capabilities of its employees and identify future leaders of the organisation. TNB believes the skills, competence and motivation of its employees are integral to its reputation as an industry leader and in sustaining its growth. See “— *Employees — Training and Development*”.

Strong Credit Profile

TNB currently has been assigned an overall corporate credit rating of “A3” by Moody’s and “BBB+” by S&P (with stable outlook), which is a result of its moderate gearing and prudent debt management. TNB believes that its strong credit profile will assist its access to the debt markets to meet its financing requirements.

Diversified Customer Base

TNB has a well-diversified customer base with broad exposure to customers in the industrial, commercial and domestic sectors. Industrial customers mainly comprise the electronic, petrochemical, iron and steel and cement and concrete industries. Customers which make up the commercial sector are mainly categorised as low voltage, medium voltage and medium voltage-peak/off peak. A diversified customer base helps TNB hedge against different industry dynamics and any market downturn that may affect a particular business sector.

Consistently Strong Financial and Operational Performance

TNB has maintained a consistently strong financial and operational performance. This is exemplified by the steady increase of TNB's electricity sales to most of its customer groups and its ability to exceed the key performance indicators used to measure its operational performance in the recent three financial years and for 6M 2018. TNB's electricity sales, in terms of Giga-watts hours ("GWh"), increased by 1.0 per cent. from FY2016 to FY2017 (from 108,858.3GWh in FY2016 to 109,986.4GWh in FY2017). For 4M 2017, TNB's electricity sales were 37,399.5GWh and for 6M 2018, they were 56,074.5GWh. In terms of revenue sales (in Malaysian Ringgit), the Group's electricity sales increased by 0.7 per cent. from FY2016 to FY2017 (from RM43,099.5 in 2016 and RM43,392.0 million in 2017). The Group's electricity sales were RM14,760.6 million for 4M 2017 and for 6M 2018, they were RM22,243.5 million. In terms of TNB's operational performance, TNB's system minutes for FY2016, FY2017, 4M 2017 and 6M 2018 came below its upper target of 1.5 minutes and its System Average Interruption Duration Index ("SAIDI") minutes was 23.1, at least comparable to the average SAIDI minutes for utility companies in developed countries.

Increasing Growth through International Investments

TNB, through its subsidiaries, has conducted investments spanning Southeast Asia, the Middle East, Turkey, Pakistan, India and the UK and has a mandate to continue exploring investment opportunities in those countries, with the aim of building on its core business strengths and capabilities in the generation of electricity. TNB believes that the expansion of its international business will enhance business growth and diversification. To ensure the success of its investments, TNB has developed a due diligence protocol that must be completed before a prospective acquisition can be approved to reach financial close. The protocol covers risks and financial assessments of its target and finding the right strategic partner in the electricity generation, transmission or distribution sector which also offers a suitable cultural fit with TNB. TNB's approach when venturing into the international market aims to balance the composition of investments in TNB's international portfolio in terms of risks and returns from three perspectives: technology (conventional versus renewable), countries (developed versus emerging) and market (contracted versus merchant). It has acquired a significant foreign portfolio of generation capacity amounting to 4,888.0MW with an accumulated portfolio of international RE generation capacity amounting to approximately 600.0MW. TNB believes that its prudent and effective investment strategies have led to a successful expansion of its portfolio of power plants outside Malaysia. See "*— International Investments*".

Strategy

The Group's strategy of "*Reimagining TNB*" and achieving the Group's aim of becoming one of the world's top 10 utilities by 2025 is driven by four value creation pillars:

- future generation sources;
- grid of the future;

- winning the customer; and
- future proof regulations.

Future Generation Sources

This strategic pillar focuses on TNB’s efforts to venture into international markets, balancing its conventional and renewable asset acquisitions. This is aimed at delivering value towards its “*Reimagining TNB*” aspirations through growing the Group into an RE leader in ASEAN, ensuring that TNB’s generation assets continue to perform at the highest level whilst protecting its domestic generation market share and building its international capacity in selected strategic markets.

TNB aims to explore high-potential international RE acquisitions in both solar and wind generation and has recently completed the acquisition of majority interests in two onshore wind companies in the UK, GVO Wind and Bluemerang. This transaction is TNB’s second acquisition in the UK after the acquisition of Vortex Solar in 2017 and demonstrates TNB’s active participation in international and domestic RE ‘greenfield’ bids since 2016. For example, in relation to solar power, TNB’s subsidiary, TNB Sepang Solar Sdn. Bhd. (“Sepang Solar”), is developing a 50.0MW alternating current (“AC”) solar plant which reached financial close on 19 July 2017 and is expected to achieve commercial operation date (“COD”) in November 2018. Construction of TNB’s large scale solar (“LSS”) plant is expected to commence in 2019 in Bukit Selambau, with the aim of achieving COD in 2020.

TNB will also focus on initiatives to achieve business excellence, for example through its Generation Division Business Turnaround Programme, which is aimed at unlocking its asset potential and enhancing the performance of its generation power plants. TNB has also established a Generation Academy to develop subject matter experts equipped with transformation knowledge and skills to problem-solve generation plant-based issues and ensure the continuous improvement of each plant, through greater efficiency, better leadership and better training of staff. To date, more than 200 subject matter experts have completed full training modules.

Grid of the Future

TNB sees its grid operations evolving in tandem with technological progress, thus it aims to digitise and automate more of the grid with a view to improving the grid’s performance and reliability. Under this strategic pillar, TNB is focused on delivering value towards its “*Reimagining TNB*” aspirations by developing its grid to be one of the smartest, automated and digitally-enabled grids, with the goal of its grid becoming amongst the most efficient and reliable grids in ASEAN and transforming its customers’ experience and its offerings to customers through embedding innovations into its grid.

In line with this, TNB has allocated RM18.8 billion for investment during the Second Regulatory Period in its transmission and distribution grid. Of this amount, RM2.7 billion will be invested into “Grid of the Future” technologies that help improve the grid’s reliability and efficiency. TNB is targeting to complete the first stage of its roll out of its Advanced Metering Infrastructure (“AMI”) under the Second Regulatory Period, with 340,000 smart meters being deployed in the state of Melaka in 2018, followed by deployment of an additional 1.2 million smart meters in Klang Valley.

Additionally, TNB plans to improve its asset management practices as it begins adopting new technologies and approaches that were beta-tested in 2016 and 2017. These include:

- The TNB grid geospatial information system, which enables the analysis, storage, manipulation and illustration of data in a spatial form on maps;

- Conducting land surveys through the use of unmanned aerial vehicles and light detection and ranging;
- Monitoring grid equipment condition through centralised and online tools; and
- A risk-based approach to the maintenance of grid equipment which prioritises maintenance resources toward grid assets that carry the most risk if they were to fail.

Operationally, TNB has put in place solutions for distribution mobility. These started with the roll out of its mobility solutions for meter management functions (i.e. smart meters) and substation management and have continued with the roll out of mobility solutions for construction management, low voltage operations and repairs, linear asset management and secondary equipment maintenance. As at the date of this Offering Circular, not all of these mobility solutions have been launched nationwide, but they are the first of many distribution operational functions which TNB will be migrating as it expands the use of mobility solutions. As TNB continues to inculcate a culture of innovation within its Grid Division, it is also targeting to commercialise seven innovation patents locally and abroad by 2019.

Winning the Customer

Under the strategic pillar of “winning the customer”, TNB is focused on adopting a value-centric understanding of the needs of its customers, which goes beyond electricity usage, allowing it to offer more than just electricity to its customers. This pillar focuses on delivering value towards TNB’s “*Reimagining TNB*” aspirations through a better understanding of customers’ value and needs, improving the productivity of its customer service team, expanding its retail business beyond the provision of electricity to provide related energy services and products to customers, such as energy saving solutions. To this end, TNB has focused on expanding its non-regulated business and, in March 2018, it acquired Setia Haruman Technology Sdn. Bhd. (“SHTech”) for RM28.0 million. SHTech provides information technology-related services and is a component of TNB’s plan to provide smart city and utilities management services. TNB has also entered into a tripartite partnership with PETRONAS Dagangan Berhad and Green Technology Corporation to develop 100 electric vehicle charging stations, which are planned for installation at PETRONAS petrol stations. Furthermore, TNB’s expansion of its energy service business, such as its smart chiller and waste heat recovery solutions, has resulted in RM36.0 million in sales of energy solutions contracts to industry customers.

TNB continues to contribute to nation-building initiatives with its participation in the BELB and Lampu Jalan Kampung (“LJK”) programme. As at the end of December 2017, TNB had installed 80,405 village street lights under the LJK, against 40,240 as at the end of August 2017, while 3,672 rural houses were connected to electricity under the BELB as at 31 December 2017, compared to 1,486 as at FY2017.

TNB aims to enhance the customer experience through technological means, including improving its digital presence. It is looking to further upgrade its contact centre as part of its attempt to better serve customers remotely. TNB will also continue to explore the provision of relevant energy-related services by working closely with the Group companies as well as with external partners. These services are expected to improve domestic profitability, while customer service efficiency should be improved once TNB has completed the separation of its customer service entity in 2018. The separation of TNB’s retail customer services from the distribution network functions commenced on 1 August 2018. The result of this separation will be that the Retail Division will be focusing more on customer services, while the Distribution Division will be focusing more on network performance and network services.

See “— *Core Business Operations — Digitalisation*”.

Future Proof Regulation

As the energy industry continues to evolve rapidly, TNB expects the regulatory landscape to change in tandem, as authorities move to ensure consumers gain access to an affordable, reliable supply of electricity, with a growing shift towards RE. Under TNB's strategic pillar of future proof regulation, TNB's activities focus on delivering value towards its "*Reimagining TNB*" aspirations by working together with all industry stakeholders towards maintaining a conducive operating environment, ensuring that TNB continues to have the regulatory support needed to fulfil both its and its regulators' aspirations for the industry and ensuring that TNB remains responsive to domestic and international regulatory developments.

In a bid to ensure TNB remains abreast of the changing landscape, it endeavours to continue to work closely with its regulators to ensure continued growth of the energy industry together with ensuring the sustainability of the business. TNB has secured a regulated rate of return of 7.3 per cent. for the Second Regulatory Period. It has also enhanced its business sustainability through safeguarding regulated earnings from its distribution grid from exposure to demand risk during the Second Regulatory Period.

TNB will focus on making the terms and conditions granted to it for the Second Regulatory Period operational in order to optimise the returns and capital allocations granted to TNB during the Second Regulatory Period. TNB will continue to co-operate and assist the Government in making the necessary enhancements to the Electricity Supply Act, Electrical Infrastructure Safety Code and the Regulatory Implementation Guidelines governing the implementation of the IBR.

Additionally, in the first multilateral energy exchange undertaken in ASEAN, in 2017, TNB signed an Energy Purchase and Wheeling Agreement with the state-owned power company of the Lao People's Democratic Republic ("Lao PDR"), Électricité du Laos, via the Electricity Generating Authority of Thailand's ("EGAT") grid. The agreement will allow TNB to purchase up to 100MW of hydro electricity from Lao PDR.

History

TNB traces its origins to the Central Electricity Board, which was established under the Malaysian Electricity Act in 1949 to monitor and develop electricity supply in Malaysia. The National Electricity Board undertook the consolidation of electricity supply in Peninsular Malaysia. On 12 July 1990, in line with the privatisation policy of the Government, TNB was incorporated as a public limited company under the Companies Act, 1965 of Malaysia (as repealed by the Companies Act, 2016 of Malaysia). In September 1990, under the Malaysia Electricity Supply (Successor Company) Act of 1990, all of the property, rights and liabilities of the National Electricity Board were transferred to TNB.

In May 1992, TNB was privatised through an initial public offering and listing on the Kuala Lumpur Stock Exchange. It has since been recognised as a prime example of the success of the Government's privatisation policy as it is now one of the largest companies on Bursa Securities and one of the largest private employers in Malaysia with 35,303 employees as at 31 August 2018.

TNB began investing overseas in 1995 when through its wholly-owned subsidiary, TNB Liberty Power Ltd ("TLPL"), an IPP, it won a bid to produce and supply power to the Water and Power Development Authority in Daharki, Province of Sindh, Pakistan. In November 2005, TNB, through a consortium, entered into an agreement to participate in the first independent water and power project ("IWPP") in the Kingdom of Saudi Arabia.

In 2009, the Government embarked upon the MESI reform programme introducing, amongst other things, initiatives such as a competitive bidding process for new generation capacity, ring-fencing of the Single Buyer and Grid System Operator ("GSO"), gradual removal of fuel subsidies towards market price and the IBR

framework for tariff setting. MESI's reform initiatives also include the IBR framework which was introduced to Peninsular Malaysia in 2014 to set tariffs payable by customers for the use of electricity and currently applies to Peninsular Malaysia.

As one of the largest stakeholders of MESI, TNB believes that the implementation of the IBR and the ICPT mechanism are in line with the creation of a fair regulatory environment for all stakeholders. The IBR framework has enabled utility companies to achieve an equitable return on their assets, provided they meet performance and efficiency targets set by regulators.

The First Regulatory Period ended in December 2017, during which the Government approved seven cycles of ICPT implementation. The Second Regulatory Period commenced on 1 January 2018 and the Government decided to maintain the existing rates in the tariff schedule from the First Regulatory Period, with the ICPT rebate maintained at 1.52 sen/kWh for the ICPT implementation period of 1 January to 30 June 2018. Included in these rates are new capital allowances for TNB to invest in further improving and modernising its grid.

TNB will continue to work together with MESTECC and the Energy Commission as an information channel to provide feedback to MESTECC and the Energy Commission on the impact of the regulatory environment on TNB's operations, as TNB continues to systematically monitor, review and enhance the approach it has implemented to meet the requirements of the IBR framework during the Second Regulatory Period.

Recent Developments

On 28 June 2018, the Government approved, by way of a letter from the Energy Commission, the continued implementation of the ICPT for the period of 1 July 2018 to 31 December 2018. The average base tariff remains unchanged at 39.45 sen/kWh. The higher fuel and generation costs for the period of 1 January 2018 to 30 June 2018 have caused an additional cost to TNB of RM698.19 million which has resulted in a 1.35 sen/kWh surcharge being passed through to non-domestic customers via the ICPT mechanism from 1 July 2018. In accordance with instruction from the Government, domestic (i.e. residential) customers are not affected by the ICPT surcharge. Domestic customers with monthly consumption of 300kWh and below continue to be exempted from any ICPT adjustments, whereas, the ICPT surcharge for domestic customers with monthly electricity consumption beyond 300kWh is funded by the Government through the Electricity Industry Fund ("EIF").

In 2018, a number of changes were made to the Board. See "*Management*" for details of the Board as at 30 September 2018.

For other recent developments, see "*International Investments*" for details of TNB's equity investments in Vortex Solar, Bluemerang and GVO Wind.

History of Power Demand in Malaysia

Historically, economic growth and electricity demand in Peninsular Malaysia have been closely linked, however, this link has been weakening over recent years as gross domestic product growth has stayed relatively constant, while the growth in electricity demand has slowed.

Electricity consumption grew quickly in the late twentieth century when Malaysia experienced rapid development from an agricultural to a manufacturing-oriented economy. In addition, rising affluence, increased urbanisation and rapid industrialisation and diversification of economic activities led to significant growth in power demand in Malaysia.

In 2009, the Government encouraged investment in the services sector through certain liberalisation policies. The services sector consumes less energy as compared to manufacturing. Since then, Malaysia's economy has

become less electricity intensive and the growth in electricity demand has slowed. There have also been changes in consumption due to increased energy efficiency by industry and households, in part, as a result of programmes driven by TNB consisting of planning, implementing and monitoring activities designed to encourage consumers to modify their level and pattern of electricity usage, i.e. demand side management.

The Government has introduced schemes to encourage the use of RE and to improve energy efficiency. Such schemes include the Feed in Tariff (“FiT”) mechanisms, the development of LSS projects, NEM schemes and the National Energy Efficiency Action Plan. More people in Malaysia are generating their own electricity and there is increasing penetration of RE, such as solar power. In 6M 2018, TNB recorded peak demand of 18,010.0MW. Peak demand has increased in each financial year since 2016.

The 11th Malaysia Plan is the Government’s last strategic plan before 2020. The 11th Malaysia Plan identifies five initiatives for the electricity subsector: ensuring energy security through better management of resources; creating a sustainable tariff framework; improving efficiency and reliability of electricity supply; augmenting rural electrification; and increasing the proportion of RE in its energy mix. It recognises that the electricity sector needs to strike a balance between security of supply, efficient utilisation and environment preservation. Part of the 11th Malaysia Plan will be to explore new RE sources (wind, geothermal and ocean energy) and to implement NEM to complement the current FiT mechanism. NEM will allow self-consumption of electricity generated by RE generators such as solar photovoltaic system users, while transferring surplus power on to the grid to be sold to utility companies. NEM will be executed by MESTECC and utility companies, such as TNB and SESB, and regulated by the Energy Commission based on amended legal provisions.

Regulation

The Energy Supply Act and the Energy Commission Act

The MESI is regulated by the Electricity Supply Act and the Energy Commission Act. The Energy Commission Act established the Energy Commission. The Electricity Supply Act prescribes the duties and functions of the Energy Commission, which include but are not limited to: (i) exercising regulatory functions in respect of consumers’ interests and the enforcement in respect of the prices to be charged and the continuity and quality of electricity supply; (ii) promoting competition in the generation and supply of electricity to, *inter alia*, ensure the optimum supply of electricity at reasonable prices; (iii) ensuring that licensees are able to finance the carrying on of the activities which they are authorised by their licences to carry on; (iv) licensing power facilities with the approval of the Minister of MESTECC (the “Minister of Energy”); and (v) carrying out all such other activities as may appear to the Energy Commission requisite, advantageous or convenient for the purpose of carrying out or in connection with the performance of its functions and duties under the Electricity Supply Act. In addition, the Energy Commission Act prescribes various functions of the Energy Commission, which include: (i) advising the Minister of Energy on all matters concerning the national policy objectives for energy supply activities, as well as the generation, production, transmission, distribution, supply and use of electricity as provided under the electricity supply laws; (ii) regulating all matters relating to the electricity supply industry; (iii) promoting and safeguarding competition and fair and efficient market conduct or, in the absence of a competitive market, preventing the misuse of monopoly or market power in respect of the generation, production, transmission, distribution and supply of electricity and the supply of gas through pipelines; and (iv) protecting persons from dangers arising from the generation, production, transmission, distribution, supply and use of electricity as provided under the electricity supply laws.

The Energy Commission aims to balance the needs of consumers and providers of energy to ensure safe and reliable supply at reasonable prices, protect public interest, and foster economic development and competitive markets in an environmentally sustainable manner. The Energy Commission comprises a chairman, a chief executive officer, three members representing the Government and not more than six members, who, in the

opinion of the Minister of Energy, have experience and shown capacity and professionalism in matters relating to finance, engineering, business or administration, or are otherwise suitable for appointment because of their special knowledge and experience. The functions and powers of the Energy Commission under the Energy Commission Act may be delegated by the Energy Commission to a committee established by, or an officer of, the Energy Commission, except for the power to make subsidiary legislation. The Minister of Energy shall appoint the chief executive officer of the Energy Commission on such terms and conditions as he considers desirable and the chief executive officer is responsible for the overall administration and management of the functions, the day-to-day affairs of the Energy Commission and the general control of the other officers of the Energy Commission. The chief executive officer is vested with powers by the Energy Commission and his duties are as may be determined by the Energy Commission.

TNB holds a licence that was issued in 2011 pursuant to Section 9 of the Electricity Supply Act. Under the terms of the licence, TNB is required to ensure that there is sufficient generation at all times to meet the demands for power and energy in Malaysia, and to plan and design its grid capacity and distribution system in accordance with the regulations for grid expansion or such other standards as TNB, with the concurrence of the Energy Commission, may adopt from time to time. The licence allows TNB to supply energy throughout Peninsular Malaysia. Section 9E of the Electricity Supply Act allows TNB to enter into interconnection arrangements with neighbouring countries with the approval of the Energy Commission. The Energy Commission may determine tariff and charges to be levied with the approval of the Minister of Energy from time to time. The Electricity Supply Act provides that in fixing tariffs and making agreements to supply electricity, TNB, as a licensee, shall not show undue preference or discrimination among customers and persons similarly situated having regard to the place and time of supply, the quantity of electricity supplied, the consumer load and power factor and the purpose for which the supply is taken.

In August 2011, TNB renewed its licence and the new licence is valid from 1 September 2011 until 31 August 2032. The conditions of the new licence require higher levels of transparency, accountability and service delivery in the industry while at the same time providing greater regulatory powers to the Energy Commission. The Energy Commission also issued a generating licence to TNB on 1 September 2014 which includes a licence to operate its thermal generation and hydroelectric installations which is valid until 2035.

The Malaysian Grid Code and Distribution Code

The Malaysian Grid Code (the “Grid Code”) and the Malaysian Distribution Code (the “Distribution Code”), published by the Energy Commission and launched by MESTECC on 21 December 2010, are regulatory instruments used to co-ordinate various electricity supply activities of electricity producers, operators, distributors and consumers. The Grid Code has been in force since 1 January 2011. The Grid Code is a technical specification which defines the parameters electricity generating plant and grid system networks have to meet to ensure proper functioning of the National Grid. It is used by utility companies such as TNB and IPPs in Peninsular Malaysia as the main guidelines in electricity supply operation and helps to ensure the reliability of electricity supply in Peninsular Malaysia and Sabah. The Distribution Code is a set of technical regulations written to ensure the operations at the distribution level are carried out systematically.

The Grid Code and Distribution Code set the regulations and technical requirements to be followed by all parties involved in the planning, managing and maintenance of the National Grid and distribution systems to ensure security, safety and reliability. They provide detailed roles and responsibilities of parties involved in managing or using the system, including generators, grid system operators, distribution system operators, single buyers and large power consumers.

The Energy Commission as the regulatory body of the energy industry, will chair the Malaysia Grid Code Committee (“MGCC”) with members from the energy industry. The MGCC is tasked with overseeing the

implementation of the Grid Code. The MGCC ensures the relevancy of the Grid Code, reviews and makes amendments to the Grid Code and provides guidance in relation to implementation, performance and interpretation of the Grid Code.

The Grid Code contains a planning code describing the process by which the grid owner undertakes the planning and development of the grid system, including timescales, and the provision of certain information by users and the grid owner to enable this process; a connection code specifying the minimum technical, design and operational criteria which must be complied with by users connected or seeking connection or seeking to modify their connection to the grid system; an operation code dealing with all processes associated with operational planning and control operation of the system in real time and obligations of the users to provide and supply information to the grid owner and the GSO to enable those processes; a scheduling and dispatch code containing preparation of an indicative least cost generation schedule indicating which generating units may be instructed or dispatched, the issuance of control, scheduling and dispatch instructions to generating units, and the procedures and requirements in relation to control of system frequency control and interconnector power transfers; a data registration code setting out a unified listing of all data required by the grid owner and GSO from users, and by users from the grid owner and GSO; and a metering code dealing with transmission metering at the connection points and at the interface with the generation, distribution and user systems.

Industry Restructuring

In 2009, the Government embarked upon the MESI reform programme to further enhance the competitiveness, transparency, cost-efficiency and governance of the electricity supply industry in Peninsular Malaysia. Amongst others, this reform programme introduced initiatives such as a competitive bidding process for new generation capacity, ring-fencing of the Single Buyer and GSO, gradual removal of fuel subsidies towards market price and the IBR framework for tariff setting.

As part of MESI's reform initiatives, the IBR framework was introduced to Peninsular Malaysia for the Trial Regulatory Period in 2014, followed by the First Regulatory Period and now the Second Regulatory Period. The IBR is a framework to set tariffs payable by customers for the use of electricity and currently applies to Peninsular Malaysia and is due to commence in Sabah in January 2019. It is designed to incentivise TNB to operate efficiently and to earn a fair return on its investment; to provide benefits to the Government by ensuring affordability, stimulating economic growth and ensuring sustainability of supply; and to customers through a fair, affordable and transparent tariff which passes on efficient costs for the service offered.

IBR frameworks, also known as performance-based regulations, have been widely adopted in Europe, Australia and New Zealand and, in Southeast Asia, in the Philippines.

The IBR framework offers greater transparency of how the electricity tariff is determined. The methodology, principles, procedures and requirements of this framework are described in the Guidelines on Tariff Determination under IBR for TNB (previously known as IBR Regulatory Implementation Guidelines) (the "RIGs") which was first issued by the Energy Commission in 2012 and subsequently registered as a guideline under the Electricity Supply Act in 2016. For the Trial Regulatory Period and First Regulatory Period implementation of the IBR framework, the Energy Commission adopted the "managed market model" in which TNB's businesses are categorised into distinct business entities. These are: Single Buyer (Generation) and Single Buyer (Operation) which comprise the functions of load forecasting, long-term capacity planning, generation scheduling, fuel mix and fuel security planning as well as the administration of contracts to procure electricity from IPPs and TNB's Generation Division; the Grid Division, which manages, maintains and develops the system for transmission of electricity; GSO which includes the functions of planning and real-time operations of the grid; and customer services which manages, maintains and develops the distribution network system and the sale of electricity to customers. For the Second Regulatory Period, TNB's customer services division is being

separated into two entities: a Distribution Network entity to focus on the network performance and network services and a smaller customer services entity to focus on providing services to customers.

The IBR framework comprises two key components for tariff setting, the base tariff and the ICPT. The base tariff is set to reflect base expenditures, including operational expenditure and investments in new capital assets for the delivery of a sustainable, secure and reliable supply of electricity. The ICPT is a six-monthly tariff adjustment which reflects the impact of fluctuating fuel costs and other generation-specific costs on the base tariff. The ICPT is aimed at insulating TNB from any variability in fuel and generation costs by passing all actual efficiency costs of procuring electricity via the electricity tariff and, as such, its introduction was an important development for TNB in 2015. The FY2015 financial statements fully recognised the impact of ICPT adjustments. Since March 2015, consumers (except for domestic consumers with a monthly bill below RM77.0 per month) were able to enjoy an ICPT rebate of 2.25sen/kWh until December 2015 and have been entitled to a 1.52sen/kWh rebate since January 2016 until December 2018. These rebates were made possible largely due to the savings derived from lower actual fuel costs as well as from the re-negotiation exercise of the PPAs for the first generation IPPs.

Eight cycles of the ICPT were announced between March 2015 and December 2018, with the first seven ICPT cycles involving rebates. A rebate of 2.25 sen/kWh was announced for consumers (except for domestic consumers with a monthly bill below RM77.0 per month) in March 2015 and a rebate of 1.52 sen/kWh applied from 2016 to June 2018. From July 2018 to December 2018, a surcharge has been imposed as a result of higher fuel and generation costs. Domestic (i.e. residential) customers with monthly consumption of 300kWh and below continue to be exempted from ICPT adjustments. For domestic customers with monthly consumption above 300kWh, the ICPT surcharge is funded by the Government through EIF. Non-domestic Customers are charged an ICPT surcharge of 1.35 sen/kWh from 1 July 2018.

Under the IBR framework, the forecast revenue requirement provides TNB with a fair return which enables it to meet its operational expenditure requirements, invest in new assets, pay relevant taxes and deliver a market-based efficient return to its investors (both debt and equity). The revenue requirement follows the building block model and is calculated by adding together the return on assets (calculated by multiplying the weighted average cost of capital (“WACC”) by the regulated asset base), the operating costs, the depreciation of assets, tax payments and the efficiency carry over amount. For the Trial Regulatory Period and First Regulatory Period, the Energy Commission set the rate of return at 7.5 per cent. and this rate has been revised to 7.3 per cent. for the Second Regulatory Period. This rate of return is calculated and determined by the Energy Commission based on the methodology and approach prescribed in the RIGs.

If TNB is able to structure its capital expenditures (both debt and equity) such that the actual cost of capital is lower than the regulated WACC, TNB can retain the financial benefit. In addition, cost incentives are built into the IBR framework. There is a base incentive whereby TNB may retain variances between actual operating expenditure and capital expenditure amounts relative to forecasts within the regulatory period which are made due to cost efficiencies provided they do not result in deterioration of network performance and customer service; and an efficiency carry-over scheme which provides sustained incentives to pursue efficiency in operating expenditure by comparing actual operating expenditure with forecast operating expenditure for a regulatory period and then rolling forward the incremental cost efficiency during that last regulatory period to the forecast annual revenue requirement for the next regulatory period. Apart from this, there is also an incentive/penalty scheme in which TNB’s operational and technical performance is measured by a set of performance indicators against the set targets.

In the first quarter of 2016, the Government introduced the NEDA to enhance competition and cost efficiency in the electricity generation sector and in April 2017 the Energy Commission published guidelines for NEDA. Under NEDA, power generators which do not have a PPA or SLA with TNB (such as co-generators, RE generators/producers, embedded generators and generators whose PPAs or SLAs have expired) can sell energy to

TNB under a set of rules and conditions. The increased competition in the power generation sector and the opening of the market to new participants are expected to exert downward pressure in generation costs and hence the tariffs charged to customers. The NEDA was implemented on 1 June 2017 and has applied since that date.

On 9 September 2016, the Malaysian parliament passed the Gas Supply (Amendment) Act 2016 (“GSA 2016”) in an effort to liberalise the gas sector in Peninsular Malaysia. The GSA 2016 enables the implementation of Third Party Access for gas (“TPA”) in Peninsular Malaysia. The main objectives of the TPA are to ensure security of supply, create a platform for greater competition among gas suppliers and provide room for growth of the Malaysian gas industry, with a view to creating a sustainable and secure gas supply at a competitive price.

The GSA 2016 includes the implementation of a regulatory framework for TPA allowing importers and suppliers of gas, other than PETRONAS (which is the existing sole importer), to deliver liquefied natural gas (“LNG”) using the regasification terminal facilities and distribute gas through the piped gas utility to consumers’ premises. The GSA 2016, expands the role of the Energy Commission to the regulation of activities such as the import of LNG into the regasification terminal, regasification, transportation and retail. This new development will enable TNB to choose between different gas suppliers based on price and quality of the service and is expected to improve competition and optimise the development cost and utilisation of the gas supply infrastructure.

Another reform initiative being undertaken by the Energy Commission relates to the governance reform study to assess the options for the structure and operations of Single Buyer and GSO, in anticipation of a greater role to be played by both entities in the future development of the electricity supply industry as a separate and independent entity from TNB. The recommendations of the study will be presented to the Government upon finalisation of the study by the end of 2018.

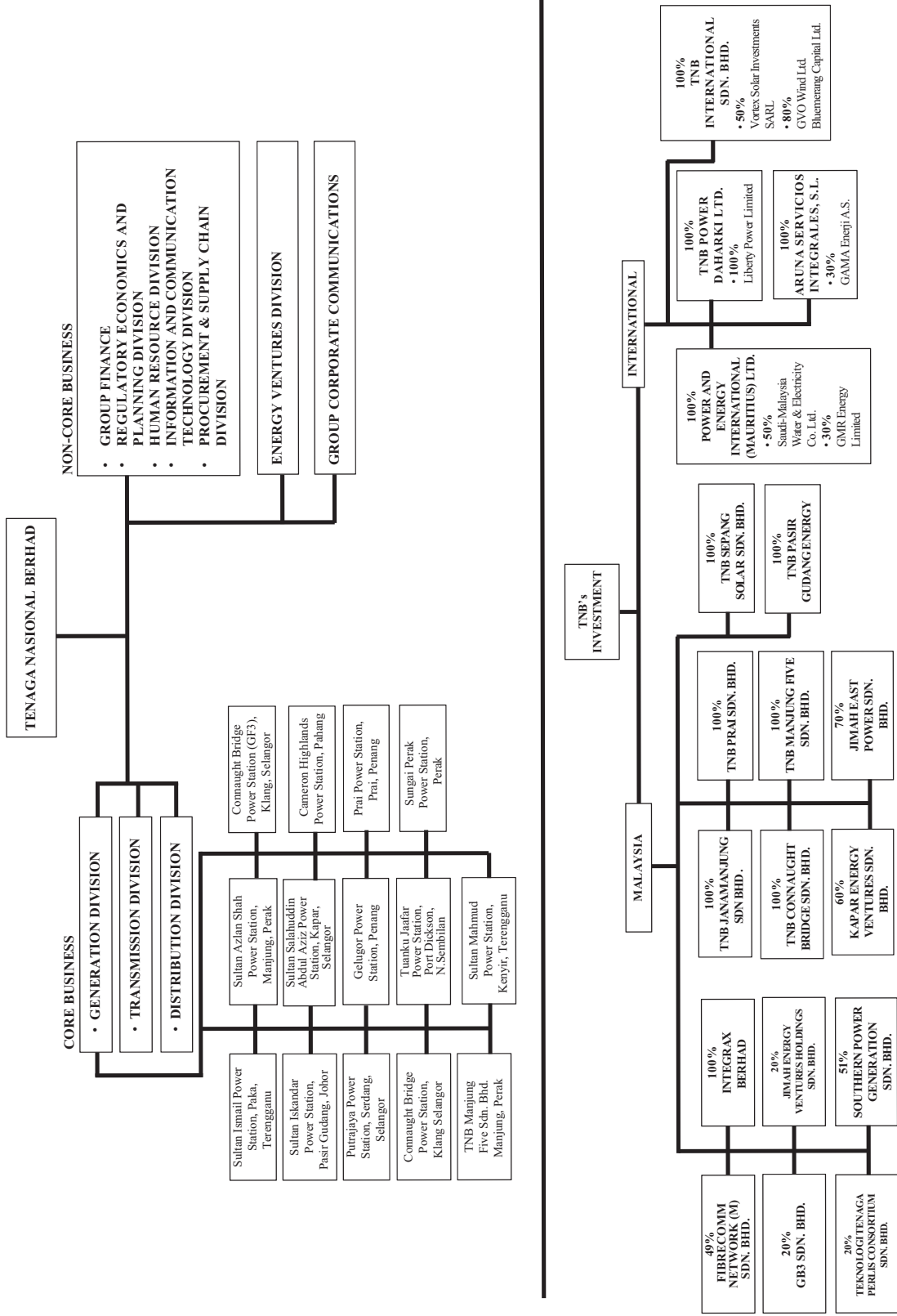
In September 2018, the Minister of Energy announced MESI Reform 2.0 which concentrates on three main objectives:

- increasing industry efficiency through greater use of market-based competition, reducing Government intervention, increasing transparency, adopting more cost-reflective and time-based tariffs and increasing cross border trade;
- future-proofing the industry’s structure, regulations and key processes by introducing market-based competition, adopting new technologies and promoting RE and energy efficiency initiatives; and
- empowering consumers to ensure they have a choice by incentivising changes in consumption patterns and potentially facilitating the active participation of consumers in the power sector as producers of power.

The Malaysia Programme Office for Power Electricity Reform (“MyPower”), a special-purpose agency limited by guarantee and set up under MESTECC, will have between 12 and 20 staff members and a 36-month mandate to design, drive and implement the MESI Reform 2.0. The Government’s desired outcome of MESI Reform 2.0 is a green, efficient, transparent, market-based, sustainable power industry. TNB is expected to work closely with MyPower to help with the implementation of the Government’s reform programme for the electricity industry.

Corporate Organisation

Set forth below is TNB's corporate organisational structure as at the date of this Offering Circular:



Core Business Operations

TNB's core business operations span the entire value chain of electricity production and supply, encompassing generation, grid and distribution.

The Generation Division

As at 30 June 2018, TNB's electricity generating division in Peninsular Malaysia consisted of 14 power generating stations, which contributed 50.6 per cent. of Peninsular Malaysia's total installed capacity. TNB's Generation Division operates and maintains five thermal power stations and three major hydroelectric power generating schemes in addition to supporting the operations and maintenance of six IPPs. As at 30 June 2018, TNB had an aggregate installed capacity of 12,220.5MW. All of TNB's major power generating stations consist of either thermal or hydroelectric facilities.

TNB's thermal plants produce power using conventional steam technology, which is principally fired by coal ("Steam Turbines"), gas-fired or diesel-fired open cycle plant ("Open Cycle Gas Turbine") or gas-fired combined cycle plant ("Combined Cycle Gas Turbine"). TNB's hydroelectric stations consist of both run-of-the-river (where there is no, or limited, water storage) and pondage stations (which have water storage facilities).

The table below sets out, for each of TNB's power stations, the total installed capacity, plant type and the gross and net units generated as at 30 June 2018.

No.	Power Station	Total installed capacity (MW)	Plant Type	Gross units generated (GWh)	Net units generated (GWh)
1.	Sultan Ismail Power Station, Paka, Terengganu	257.0	1 x 257.0MW Combined Cycle Gas Turbine	54.76	53.39
2.	Sultan Iskandar Power Station, Pasir Gudang, Johor	275.0	1 x 275.0MW Combined Cycle Gas Turbine	447.49	438.75
3.	Putrajaya Power Station, Serdang, Selangor	252.0	2 x 126.5MW Open Cycle Gas Turbine	58.18	56.35
4.	Connaught Bridge Power Station, Klang, Selangor	300.0	1 x 300.0MW Combined Cycle Gas Turbine	123.99	120.23
5.	Gelugor Power Station, Gelugor, Penang	310.0	1 x 310.0MW Combined Cycle Gas Turbine	996.83	972.64
6.	Tuanku Jaafar Power Station, Port Dickson, Negeri Sembilan	1,411.0	1 x 703.0MW Combined Cycle Gas Turbine; 1 x 708.0MW Combined Cycle Gas Turbine	5,315.43	5,217.18
7.	Sultan Azlan Shah Power Station, Manjung, Perak ⁽¹⁾	3,080.0	3 x 690.0MW Steam Turbine (Coal); 1 x 1,010MW Steam Turbine (Coal)	12,279.8	11,431.8
8.	Sultan Salahuddin Abdul Aziz Power Station, Kapar, Selangor ⁽²⁾	1,353.0	4 x 300.0MW Steam Turbine (Oil/Gas/Coal); 2 x 500.0MW Steam (Oil/Coal) Turbine (Coal/Gas); 2 x 110MW Open Cycle Gas Turbine	5,460.7	5,081.0
9.	Prai Power Station, Prai, Penang	1,071.0	2 x 535.5MW Combined Cycle Gas Turbine	3,864.6	3,769.2
10.	Connaught Bridge Power Station ("GF3"), Klang, Selangor	375.0	1 x 375.0MW Combined Cycle Gas Turbine	1,475.6	1,440.2

No.	Power Station	Total installed capacity (MW)	Plant Type	Gross units generated (GWh)	Net units generated (GWh)
11.	Sungai Perak Power Station, Perak ⁽³⁾	1,249.0	Hydroelectric	1,275.2	1,266.7
12.	Cameron Highlands Power Station, Pahang	622.0	Hydroelectric	326.7	324.1
13.	Sultan Mahmud Power Station, Kenyir ⁽⁴⁾	665.0	Hydroelectric	913.7	907.6
14.	TNB Manjung Five Sdn. Bhd.	1,000.0	1 x 1,071.4MW Steam Turbine	3,835.5	3,491.8

(1) There are two different generating facilities — Generating facilities 1 (Manjung 1, 2 and 3) and 2 (Manjung 4), under this power station which are governed under two separate PPAs.

(2) TNB's equity interest is equal to 60.0 per cent.

(3) Stesen Janakuasa Pergau is part of this power station, which is governed under a separate SLA.

(4) Stesen Janakuasa Hulu Terengganu is part of major hydroelectric power generating schemes and is governed under a separate SLA.

All of TNB's power generating stations have received ISO 55001:2014 certification, which signifies that these stations have satisfied certain international quality standards in their operations and asset management. In addition, all of TNB's power generating stations have received their ISO 14001:2015 Environmental Management System certification and OHSAS 18001 Occupational Safety and Health Management System certification, which signify that these stations meet international standards of occupational health, safety and environmental management in their operations. TNB has an on-going structured maintenance and improvement programme in order to maintain and increase the overall reliability, availability as well as efficiency of its power generating stations, with the main focus on the economic loading of the plants. This maintenance programme includes the maintenance of the main equipment such as Open Cycle Gas Turbines and Combined Cycle Gas Turbines, Steam Turbines, generators, boilers and balance of plant systems, such as motors and pumps, inspection and overhaul. Other than planned maintenance programmes, TNB is also focused on improvement activities with the main objective of improving plant performance. Benefits of this maintenance programme include improvements in capacity, meeting regulatory requirements in relation to the environment and extending the useful life of TNB's generating facilities.

The useful lives of the generating facilities are approximately 20 years for Open Cycle Gas Turbine and Combined Cycle Gas Turbine generating facilities, approximately 25 years for Steam Turbine generating facilities and approximately 40 years for hydroelectric generating facilities.

The table below sets out the generation mix in Peninsular Malaysia for electricity generated by TNB and purchased by TNB from IPPs for each of FY2016 and FY2017, 4M 2017 and 6M 2018.

Fuel Type	FY2016	FY2017	4M 2017	6M 2018
	GWh			
Gas and LNG	54,235.3	50,934.7	14,939.5	24,796.7
Coal	61,028.1	63,562.9	22,523.8	34,703.1
Distillate	93.5	79.1	110.0	26.3
Oil	446.2	278.8	45.3	36.3
Hydro	4,255.7	5,611.1	2,590.1	2,590.8
TNB Generation	64,273.5	65,210.5	22,383.0	34,668.7
Purchased from IPPs	55,785.3	55,256.1	17,825.7	27,484.5
Total Units Generated	120,058.8	120,466.6	40,208.7	62,153.2

Peak Load and Capacity

The table below shows the installed generation capacity, peak demand, reserve capacity and the reserve margin capacity of TNB and the IPPs for each of FY2016 and FY2017, 4M 2017 and 6M 2018.

Fuel Type	FY2016	FY2017	4M 2017	6M 2018
	MW, except percentages			
Installed Capacity — TNB ⁽¹⁾	12,904.2	12,880.2	13,108.2	13,108.2
Installed Capacity — IPPs ⁽²⁾	10,030.4	10,030.4	11,015.4	11,015.4
Total Installed Capacity	22,934.6	22,910.6	24,123.6	24,123.6
Peak Demand ⁽³⁾	17,788.0	17,571.0	17,790.0	18,010.0
Reserve Capacity	5,146.6	5,339.6	6,333.6	6,113.6
Reserve Margin (per cent.) ⁽⁴⁾	28.9	30.4	35.6	33.9

(1) Figures include TNB's thermal plants, hydroelectric and IPPs.

(2) Figures include third party IPPs.

(3) Peak demand, excluding Sabah Electricity Sdn. Bhd. and TLPL, represents the actual peak demand on TNB's system at any single point in time during the period.

(4) The reserve margin is equal to the difference between installed capacity and peak demand as a percentage of peak demand.

Fuel

TNB's ability to fulfil its role as a power generator depends on its fuel supply.

TNB's fuel strategy is in line with the Government's focus on green growth under the 11th Malaysia Plan, which initiatives includes the promotion of RE to achieve sustainable and resilient socio-economic development. TNB plans to continue its diversified fuel strategy. However, to control energy costs, TNB expects to continue reducing its use of fuel oil. TNB expects that coal will be utilised to a larger extent in the future in order to achieve a better fuel generation mix between coal and natural gas, as well as to further reduce fuel costs and diversify its exposure. With the implementation of CAR 2014, some existing and all future power plants are subjected to more stringent regulations on emissions of air pollutants. Newer power plants are designed to meet the requirements of CAR 2014. TNB is also introducing more efficient coal-fired power plants with ultra-supercritical technology and more efficient Combined Cycle Gas Turbine units to reduce the amount of fuel used to generate electricity and preserve natural gas reserves. The use of RE, especially solar, is also increasing through the implementation of LSS and NEM initiatives.

The table below sets out TNB's fuel generation mix expressed in terms of the percentage of total GWh generated by each fuel source:

Fuel Type	FY2016	FY2017	4M 2017	6M 2018
	Percentage of total GWh generated			
Natural gas	43.3	41.6	35.1	34.9
Coal	49.5	49.3	53.1	57.6
Oil	0.6	0.4	0.2	0.1
Hydro	6.6	8.6	11.6	7.5

In respect of the changes in the Group's fuel generation mix in Peninsular Malaysia, the table below sets out the total units consumed and the average cost per unit of fuel consumed in FY2016, FY2017, 4M 2017 and for 6M 2018:

Fuel Type	FY2016			FY2017			4M 2017			6M 2018		
	Total units generated		Average cost per unit	Total units generated		Average cost per unit	Total units generated		Average cost per unit	Total units generated		Average cost per unit
	RM millions	(GWh)	sen/kWh	RM millions	(GWh)	sen/kWh	RM millions	(GWh)	sen/kWh	RM millions	(GWh)	Sen/kWh
Gas	4,929.1	27,791.7	17.7	4,553.2	27,157.4	16.8	1,305.5	7,866.3	16.6	2,120.6	12,085.2	17.6
Coal	3,292.2	31,809.1	10.4	4,246.9	32,178.1	13.2	1,830.4	11,882.7	15.4	3,064.6	19,967.2	15.4
Oil	146.6	417.0	35.2	79.8	263.9	30.2	16.3	43.9	37.1	10.6	25.5	41.6
Distillate	14.8	—	—	32.7	—	—	17.6	—	—	23.1	—	—
Hydro	—	4,225.7	—	—	5,611.1	—	—	2,590.1	—	0.0	2,590.8	—
Total	8,382.7	64,243.5	—	8,912.6	65,210.5	—	3,169.8	22,383.0	—	5,218.9	34,668.7	—

In FY2016, 39.3 per cent. of TNB's fuel costs were denominated in U.S. dollars, compared to 47.7 per cent. in FY2017, 57.7 per cent. in 4M 2017 and 58.7 per cent. for 6M 2018. Given that the majority of TNB's revenue is denominated in Malaysian Ringgit, such fuel costs increase if the Malaysian Ringgit weakens against the relevant currency or decrease if the Malaysian Ringgit strengthens.

TNB's generation business is heavily dependent on coal and TNB is such a significant purchaser of coal that the Government takes an interest in its coal buying. TNB has had to diversify its coal supply over the years to ensure a reliable supply at all times.

Coal-fired generation is expected to provide over 59.0 per cent. of Malaysia's electricity generation by 2020. It is planned that this will be accomplished by an expansion programme whereby coal-fired installed capacity in December 2019 will be 12,066MW. Once all the new coal-fired power plants become operational, TNB will require approximately 40 million metric tonnes of coal per annum. In order to ensure a steady source of coal to meet the requirements of TNB's expansion programme, TNB Fuel Services Sdn. Bhd. has been appointed as the nominated coal and fuel supplier to the TNB Generation Division and IPPs which have PPAs with TNB.

TNB's fuel supplies have historically been obtained from Indonesia, Australia and South Africa. Since 2013 and as part of its diversification efforts, TNB has obtained supply from Russia which has now replaced South Africa as the third largest fuel supplying country to TNB.

TNB is also looking to move away from obtaining 100.0 per cent. of its sub-bituminous coals from Indonesia and is focusing on Colombia and Russia as alternative sources of supply.

While TNB has never suffered any disruption to its coal supply, in 2010 its gas supply from PETRONAS was severely disrupted due to a fire on a gas platform which resulted in TNB using more oil and distillates to replace the shortfall in gas supply. TNB strives to diversify its supplies where it can. Based on Malaysia's optimal generation development plan established by the MESTECC Planning and Implementation Committee for Electricity Supply and Tariff, a combination of gas and coal makes up the bulk of TNB's fuel mix. TNB's fuel mix will further diversify as RE capacity increases as a percentage of the national fuel mix.

TNB and PETRONAS signed the GFA on 26 September 2016 which underwent a trial period from 1 August 2016 to 31 March 2018 and was fully implemented on 1 April 2018. It will expire on 31 July 2026. The GFA is an overarching agreement between PETRONAS and TNB that recognises the Single Buyer and the GSO as the central bodies managing and allocating natural gas to the whole power sector. The GFA also formalises the

implementation of a two-tier gas pricing mechanism (Regulated and Market Price) for the power sector with the aim of ensuring the appropriate allocation of risks with regard to the supply of gas by PETRONAS and the off-take of gas by the power sector. The GFA also encourages private and competitive investment in the power sector by reducing power producers' risk in relation to the take-or-pay obligation under their respective GSAs.

In line with the requirement under the TPA codes, whereby a shipper (i.e. a party which supplies gas) is required to have a licence to operate, PETRONAS Energy & Gas Trading Sdn. Bhd., a wholly-owned subsidiary of PETRONAS, was established to undertake the role of trading and marketing processed gas in Malaysia and Singapore. TNB has received a proposal from PETRONAS notifying it of PETRONAS's intention to novate the GFA and all its GSAs to this new subsidiary. Currently, both parties are in the process of finalising details of the terms of the novation agreement and a parent company guarantee in respect of the GFA which is targeted to become effective by 1 December 2018.

The principal suppliers of fuel oils to TNB are PETRONAS and Shell Group Malaysia. The fuel oils are transported by oil tanker to the stations. TNB enters into oil supply contracts with its suppliers at prevailing world oil prices. Fuel oil is used as the standby fuel to TNB's oil-fired generating facilities.

The Grid Division

The Grid Division links the power produced by TNB and the IPPs throughout Peninsular Malaysia with the Distribution Division's network. Electricity is also transmitted directly to large industrial customers via the National Grid, being the 132kV, 275kV and 500kV grid network of TNB. The main activities of the Grid Division include strategy formulation, network planning, engineering, project management, control operations, maintenance, and wayleave management (i.e. negotiating and contracting the rights to put power apparatus on or under third parties' land). The National Grid spans Peninsular Malaysia from north to south with a closed loop connecting the major load centres and power generating stations. As at 30 June 2018, TNB owns the 22,446.5kms of transmission lines and the 439 main intake substations through which it delivers electricity to its customers. The Grid Division is responsible for the planning and development of the National Grid to ensure a secure, adequate and reliable electricity supply system.

The National Grid is interconnected to Thailand's transmission system operated by EGAT in the north via a high-voltage direct current ("HVDC") interconnection with a grid capacity of 300.0MW and a 132kV high voltage alternating current ("HVAC") overhead line with maximum grid capacity of 80.0MW. The arrangements with EGAT were formalised in 2002, when an HVDC system interconnection agreement was signed with EGAT. Pursuant to the HVDC system interconnection agreement, TNB and EGAT will share a spinning reserve, and will further facilitate power exchanges and a continual source of supply during power emergencies.

The National Grid is also connected to Singapore's grid system at Senoko in the south of Peninsular Malaysia via two 230kV submarine cables and an overhead line with a firm grid capacity of 250.0MW. These double-circuit submarine cables/transmission lines are between Woodland Avenue 230.0kV Sub-Station in Singapore and TNB's Plentong 275kV Sub-Station.

The following table provides information on TNB's grid network as at 30 June 2018.

Voltage	Overhead Lines	Underground Cables	Total
kV	Circuit-kms	Circuit-kms	Circuit-kms
500kV	923.6	0.0	923.6
275kV	8,897.2	68.7	8,965.9
132kV	11,664.9	892.1	12,557.1

The Distribution Division

TNB is the largest distributor of electricity to customers in Peninsular Malaysia. The Distribution Division conducts two of TNB's business activities: distribution network operations and electricity retail operations. It is responsible for distributing electricity to the end users and ensuring a supply of power to business and homes. Distribution network operations include the planning, construction, operation, management and the repair and maintenance of the assets of the 33kV, 22kV, 11kV, 6.6kV and 415/240 volt distribution network in Peninsular Malaysia. A few large customers in Peninsular Malaysia are supplied at 132kV and 275kV. The electricity retail business operates a network of state and area offices to purchase electricity from embedded generators; markets and sells electricity; connects new supplies; provides counter services; collects revenues; operates call management centres; provides supply restoration services and cultivates customer and government relations. The electricity retail business has 13 offices at state level, 38 area offices, 56 branches, eight small branches, four call management centres and 140 customer service centres throughout Peninsular Malaysia. TNB CareLine, a call management centre set up to offer a one-stop communication system to respond to outage management during breakdowns, is contactable 24 hours a day.

Power Interruption and System Loss on the Grid and Distribution Network

TNB closely monitors key operational statistics to ensure that its grid and distribution network is highly efficient and reliable. Two principal measures of system reliability and security used by TNB are system minutes and SAIDI minutes. System minutes measure the grid system average interruption duration (expressed in minutes at times of annual system peak) over the relevant comparison period. SAIDI minutes measure the distribution system average interruption duration (expressed in minutes per customer per year) over the relevant comparison period. It also indicates an average interruption duration (minute/year) experienced by each customer of TNB. TNB has set internal key performance indicators ("KPIs") for its system minutes with an upper target of 1.5 minutes and a lower target of 2.0 minutes since FY2016. Since 2014, TNB's internal KPIs for its system minutes have been set based on the IBR's targets which has 1.5 minutes as its upper target and 5.1 minutes as its lower target. In terms of SAIDI minutes, TNB measures the performance of its distribution network against the average SAIDI minutes for utility companies in developed countries which is at 55.0 minutes.

The following table presents TNB's system minutes and SAIDI minutes for FY2016, FY2017, 4M 2017 and 6M 2018:

	<u>FY2016</u>	<u>FY2017</u>	<u>4M 2017</u>	<u>6M 2018</u>
System minutes	1.5	0.2	0.0	0.2
SAIDI minutes per customer	49.7	50.2	18.1	23.1

The following table sets out the grid and distribution loss as a percentage of net electricity generation (gross generation less auxiliary use) and the distribution loss as a percentage of net electricity generation (gross generation less auxiliary use):

	<u>FY2016</u>	<u>FY2017</u>	<u>4M 2017</u>	<u>6M 2018</u>
Grid and distribution loss as a percentage of net electricity generation	7.4	7.5	7.2	8.6
Distribution loss as a percentage of net electricity generation	6.1	6.2	5.9	7.2

System losses are grouped into two main types: technical losses and non-technical losses. Technical losses are due to energy dissipated in the conductors, materials used for transmission line, transformer and distribution line

and magnetic losses in transformers. Non-technical losses include meter tampering and electricity theft. Although, in general, these losses amount to a small fraction of total output, steps are still taken to mitigate them to increase the efficiency of power delivery. In a regime where TNB receives most of its revenues through fixed tariffs, any reduction in losses means an increase in profit and so TNB and the Energy Commission have identified and applied several mitigating measures. Non-technical losses are given particular attention as they are typically the result of criminal acts. TNB has created its own enforcement team which, with a court order, can raid the premises of suspected power thieves and collect evidence for legal action. Advanced metering instrumentation, such as the use of the remote metering system, is also employed to further monitor unlawful activities. Meters in the smart grid system which is currently under development will also alert TNB if they are tampered with. Although it is harder to reduce technical losses, there are ways to reduce their severity, such as to increase the voltage of the longer transmission network lines to 500kV. This is because at a given amount of power, a higher voltage results in lower current and resistance in the system, which in turn helps reduce the amount of loss.

In order to capitalise on growth opportunities in ASEAN, TNB is currently developing a major system augmentation project and upgrading the National Grid to help it prepare for the creation of an ASEAN power grid (“APG”). APG connectivity is an ambition of the ASEAN member countries. TNB and the Government, with the support of MESTECC, view the APG as a means of diversifying energy sources and increasing energy security in the region. TNB also has a reinforcement project to ensure supply reliability with respect to its 275kV systems in the various states.

Over the past 15 years, reliability of TNB’s grid system has improved significantly. The zero tripping action plan was introduced to focus on the replacement of ageing and defective equipment and to tackle the common mode of failures. Since 2006, all transmission substations are visible to, and controllable by, the National Load Despatch Centre, leading to a faster response time and quicker system recovery. The introduction of the Transmission Operation Monitoring and Analysing System (“TOMAS”) in 2010 has systematically improved maintenance processes and upheld high data integrity. TNB has also benchmarked its operations against other utility companies in the International Transmission Operation and Maintenance Study to upgrade its practices towards cost and performance efficiencies, in line with the requirements of the Energy Commission and the IBR. The Grid Division has received ISO 55001:2016 certification with regard to prudent asset management practices. The Grid Division has also taken various initiatives to protect the network from serious faults and/or outages by investing in several special protection schemes to safeguard the grid system. In light of new technology, TNB is also pursuing the development of a flexible and intelligent grid allowing for predictive, adaptive and corrective grid operations.

To safeguard its substations, substation perimeter fencing (anti-climb) and CCTV have been installed to mitigate the risk of theft of substation plant components. To prevent theft at transmission towers, welded bolts and anti-theft lock nuts are being implemented. In order to help ensure the reliability of power supply, the Grid Division has implemented condition monitoring since the 1990s to diagnose problems with, and monitor the condition of, equipment. Timely rectification of defects is carried out before an actual breakdown occurs.

The Distribution Division has developed a Strategic Asset Management Policy, in line with ISO 55001: 2014, which sets out its strategies and roadmaps for delivering the business objectives of the Distribution Division. One of its objectives is to ensure the adequacy of distribution network security and reliability. In addition to revising its planning and maintenance policy from time to time (to align it with the business objectives), the Distribution Division also leverages and explores new technology-based approaches in support of distribution network management, such as the use of advanced condition-based maintenance tools and equipment and network automation programmes.

Electricity Retail Business

TNB supplied electricity to approximately 9.0 million customers in Peninsular Malaysia, Sabah and Labuan as at 30 June 2018. Approximately 97.2 per cent. of the Group's total revenue in 4M 2017 came from electricity sales and the remaining 2.8 per cent. was derived from goods and services, accrued revenue, deferred income and other minor revenue streams. In comparison, for FY2017, approximately 96.6 per cent. of the Group's total revenue came from electricity sales and the remaining 3.4 per cent. was derived from goods and services, contract revenue, customer contributions and release of deferred income and for FY2016, approximately 95.8 per cent. of the Group's total revenue came from electricity sales and the remaining 4.2 per cent. was derived from goods and services, contract revenue, customer contributions and release of deferred income.

TNB's customers can be broadly classified in the following categories: industrial, commercial, domestic and others. Industrial customers mainly comprise the electronic, petrochemical, iron and steel and cement and concrete industries. Customers which make up the commercial sector are mainly categorised as low voltage (e.g. shop and retail businesses), medium voltage (e.g. shopping malls, office buildings, commercial banks, colleges, utilities) and medium voltage-peak/off peak (e.g. mega shopping malls, telecommunication towers, hotels, hospitals, airports and ports). The classification "other customers" refers to mining, agriculture and street lighting.

The table below sets out the consumption of electricity in Peninsular Malaysia by category of customer for each of FY2016, FY2017, 4M 2017 and for 6M 2018:

Customer Classifications	FY2016		FY2017		4M 2017		6M 2018	
	GWh	Per cent. of total	GWh	Per cent. of total	GWh	Per cent. of total	GWh	Per cent. of total
Industrial	43,123.4	39.6	43,853.1	39.9	15,253.7	40.8	22,853.7	40.8
Commercial	38,443.2	35.3	39,248.9	35.6	13,085.0	35.0	19,450.9	34.7
Domestic	25,321.1	23.3	24,739.7	22.5	8,294.6	22.2	12,667.6	22.5
Others	1,970.6	1.8	2,144.7	2.0	766.2	2.0	1,102.3	2.0
Total	108,858.3	100.0	109,986.4	100.0	37,399.5	100.0	56,074.5	100.0

The following table sets out TNB's total electricity sales in Peninsular Malaysia by type of customer for each of FY2016 and FY2017, 4M 2017 and 6M 2018:

Customer Classifications	FY2016		FY2017		4M 2017		6M 2018	
	RM million	Per cent. of total	RM million	Per cent. of total	RM million	Per cent. of total	RM million	Per cent. of total
Industrial	15,264.2	35.4	16,160.6	37.2	5,619.4	38.1	8,504.7	38.2
Commercial	18,859.3	43.8	18,418.1	42.5	6,182.5	41.9	9,207.4	41.4
Domestic	8,367.7	19.4	8,152.2	18.8	2,722.4	18.4	4,190.6	18.9
Others	608.3	1.4	661.1	1.5	236.3	1.6	340.8	1.5
Total	43,099.5	100.0	43,392.0	100.0	14,760.6	100.0	22,243.5	100.0

TNB's total electricity sales to all its customer groups have increased, in terms of GWh consumed and revenue from sales, in recent years. Total electricity sales increased by 1.0 per cent. from 108,858.3GWh in FY2016 to 109,986.4GWh in FY2017. Total electricity sales (measured in Malaysian Ringgit) increased by 0.7 per cent. from RM43,099.5 million in FY2016 to RM43,392.0 million in FY2017. Total electricity sales for 4M 2017 were 37,399.5GWh and if measured in Malaysian Ringgit, were RM14,760.6 million and for 6M 2018 were 56,074.5GWh and if measured in Malaysian Ringgit, were RM22,243.5 million.

The growth in sales to industrial customers is driven by the growth in manufacturing sectors mainly led by electric and electronics, petroleum, chemical, rubber & plastic products. Electricity sales to industrial customers (measured in GWh) increased by 1.7 per cent. from FY2016 to FY2017. Electricity sales to industrial customers (measured in GWh) for both 4M 2017 and 6M 2018 were 40.8 per cent. of total electricity sales.

Commercial customers remain the highest contributor in terms of total revenue from electricity sales, contributing 42.5 per cent. of revenue in FY2017. The increase in electricity sales to commercial customers is due to growth in the services sector. Electricity sales to commercial customers (measured in GWh) increased by 2.1 per cent. from FY2016 to FY2017. Electricity sales to commercial customers (measured in GWh) were 35.0 per cent. for 4M 2017 and 34.7 per cent. for 6M 2018 of total electricity sales.

The decrease in electricity sales to domestic customers was partly due to an abnormal increase in domestic electricity consumption in FY2016 due to the 'El-Nino' weather pattern experienced in April and May 2016. Electricity sales to domestic customers (measured in GWh) decreased by 2.4 per cent. from FY2016 to FY2017. Electricity sales to domestic customers (measured in GWh) were 22.2 per cent. for 4M 2017 and 22.6 per cent. for 6M 2018 of total electricity sales.

The unit sales for other customers increased from FY2016 to FY2017 by 8.8 per cent. in total. This can be broken down to an increase of electricity sales to the mining sector of 17.0 per cent., to the agricultural sector of 10.0 per cent. and to public lighting of 7.0 per cent. The increase is due to the positive growth seen across most economic sectors in Malaysia in FY2017. The unit sales for other customers for 4M 2017 were RM236.3 million and for 6M 2018 was RM340.8 million.

TNB's top 1,000 customers, accounted for unit sales of 33,998GWh in FY2016, 35,358GWh in FY2017, 12,259GWh in 4M 2017 and 18,335GWh for 6M 2018, which amounted to 33 per cent., 32 per cent., 31 per cent. and 33 per cent., respectively, of total electricity sales in Peninsular Malaysia during that period.

Digitalisation

As part of TNB's efforts to improve its performance and productivity, under the Grid of the Future strategic pillar, TNB is implementing certain digitisation and automation initiatives throughout its business, such as:

- *Generation Asset Maintenance Philosophy Guidelines*: These are designed to provide a working framework to assist the Generation Division in establishing the operation and maintenance programme based on industry best practices. These Guidelines provide a systematic and standard approach to asset management which enables the maintenance team to develop effective strategies to manage the assets and reduce the likelihood of equipment failure.
- *Intelligent Predictive and Diagnostic Monitoring System*: This project utilises SmartSignal software to detect anomalies from the operating parameters of major assets. This enables plant operators to take early preventative action to avoid failure or tripping from occurring.
- *Wide Area Intelligent System*: This has been implemented to secure the National Grid against wide area blackout by utilising modern intelligent protection techniques and advanced communication systems.
- *Wide Area Situational Awareness and Predictive Stability Control*: This is an intelligent system for real time prediction of the grid condition by determining the proximity to grid instability, utilising state of the art measurement techniques such as synchronised phasors ("Synchrophasors"). Synchrophasors are sophisticated monitoring devices which provide real-time measurements of voltage, current and frequencies across the grid.

- *Billing and Customer Relation Management* (“BCRM”): To provide a more comprehensive and enhanced service to customers, a new BCRM system is being implemented to replace the existing customer information billing system. This is in line with other world class utilities practices which emphasises effective and efficient customer service through better data management and utilisation.
- *Distribution Automation*: This is an automation system launched by TNB to improve its network operation in terms of SAIDI minutes. It allows TNB operators to remotely monitor, co-ordinate and operate distribution components in real-time from a regional control centre.

Non-core Business Operations

TNB is engaged, through its subsidiaries, in engineering, project management, operation and management, repair and maintenance, fuel procurement and services, metering and logistics to manufacturing of transformers, high voltage switchgears, cables, property developments, research and development and education. The activities of these subsidiaries accounted in the aggregate for an operating profit of RM616.4 million for FY2017 and RM189.2 million for 4M 2017. The book value of TNB’s investment in these subsidiaries as at 31 December 2017 was RM9,991.5 million and as at 31 August 2017 was RM10,081.5 million.

TNB Investments

Other Malaysian Investments

IPPs

TNB has investments in 12 IPPs currently producing electricity for consumption in the form of ordinary shares, preference shares and advances (three of which have yet to commence commercial operations). As at 31 December 2017, TNB’s cost of investments in these IPPs (at TNB company level) was RM6,429.6 million.

The following table shows certain information regarding TNB’s cost of investments in these IPPs (at TNB company level) as at 31 December 2017:

IPP	As at	
	31 December 2017	
	Investment in RM million	Equity Interest (per cent.)
TNB Janamanjung Sdn. Bhd.	2,493.6	100.0
Kapar Energy Ventures Sdn. Bhd.	1.2	60.0
TNB Prai Sdn. Bhd.	1,075.4	100.0
TNB Connaught Bridge Sdn. Bhd. ⁽¹⁵⁾	772.3	100.0
TNB Manjung Five Sdn. Bhd.	972.0	100.0
Jimah East Power Sdn. Bhd. ⁽¹⁶⁾	1,070.3	70.0
Southern Power Generation Sdn. Bhd.	5.1	51.0
TNB Sepang Solar Sdn. Bhd.	7.0	100.0
TNB Pasir Gudang Energy Sdn. Bhd.	5.0	100.0
Teknologi Tenaga Perlis Consortium Sdn. Bhd.	26.5	20.0
GB3 Sdn. Bhd.	0.2	20.0
Jimah Energy Ventures Sdn. Bhd. ⁽¹⁷⁾	1.0	20.0

TNB Janamanjung Sdn. Bhd. (“TNBJ”) was incorporated in August 1996 to spearhead the design, development and management of the Manjung coal fired station located on a man-made island off the Lekir coast in Manjung, Perak. The plant delivers 2,100.0MW of net power from three 700.0MW generators which became operational in 2004 (“Manjung 1, 2 and 3”) and one 1,000.0MW unit which achieved COD in 2015 (“Manjung 4”).

Kapar Energy Ventures Sdn. Bhd. (“KEV”) has been in operation since 9 July 2004 with TNB holding the majority stake of 60.0 per cent. while the remaining 40.0 per cent. is held by Malakoff Corporation Berhad. KEV owns, operates and maintains the plant located in Kapar, Selangor which has a generating capacity of 2,420.0MW and is the only power station in Malaysia with triple fuel-firing capability of gas, oil and coal.

On 20 February 2016, the 1,071.0MW Combined Cycle Gas Turbine power plant located in Prai, Pulau Pinang, Malaysia was fully commissioned. TNB Prai Sdn. Bhd., a wholly-owned subsidiary of TNB, developed the power plant (through its wholly-owned subsidiary, TNB Northern Energy Berhad) and entered into a 21-year PPA with TNB as the offtaker. The Engineering, Procurement and Construction contractor for this project was Samsung Engineering and Construction (M) Sdn. Bhd. The power plant project is operated by TNB Repair and Maintenance Sdn. Bhd., a wholly-owned subsidiary of TNB.

In April 2015, TNB signed a PPA with TNB Connaught Bridge Sdn. Bhd. (“TCB”), a wholly-owned subsidiary of TNB. TCB owns, operates and maintains the Combined Cycle Gas Turbine generating facility which has a total nominal capacity of 375.0MW. The plant is located in Klang, Selangor, and achieved COD in February 2016.

In August 2013, TNB won a competitive bid and assigned its wholly-owned subsidiary, TNB Manjung Five Sdn. Bhd., to develop a 1,000.0MW coal-fired power plant to be constructed on a 325 hectare reclaimed island at Manjung, Perak Darul Ridzuan, Malaysia (“Manjung 5”). This power plant is located at the same location as Manjung 1, 2 and 3 and 4. COD for Manjung 5 was achieved in October 2017.

In July 2015, TNB successfully acquired a 70.0 per cent. equity interest in Jimah East Power Sdn. Bhd. (“JEP”) for a total consideration of RM47.0 million from 1Malaysia Development Bhd. JEP is a special purpose vehicle incorporated by 1Malaysia Development Bhd. and Mitsui & Co., Ltd. to execute the financing agreements for the development of 2 x 1,000.0MW coal-fired power plant in Jimah, Negeri Sembilan (“Project 3B”). Mitsui & Co., Ltd. owns the remaining 30.0 per cent. in JEP via its subsidiary 3B Power Sdn. Bhd. Project 3B will see the construction of a greenfield power plant with two units adjacent to the existing Jimah Power Plant in Mukim Jimah, Port Dickson, Negeri Sembilan. It involves the construction of a 500kV substation at Jimah East by Edra; a 500kV substation at Olak Lempit; 44km of 500kV transmission lines from Jimah East to Olak Lempit and associated reconfigurations to avoid crossing by Edra; and 95km of 500kV transmission lines from Olak Lempit to Bentong South. Estimated project costs are approximately RM11.7 billion and are being financed through a combination of project finance and equity. The two units are expected to commence operations by no later than 15 June 2019 and 15 December 2019, respectively.

Southern Power Generation Sdn. Bhd. (“SPG”) was incorporated in Malaysia on 12 August 2016 by SIPP Energy Sdn. Bhd. (“SIPP Energy”) for the development of a Combined Cycle Gas Turbine electricity generating facility comprising of two generating blocks with an aggregate net capacity of 1,440MW located in Pasir Gudang, Johor, Malaysia. On 5 September 2016, SPG signed a 21-year PPA with TNB as the off-taker. TNB bought 51.0 per cent. of the entire issued and paid-up share capital of SPG on 31 August 2017. The project reached financial close on 31 October 2017 and the scheduled COD of the project is expected to be 1 July 2020.

In December 2016, TNB won an LLS photovoltaic bid and assigned its wholly-owned subsidiary, Sepang Solar, to develop a 50.0MW AC solar plant. The project reached financial close on 19 July 2017. The project site is situated close to Banting Town, Kuala Langat District, Selangor. COD for the project is expected to be achieved in November 2018.

TNB Pasir Gudang Energy Sdn. Bhd. (“PGE”) is a wholly-owned subsidiary of TNB with a Combined Cycle Gas Turbine plant at Pasir Gudang which has been in commercial operation since 1966. PGE, with capacity of 275.0MW, was awarded an extension by the Energy Commission under the Restricted Bidding Track 2 for a period of five years and COD for the extended facility was achieved on 1 September 2017.

Teknologi Tenaga Perlis Consortium Sdn. Bhd. (“TTPC”) has been in operation since 31 March 2003, with TNB holding a stake of 20.0 per cent. while the remaining 80.0 per cent. stake is held by Jati Cakerawala Sdn. Bhd. TTPC built, owns and operates a 650.0MW power plant located at the coastal site of Kuala Sungai Bharu in Mukim Kayang, south of Kuala Perlis. The power plant project is operated by Global E-Technic Sdn. Bhd., a wholly-owned subsidiary of TTPC.

GB3 Sdn. Bhd. has been in operation since November 2002, with TNB holding a stake of 20.0 per cent. while the remaining 80.0 per cent. is held by Malakoff Corporation Berhad (75.0 per cent.) and Employee Provident Fund (5.0 per cent). The power plant project is a 640MW Combined Cycle Gas Turbine power plant located at Mukim Pengkalan Baru, Daerah Manjung, Perak and is operated by Malakoff Power Berhad.

Jimah Energy Ventures Sdn. Bhd. (“JEV”) has been in operation since 1 January 2009. JEV owns, operates and maintains a 2 x 700.0MW coal-fired power plant located at Kuala Lukut, Mukim Jimah, district of Port Dickson, Negeri Sembilan. The power plant project is operated by a joint venture company formed between Jimah O&M Sdn. Bhd. and Jimah Teknik Sdn. Bhd.

Other Malaysian Investments

On 23 February 2016, TNB announced the completion of a compulsory take-over offer to acquire all the remaining ordinary shares of RM1.00 each in Integrax Berhad (“Integrax”) which were not already held by TNB. The acquisition of Integrax makes strategic sense for TNB because coal is supplied to TNBJ’s power plants via Lekir Bulk Terminal, a dry bulk terminal owned by Lekir Bulk Terminal Sdn. Bhd., a subsidiary of Integrax. The TNBJ and Manjung 5 power plants together generated a total of 20.6 per cent. of the national electricity supply for FY2017. The power plants together consume approximately 11.5 million tonnes of coal annually to create a combined capacity of 4,110.0MW. Any disruption in the handling of coal supply to TNBJ’s power plants at Lekir Bulk Terminal may affect the generation of electricity and consequently the supply of power to Malaysia. The acquisition by TNB of Integrax helps to ensure the security of coal supply to TNBJ’s power plants.

On 28 June 1995, Fibrecomm Network (M) Sdn. Bhd. (“FCN”) was incorporated as a joint venture company between TNB, Celcom Transmission Sdn. Bhd. (“CTX”) and Malaysia Resources Corporation Berhad (“MRCB”). FCN’s core business is the provision of fibre optic telecommunication network services with a focus on connectivity and application services designed to cater to the needs of service providers. The total cost of investment for TNB for a 39.0 per cent. equity stake in FCN was RM29.0 million. On 9 February 2002, TNB entered into a Sale and Purchase Agreement with MRCB for the acquisition of MRCB’s entire 20.0 per cent. equity interest in FCN. This acquisition was completed on 26 August 2002, resulting in FCN becoming a majority-owned subsidiary of TNB. On 29 April 2005, TNB disposed of 10.0 per cent. of its equity interest in FCN to CTX and following the disposal, TNB’s shareholding in FCN was reduced to 49.0 per cent. As a result, FCN ceased to be a subsidiary of TNB. As at the date of this Offering Circular, TNB’s stake in FCN remains at 49.0 per cent.

On 20 February 2017, following the fulfilment of all conditions precedent to the Conditional Sale and Purchase Agreement entered into between TNB and Setia Haruman Sdn. Bhd. on 8 December 2017, TNB completed the acquisition of 100.0 per cent. of the equity interest in SHTech for a cash consideration of RM28.0 million. SHTech was a wholly-owned subsidiary of Setia Haruman Sdn. Bhd. and was incorporated in Malaysia on 11 December 1999. It is principally involved in providing information technology related services. The issued share capital of SHTech is RM1,000,002.00 comprising of 1,000,002 ordinary shares. Under the “*Reimagining TNB*” initiative, TNB plans to venture into various services such as smart meters, smart homes, smart building, smart industries and smart cities through subsidiaries such as SHTech. TNB funded the acquisition of SHTech through internally generated funds. With the completion of the acquisition, SHTech has become a wholly-owned subsidiary of TNB and will continue to carry out the existing business of SHTech as an information technology related services provider.

International Investments

In order to achieve its aspiration to be a top 10 global utility player under the “*Reimagining TNB*” initiative, TNB aims to outperform domestic market growth and enhance its profitability. International acquisitions form an integral part of TNB’s growth strategy. Currently, the Group has investments in five other countries aside from Malaysia, i.e. the UK, Saudi Arabia, Turkey, India and Pakistan. As part of its expansion into unregulated business, TNB, via the International Asset Group, will consolidate and expand its international investment portfolio from its current footprint. TNB will also focus on developing its RE portfolio and energy related services, both domestically and in global markets, and plans to utilise its subsidiaries to increase its revenue from such segments.

TNB’s international investments, focused in Southeast Asia, the Middle-East, the Indian sub-continent, Turkey and the UK, aim to build on its core business strengths and capabilities in the generation of electricity. Under the “*Reimagining TNB*” initiative, TNB has set its international target to deliver an additional 11,000.0MW of generating capacity by 2025. TNB plans to achieve a well-balanced portfolio for its international investments in terms of risks and returns. The current mix of international investments covers technology (thermal and RE), market (developed and emerging markets) and commercial (contracted and merchant).

Amongst the drivers for the expansion of the Group’s international business are earnings growth for, and diversification of, (e.g. tariffs facing increased competition and bids) the Group’s business; the Government’s aspirations of expanding Malaysia’s business influence outside Malaysia; and increasing the career opportunities for its staff. TNB believes it can improve returns to shareholders if the development of its international business is successful.

When investing outside Malaysia through mergers and acquisitions, TNB undertakes a number of studies, including conducting due diligence on the country in which the potential assets are located, its economic growth, the local electricity market and the competitive environment. TNB focuses on identifying the right strategic partner which is “best in class” in the relevant generation sector and has a good understanding of the transmission and distribution sectors, but which also offers a suitable cultural fit with TNB.

TNB’s International Asset Group leads the exploration into potential international investments and conducts extensive due diligence with respect to potential investments as well as assessing the cultural fit between TNB and the target in terms of good corporate governance and growth aspirations. TNB as a strategic investor seeks to be part of the management of its target to further grow and create value for the target. Therefore, TNB aims to obtain at least a significant influence over each company in which it invests.

TNB has established a series of approval steps, known as “gates”, which must be completed before a prospective acquisition can be approved to reach financial close. Each gate, ranging from market scan and idea generation to financial close, requires the approval of TNB’s management executive investment committee and certain TNB Board committees, mainly the Board Finance and Investment Committee and the Board Risk Committee (“BRC”), before finally obtaining approval from the Board. Any potential investments need to meet TNB’s minimum hurdle rate in order for the investment to be considered as adding to the value of TNB’s business. TNB also seeks to develop long-term partnerships with the companies in which it invests.

The following paragraphs describe TNB’s most significant operations outside Malaysia. See “— *Capital Expenditure Programme, Key Capital Expenditure Projects*”.

TLPL

As part of its international investments to date, TNB owns, operates and maintains a 235.0MW Combined Cycle Gas Turbine plant in Daharki, Province of Sindh, Pakistan, through its wholly-owned subsidiary, TLPL. The

project was approved in July 1995. LPL's 25-year PPA with the Water and Power Development Authority of Pakistan started from TLPL's COD on 10 September 2001. The total project cost, comprising expenditure on property, plant and equipment up until COD, was approximately U.S.\$392.0 million. The investment in TLPL has had its challenges, with the most significant losses due to the disparity between the price of gas TLPL buys from Sui Northern Gas Pipelines Ltd and the price of electricity it sells to Pakistan's Water and Power Development Authority. This mismatch between the PPA and the gas supply agreement was resolved when the gas price was revised by the Government on 16 January 2014 and enabled TLPL to generate a profit and a positive return for TNB. TLPL contributed approximately RM514.8 million to the Group's revenue for FY2016 and approximately RM441.0 million for FY2017. TLPL is currently operating at full capacity.

Equity investment in GAMA Enerji A.S. ("GAMA Enerji")

TNB's assessment of the Turkish electricity market is that it provides long-term growth prospects given Turkey's fast-growing and young population and current low consumption levels and that Turkey and Malaysia enjoy a good cultural fit with favourable relations between their governments. In light of this, TNB undertook a process of screening the main Turkish energy generation companies to select the best local partner and selected GAMA Enerji with the view that it would provide the best platform to operate within the fast-growing Turkish energy sector. GAMA Enerji currently has around 3,000.0MW of operational capacity in the pipeline and has a long-term commitment to the Turkish energy sector.

TNB acquired ordinary shares representing a 30.0 per cent. equity interest in GAMA Enerji in April 2016. The transaction with GAMA Enerji involves a portfolio of Turkish power generation assets comprising 319.4MW of operational ownership-adjusted capacity; approximately 1.1GW of installed capacity under construction or development; and Disi, which is a water system in Jordan operated under the build-operate-transfer framework. In TNB's view, there is clear potential for coal-fired generation capacity in Turkey and to form a joint venture to provide operation and maintenance services regionally.

Shuaibah Independent Water and Power Project, Saudi Arabia

A consortium comprising TNB, Khazanah Nasional Berhad, Malakoff Corporation Berhad and the Arabian Company for Water and Power Projects ("ACWA Power Projects") was awarded a contract to build Shuaibah IWPP, the first IWPP in Saudi Arabia. The Shuaibah IWPP's COD was 14 January 2010 and the total project cost was approximately U.S.\$2.5 billion. The Shuaibah IWPP sells its entire water and power capacity to the Water and Electric Company, a joint venture between the Saline Water Conversion Corporation, a Saudi government corporation, and the Saudi Electric Company under a 20-year power and water purchase agreement. The project comprises a 900.0MW crude oil-fired power plant (including a 380kV sub-station, flue gas desulphurisation and fuel facilities) and an 880,000m³/day (194 million imperial gallons per day) desalination plant. The Shuaibah IWPP is 60.0 per cent. owned by Saudi Malaysian Water Electricity Company, 32.0 per cent. owned by The Public Investment Fund of Saudi Government and the remaining 8.0 per cent. is owned by Saudi Electric Company. 50.0 per cent. of the shares in Saudi Malaysian Water Electricity Company are owned by ACWA Power Projects and 50.0 per cent. are owned by TNB, Khazanah Nasional Berhad and Malakoff Corporation Berhad.

GMR Energy Limited ("GEL")

TNB completed the acquisition of a 30.0 per cent. equity interest in GEL through its wholly-owned subsidiary, Power and Energy International (Mauritius) Ltd, for a total cash consideration of U.S.\$300.0 million in November 2016. GEL is part of GMR Infrastructure Limited ("GIL"), which is one of the largest infrastructure development companies in India with interests in airports (including Indira Gandhi International Airport, Delhi, the largest airport in India), power generation plants and highways. GEL owns a portfolio of coal-based,

gas-based and renewable (hydroelectric and solar) energy assets and through its 30.0 per cent. equity interest, TNB acquired a stake in GIL's portfolio of "best in class", de-risked power generation assets which comprise five operational (approximately 2,650.0MW) and three under construction or development (approximately 1,680.0MW) assets. TNB identified GIL as a suitable strategic partner in India in light of its position as a well-recognised player in the India infrastructure sector that offers a diversified energy platform owing to its wide geographical spread of assets which have a good mix of open and tied-up PPAs. TNB considers GIL to be well-positioned to benefit from the positive fundamentals of the India power sector.

Vortex Solar Investments S.à.r.l

In May 2017, TNB completed the acquisition of a 50.0 per cent. interest in one of the UK's largest portfolios of operating solar power assets with a combined net installed capacity of 365.0MW for a total cash consideration of GBP86.0 million. The solar portfolio, which includes 24 solar photovoltaic farms, is the UK's third largest solar power business and is supported by a 20-year Renewable Obligation Certificate ("ROC"). The acquisition is in line with the "*Reimagining TNB*" strategy to position TNB in the top 10 global utility companies by 2025 and as a leading RE utility company.

The acquisition, with an enterprise value of approximately GBP470.0 million, was completed through Vortex Solar UK Limited, an indirect wholly-owned subsidiary of TNB's joint venture, Vortex Solar, which acquired a 100.0 per cent. interest in the business. TNB currently has a 50.0 per cent. shareholding in Vortex Solar with Kumpulan Wang Persaraan (Diperbadankan) holding a 45.0 per cent. equity interest and Beaufort Investments S.à.r.l. holding a 5.0 per cent. equity interest.

TNB funded the acquisition through the proceeds from an issue of a U.S.\$750.0 million sukuk issued by the Issuer in October 2016.

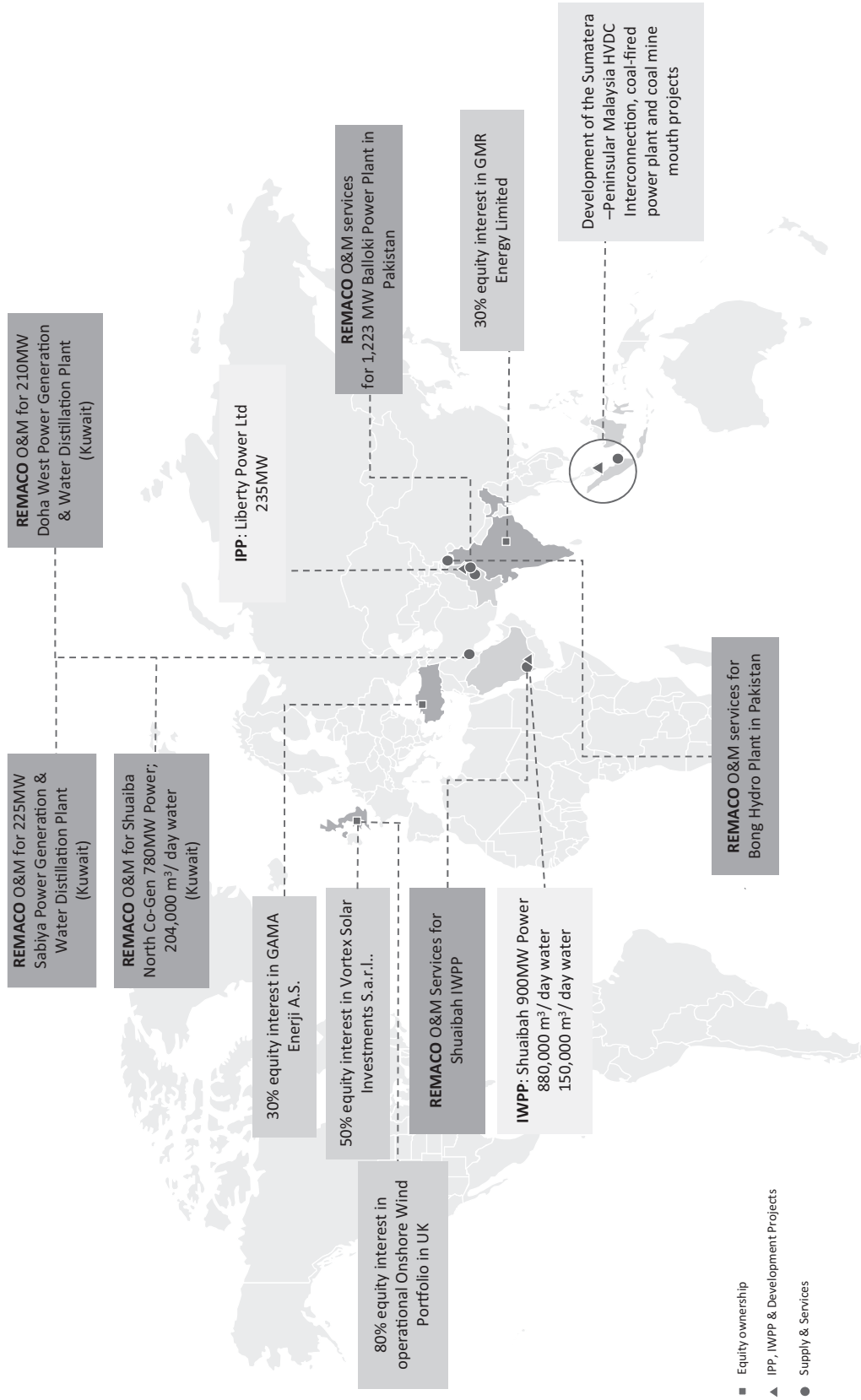
GVO Wind Limited and Bluemerang Capital Limited

In February 2018, TNB completed its acquisition of an 80.0 per cent. equity interest in two RE companies registered in the UK, GVO Wind and Bluemerang, for a total cash consideration of GBP77.4 million. GVO Wind and Bluemerang have a combined enterprise value of GBP171.0 million. This acquisition marks TNB's maiden foray into the onshore wind sector in the UK.

The combined portfolio of GVO Wind and Bluemerang is the largest FiT wind portfolio in the UK comprising 53 operational onshore medium single wind turbines and has a total combined capacity of 26.1MW spread across the UK. The portfolio is supported by a 20-year UK government-backed FiT renewable support mechanism and offers attractive financial returns with earnings accretive from the date of acquisition.

This acquisition is expected to complement TNB's solar RE assets in the UK by helping to generate a more stable portfolio revenue throughout the year. This is because, in the UK, wind RE assets in general generate more revenue in winter, whilst solar RE assets generate most revenue in the summer.

The map below shows the locations outside Malaysia in which TNB has operations as at the date of this Offering Circular:



Competition

In Malaysia, TNB holds a monopoly on the transmission of electricity and is the largest distributor of electricity to Peninsular Malaysia and as at 30 June 2018, TNB contributed 50.6 per cent. of Peninsular Malaysia's total installed capacity. The competition in the power generation sector is mainly from the IPPs and TNB's largest competitors in this sector are Malakoff Corporation Berhad and China General Nuclear Power Group. As at 30 June 2018, Malakoff Corporation Berhad and China General Nuclear Power Group contributed 27.9 per cent. and 14.7 per cent., respectively, of Peninsular Malaysia's total installed capacity. TNB continues to increase its capacity to generate RE to meet the Government's targets for RE generation of electricity in Malaysia and to better compete with the IPPs in this particular sector. No changes are expected to the competitive landscape faced by TNB in Malaysia in the short term. However, in the medium term, the push by the Government to introduce RE will create pressure on TNB as the sole off-taker to enhanced its existing grid and allow for the bi-directional flow of electricity from RE producers especially within the distribution network.

The Government introduced NEDA on 1 June 2017. NEDA has allowed all generators whose PPAs or SLAs have expired to bid into a mini "power pool" and, if their costs are competitive, possibly have the electricity they generate dispatched by the Single Buyer. NEDA's introduction serves two purposes, i.e. to create downward pressure on generation costs by potentially reducing the cost of electricity generated and to allow the Government to model a "power pool/market" as it looks into the possibility of liberalising the Malaysian electricity industry in the longer term. The MESI Reform 2.0 announced by the Minister of Energy in September 2018 has an increase in market-based competition amongst its broader objectives. See "*— Industry Restructuring*".

Capital Expenditure Programme

The following table sets out the Group's capital expenditure in respect of generation, grid, distribution and support services projects for each of FY2016, FY2017, 4M 2017 and 6M 2018:

Function	FY2016	FY2017	4M 2017	6M 2018
	RM million			
Generation	5,440.2	5,999.3	1,929.0	2,029.5
Grid	1,724.4	2,144.0	740.0	1,117.0
Distribution	3,376.9	3,042.6	814.5	1,677.9
Support Services	852.5	876.6	437.7	516.4
Total Capital Expenditure	11,394.0	12,062.5	3,921.2	5,340.8

Power Generation Capital Expenditure

Total capital expenditure for all committed generation projects as at 31 December 2017, during the period from FY2018 to FY2020, is expected to be RM27,127.2 million, of which RM3,554.8 million, RM2,222.2 million and RM939.3 million are expected to be spent in FY2018, FY2019 and FY2020 respectively. As at 30 June 2018, total utilisation of the capital expenditure budgeted for generation projects for FY2018 was RM2,029.5 million.

Grid and Distribution System Capital Expenditure

Total capital expenditure forecast for all grid projects as at 31 December 2017 for FY2018, FY2019 and FY2020 is expected to be RM1,951.9 million, RM1,770.8 million and RM1,964.7 million, respectively. As at 30 June 2018, total utilisation of the capital expenditure for grid projects for FY2018 was RM1,117.0 million.

TNB continues to expand its distribution system to meet the demands of new and existing customers. The Group spent RM3,376.9 million on capital expenditure for system improvements and supply to its distribution system in

FY2016, RM3,042.6 million in FY2017, and RM814.5 million in 4M 2017. Total capital expenditures forecast for all distribution projects as at 31 December 2017 for FY2018, FY2019 and FY2020 is expected to be RM4,002.2 million, RM4,150.7 million and RM4,743.8 million, respectively. As at 30 June 2018, total utilisation of the capital expenditure budgeted for the distribution system for FY2018 was RM1,677.9 million.

Support Services Capital Expenditure

The Group expects to spend RM1,705.0 million on support services, including Energy Ventures, Corporate Affairs, HR Department, Procurement, Information and Communications Technology (“ICT”), Group Finance, CEO Office, Strategic Management and Performance Department, Legal Services Department, Company Secretary, Group Internal Audit and its subsidiaries for FY2016 to FY2018. As at 30 June 2018, total utilisation of the capital expenditure budgeted for support services for FY2018 was RM516.4 million.

Key Capital Expenditure Projects

Below is a list of the potentially significant capital expenditure projects to which TNB is committed for the next three to five years.

In 2015, TNB acquired a 70.0 per cent. equity interest in JEP which is developing a 2 x 1,000.0MW coal-fired power plant. This 2,000.0MW ultra-supercritical coal-fired power plant project situated in Malaysia is undergoing construction. The COD is scheduled for June and December 2019 for Units 1 and 2 respectively. TNB owns 70.0 per cent. of the project whilst the remaining 30.0 per cent. belongs to Mitsui & Co., Ltd. via its subsidiary 3B Power Sdn. Bhd. See “— *Other Malaysian Investments*”.

In 2017, TNB has entered into a share sale agreement with SIPP Energy and a shareholders’ agreement with SIPP Energy and SPG for the acquisition of a 51.0 per cent. equity interest in SPG for a total consideration of RM51.00, which was derived from the RM100.00 issued share capital in SPG. SPG was incorporated for the development of 2 x 720MW Combined Cycle Gas Turbines power plants in Pasir Gudang, Johor. The project is scheduled to achieve COD on 1 July 2020.

In 2016, the Energy Commission awarded TNB’s wholly-owned subsidiary, Sepang Solar, the first LSS project in Kuala Langat District, Selangor. This project will generate and transmit 50MW of electricity to the National Grid once completed and operational, which is currently scheduled to be by 1 November 2018.

Development of IPPs

Since 1992, the Government has licensed IPPs to generate electricity for use in Peninsular Malaysia. The licences allow the IPPs producing electricity for use in Peninsular Malaysia to generate a stated amount of electricity which must be sold to TNB.

The following table sets out, for each of the IPPs that are licensed to generate electricity for use in Peninsular Malaysia, the parent company, the plant type, the calendar year in which commercial operations began or are scheduled to begin, contracted generating capacity and the units generated for FY2017:

No.	IPP	Parent	Plant Type	Commercial operation date	Contracted generating capacity (MW)	Units generated for FY2017 (GWh)
1.	Pahlawan Power Sdn. Bhd.	Edra Power Holdings Berhad	Combined Cycle	2000	322.0	1,044.0
2.	GB3 Sdn. Bhd.	Malakoff Corporation Berhad	Combined Cycle	2003	640.0	1,884.0
3.	Panglima Power Sdn. Bhd.	Edra Power Holdings Berhad	Combined Cycle	2003	720.0	4,497.0
4.	Teknologi Tenaga Perlis Consortium Sdn. Bhd.	Teknologi Tenaga Perlis Consortium Sdn. Bhd.	Combined Cycle	2003	650.0	3,459.0
5.	Prai Power Sdn. Bhd.	Malakoff Corporation Berhad	Combined Cycle	2003	350.0	1,169.0
6.	Kapar Energy Ventures Sdn. Bhd.	TNB & Malakoff Corporation Berhad	Oil/Coal/Gas Turbines	2004	2,420.0	10,641.0
7.	TNB Janamanjung Sdn. Bhd.	TNB	Thermal Coal	2005	2,100.0	15,165.0
8.	Central Utilized Facility	PETRONAS Gas Berhad	Co-Gen	2007	100.0	508.0
9.	Tanjung Bin Power Sdn. Bhd.	Malakoff Corporation Berhad	Thermal Coal	2007	2,100.0	15,857.0
10.	Jimah Energy Ventures Sdn. Bhd.	Edra Power Holdings Berhad	Thermal Coal	2009	1,400.0	10,498.0
11.	TNB Janamanjung Sdn. Bhd. (Manjung 4)	TNB	Thermal Coal	2015	1,010.00	6,418.0
12.	Powertek Sdn. Bhd.	Edra Power Holdings Berhad	Gas Turbine	2016	434.0	319.0
13.	Port Dickson Power Sdn. Bhd.	Malakoff Corporation Berhad	Gas Turbine	2016	436.0	70.0
14.	TNB Connaught Bridge Sdn. Bhd.	TNB	Combined Cycle	2016	375.0	2,612.0
15.	TNB Prai Sdn. Bhd.	TNB	Combined Cycle	2016	1,071.4	7,102.0
16.	Tanjung Bin Energy Sdn. Bhd.	Malakoff Corporation Berhad	Thermal Coal	2016	1,000.0	4,904.0
17.	Kuala Langat Power Plant Sdn. Bhd. (formerly known as Genting Sanyen Power Sdn. Bhd.)	Edra Power Holdings Berhad	Combined Cycle	Renewed 2016 (1995)	675.0	4,071.0
18.	Segari Energy Ventures Sdn. Bhd.	Malakoff Corporation Berhad	Combined Cycle	Renewed 2017 (1996)	1,303.0	5,155.0
19.	TNB Manjung Five Sdn. Bhd.	TNB	Thermal Coal	2017	1,000.0	2,728.0
20.	TNB Pasir Gudang Energy Sdn. Bhd.	TNB	Combined Cycle	2017	275.0	265.0

No.	IPP	Parent	Plant Type	Commercial operation date	Contracted generating capacity (MW)	Units generated for FY2017 (GWh)
21.	YTL Power Generation Sdn. Bhd.	YTL Corporation Berhad	Combined Cycle	2017	585.0	1,073.0
22.	Pengerang Power Sdn. Bhd.	PETRONAS	Co-Gen	2017/2018	400.0/600.0	459.0
23.	Gading Kencana Development Sdn. Bhd.	Gading Kencana Development Sdn. Bhd.	Solar	2018	30.0	—
24.	Quantum Solar Park (Kedah) Sdn. Bhd.	Itramas Sdn. Bhd., Maltechpro Sdn. Bhd. & Camlite Sdn. Bhd.	Solar	2018	50.0	—
25.	Quantum Solar Park (Terengganu) Sdn. Bhd.	Itramas Sdn. Bhd., Maltechpro Sdn. Bhd. & Camlite Sdn. Bhd.	Solar	2018	50.0	—
26.	Quantum Solar Park (Melaka) Sdn. Bhd.	Itramas Sdn. Bhd., Maltechpro Sdn. Bhd. & Camlite Sdn. Bhd.	Solar	2018	50.0	—
27.	Strong Elegance Sdn. Bhd.	Synergy Generated Sdn. Bhd., Scomi Group Bhd. & Lembaga Tabung Angkatan Tentera	Solar	2018	30.0	—
28.	Solar Management Seremban Sdn. Bhd.	Solar Management (Chembong) Sdn. Bhd.	Solar	2018	50.0	—
29.	TNB Sepang Solar Sdn. Bhd.	TNB	Solar	2018	50.0	—
30.	UiTM Solar Power Sdn. Bhd.	UiTM Energy & Facilities Sdn. Bhd., BJ Power Co. Ltd. & Perwira Al-Syura Consulting Engineers (PACE) Sdn. Bhd.	Solar	2018	50.0	—
31.	Sinar Kamiri Sdn. Bhd.	Mudajaya Corporation Berhad	Solar	2018	49.0	—
32.	Jimah East Power Sdn. Bhd.	TNB	Thermal Coal	2019	2,000.0	—
33.	Edra Solar Sdn. Bhd.	Edra Power Holdings Berhad	Solar	2019	50.0	—
34.	Kenyir Gunkul Solar Sdn. Bhd.	Kenyir Solar Park Sdn. Bhd. & Gunkul Engineering Public Co. Ltd.	Solar	2019	30.0	—
35.	Redsol Sdn. Bhd.	Fumase (Malaysia) Sdn. Bhd. & Scatec Solar Malaysia B.V.	Solar	2019	30.0	—

No.	IPP	Parent	Plant Type	Commercial operation date	Contracted generating capacity (MW)	Units generated for FY2017 (GWh)
36.	Halpro Engineering Sdn. Bhd.	Greencells Majulia JV (Majulia Sdn. Bhd. & Greencells GMBH)	Solar	2019	30.0	—
37.	Viva Solar Sdn. Bhd.	Gaya Dunia Sdn. Bhd., Enertra Sdn. Bhd. & Ambang Fiesta Sdn. Bhd.	Solar	2020	30.0	—
38.	TNB Bukit Selambau Solar Sdn. Bhd.	TNB	Solar	2020	30.0	—
39.	Cove Suria Sdn. Bhd.	Nippon Bumijaya Sdn. Bhd. & B&Z Mechanical and Electrical Sdn. Bhd.	Solar	2020	30.0	—
40.	Cypark Estuary Solar Sdn. Bhd.	Revenue Vantage Sdn. Bhd. & Cypark Renewable Energy Sdn. Bhd.	Solar	2020	30.0	—
41.	KBJ HECMY Sdn. Bhd.	Konsortium Beseri Jaya Sdn. Bhd. & Hanwha Energy Corporation Singapore Pte. Ltd.	Solar	2020	30.0	—
42.	BGMC BRAS Power Sdn. Bhd.	BGMC Corp. Sdn. Bhd. & BRAS Venture Bhd.	Solar	2020	30.0	—
43.	Idiwan Solar Sdn. Bhd.	Hasilwan (M) Sdn. Bhd. & Idiqa Holding Sdn. Bhd.	Solar	2020	30.0	—
44.	RE Gebeng Sdn. Bhd.	RE Gebeng Sdn. Bhd.	Solar	2020	29.9	—
45.	Southern Power Generation Sdn. Bhd.	TNB & SIPP Energy Sdn. Bhd.	Combined Cycle	2020	1,440.0	—
46.	Edra Energy Sdn. Bhd.	Edra Power Holdings Berhad	Combined Cycle	2021	2,242.1	—

As at 30 June 2018, there are 46 IPPs that have a PPA with TNB, 25 of which have yet to commence commercial operations. All of these PPAs are for a period of 21 years in the case of gas and solar power plants (except for Edra's solar PPA) and 25 years in the case of coal.

TNB introduced demand risk sharing (“DRS”) clauses in its PPAs signed with Tanjung Bin Power Sdn. Bhd. and JEV on 25 July 2002 and 10 August 2004, respectively. DRS clauses are aimed at achieving a balance between TNB and the IPPs in relation to sharing market risk. This is achieved by splitting the capacity payments into a fixed portion and a variable portion. TNB agrees to make fixed payments of up to 85.0 per cent. of the capacity payments to such IPPs. Payments in respect of the remaining percentage of at least 15.0 per cent. of such capacity payments, termed “utilisation payments”, are payable only to the extent power is actually dispatched by such IPP.

DRS clauses have not been included in PPAs entered into since 2004 because in 2011, the Energy Commission introduced a competitive bidding exercise to balance the needs of consumers and energy providers, to ensure a safe and reliable power supply at a reasonable price, to protect the public interest and to promote economic development and a competitive market in a sustainable environment. The first competitive bidding exercise started with a restricted bidding process which was won by Tanjung Bin Energy Sdn. Bhd. This was followed by the Track 1 gas plant competitive bidding exercise which was awarded to TNB Prai Sdn. Bhd. in Prai, Penang to cater for electricity demand for 2016. Simultaneously, a restricted tender exercise was conducted by the Energy Commission to extend the operational term of the first generation plants (Track 2) which was won by Kuala Langat Power Plant Sdn. Bhd., Segari Energy Ventures Sdn. Bhd. and TNB Pasir Gudang Energy Sdn. Bhd. This was followed by another competitive bidding exercise via Track 3A (won by TNB Manjung Five Sdn. Bhd.) and Track 3B (won by JEP) to meet the electricity demand for 2018 and 2019. In 2015, the Energy Commission conducted another competitive bidding exercise to secure short term capacity for the period from 2016 to 2018. From that exercise, TNB entered into a PPA with Powertek Sdn. Bhd. and Port Dickson Power Sdn. Bhd., both of which achieved their COD in March 2016.

In these PPAs, there are clauses on payment adjustment if an IPP fails to achieve a level of generation of at least 99.0 per cent. of the lower of the declared capacity and the level of generation specified in any despatch instruction. In addition, an IPP receives a proportionately reduced capacity payment if it fails to adhere to the schedule on a particular day and the IPP's available capacity during the preceding 365 days falls below the limit set under the respective PPA.

RE PPAs do not give the power generator the right to receive a capacity payment, only an energy payment. This means that in the context of the RE producers, if, for example, the sun does not shine enough to generate the electricity a solar RE producer has contracted to supply, it is the RE producer which takes the risk, not TNB.

On 12 April 2014, TNB entered into a PPA with Edra Solar Sdn. Bhd. for a term of 25 years under which TNB will take and pay for all the electricity generated by the solar plant in the form of an energy payment only, with no capacity payment required to be paid.

On 5 May 2016, TNB entered into a PPA with Pengerang Power Sdn. Bhd. ("Pengerang Power"), a wholly-owned subsidiary of PETRONAS, under which Pengerang Power will construct, operate and maintain a co-generation facility with a nominal capacity of 1,729.0MW located at Pengerang, Johor Darul Takzim, Malaysia. This facility has been supplying 400.0MW of generating capacity and electrical energy to TNB since the first COD of 21 October 2017 and will supply an additional 200.0MW from the expected scheduled COD in January 2019.

On 5 September 2016, TNB entered into a PPA with SPG under which SPG will own, construct, operate and maintain a Combined Cycle Gas Turbine generating facility with a nominal capacity of 1,440.0MW proposed to be located at Pasir Gudang, Johor Darul Takzim. This facility will consist of two generating blocks, with each generating block having a capacity of 720.0MW. The PPA will be for a period of 21 years from the COD of the first generating block, which is expected to be 1 January 2020. TNB holds a 51.0 per cent. equity interest and SIPP Energy holds a 49 per cent. equity interest in SPG.

On 2 March 2017, TNB signed an LSS photovoltaic PPA with TNB's wholly-owned subsidiary, Sepang Solar, the first LSS photovoltaic project in Kuala Langat District, Selangor. The project reached financial close on 19 July 2017. This project will generate and transmit 50MW of electricity to the National Grid once completed and operational, which is currently scheduled to be by 1 November 2018. The PPA will run for a period of 21 years from the COD.

In March 2017, TNB signed six LSS photovoltaic PPAs with various special purpose companies ("SPC") (UiTM Solar Power Sdn. Bhd., Sepang Solar, Solar Management (Seremban) Sdn. Bhd., Gading Kencana Development

Sdn. Bhd., Sinar Kamiri Sdn. Bhd. and Strong Elegance Sdn. Bhd.) with expected CODs before the end of 2018. As at the date hereof, none of these SPCs has reached COD. This followed a competitive bidding exercise organised by the Energy Commission in 2016 to develop, among others, transmission-connected LSS projects. Each SPC will design, construct, own, operate and maintain the relevant solar photovoltaic energy generating facility. The parties have agreed to sell and purchase the energy generated for a period of 21 years from each COD.

In April 2017, TNB signed a PPA with Edra Energy Sdn. Bhd. (“Edra Energy”), a wholly-owned subsidiary of Edra Power Holdings Sdn. Bhd. Edra Energy will construct, own, operate and maintain a Combined Cycle Gas Turbine generating facility with a total nominal capacity of 2,242.1MW proposed to be located at Alor Gajah, Melaka. The project will consist of three generating blocks, with each generating block having a capacity of 747.4MW and has an expected COD of 1 January 2021 for the first generating block, 1 March 2021 for the second generating block and 1 May 2021 for the third generating block. The PPA will be for a period of 21 years from the COD of the first generating block.

In March 2018, TNB signed an LSS photovoltaic PPA with each of the following SPCs: TNB Bukit Selambau Solar Sdn. Bhd., RE Gebeng Sdn. Bhd., Kenyir Gunkul Solar Sdn. Bhd., Idiwan Solar Sdn. Bhd., BGMC Bras Power Sdn. Bhd., Viva Solar Sdn. Bhd., Cypark Estuary Solar Sdn. Bhd., Cove Suria Sdn. Bhd., KBJ Hecmy Sdn. Bhd. and Redsol Sdn. Bhd. The respective CODs for these projects are expected to fall in late 2019 and in 2020. The PPAs were signed following a competitive bidding exercise organised by the Energy Commission in the first quarter of 2017 to develop, among others, the transmission-connected LSS projects. Each SPC will design, construct, own, operate and maintain the relevant solar photovoltaic energy generating facility. The parties have agreed to sell and purchase the energy generated for a period of 21 years from the COD.

In April 2018, TNB signed an LSS photovoltaic PPA with Halpro Engineering Sdn. Bhd., a special purpose company set up by the successful bidders, comprising of Majulia Sdn. Bhd. and Greencells GMBH. Halpro Engineering Sdn. Bhd. will design, construct, own, operate and maintain a solar photovoltaic energy generating facility of 30MW AC to be located in Mukim Bebar, Daerah Pekan, Pahang. The project has an expected COD of 30 December 2019 and the PPA will run for a period of 21 years from the COD.

On 19 March 2018, TNB signed an LSS photovoltaic PPA with TNB Bukit Selambau Sdn. Bhd., a wholly-owned subsidiary of TNB for the development of a 30MW LSS photovoltaic plant in Bukit Selambau, Kedah. The project is scheduled to achieve its financial close by the end of December 2018 and the scheduled COD is expected to occur by 31 December 2020. The PPA will run for a period of 21 years from the COD.

Environmental Matters

TNB’s operations are subject to various environmental laws relating to water, air and noise pollution and the disposal of hazardous materials. Although TNB believes that it is in compliance in all material respects with these environmental laws, some risk of environmental costs and liabilities are inherent in its operations and there can be no assurance that material costs and liabilities will not be incurred in the future in this regard. TNB also complies with various environmental laws and regulations with respect to the expansion and development of its power generating stations and grid and distribution systems. There have not been any material delays resulting from compliance.

TNB has strived to become a champion of RE as part of its commitment to promote a greener and more sustainable energy sector and intends to increase its capacity by way of RE-based power projects. As part of this, TNB is committed to helping the Government achieve its target set out in the agreement signed as part of the 2015 United Nations Climate Change Conference in Paris, to reduce Malaysia’s greenhouse gas (“GHG”) emissions by 45.0 per cent., as compared to 2005 levels, by 2030, not only through the increased use of RE

generation, but through better managing and monitoring of TNB's GHG emissions and adoption of technology such as ultra-supercritical coal-fired power plants, with the ultimate aim of reducing its emissions intensity. TNB is developing a GHG management framework in order to systematically manage its GHG emissions and TNB has completed its first assessment of its carbon footprint. The Government has set the target of generating 2,080.0MW of electricity in Malaysia from RE by 2020 through LSS projects and NEM schemes (an increase of 7.5 per cent.). As at March 2018, the current FiT scheme has resulted in the successful generation of 456.0MW of electricity from RE, including through solar, biomass, biogas and mini hydro projects. TNB's Environmental Management System helps minimise the environmental impact from TNB's operations and assists with TNB's compliance with applicable environmental laws and regulations.

TNB has set its own RE targets as part of its "*Reimagining TNB*" strategy. It aims to achieve RE capacity of 1,700.0MW in total across its domestic and international generation business by 2025. As at 31 December 2017, TNB had RE generation capacity of approximately 600.0MW.

TNB has set industry benchmarks in the use of advanced technologies to minimise pollution from its plant. As issues concerning global climate change become more urgent, TNB has intensified its efforts to reduce its carbon footprint. TNB is guided in its eco-initiatives by its Green Energy Policy, introduced in 2011, which states that TNB is committed to supporting the national green agenda by applying sustainable, efficient operations and delivering green energy through the application of appropriate technologies and investments.

TNB is committed to minimising its environmental impact and protecting the well-being of the community and the biodiversity surrounding its power plants and dams. This includes actions taken by TNB to manage emissions, effluent and waste. TNB has in place an Environmental Policy (which aims to protect, conserve and improve the environment in all of TNB's operations and decision making) and a TNB Green Policy (which prioritises the three principles of sustainable practices, efficient operations and delivering green technology via appropriate technology investment) as guiding principles in any decision making with regards to new projects, improvement activities and new business acquisitions. These policies are supported by TNB's Environmental Management System which outlines its approach to continuously improve its environmental performance whilst responsibly providing a safe, efficient and reliable supply of electricity. TNB endeavours to adopt sustainable practices, efficient operations and green technologies. In managing environmental challenges, TNB looks to collaborate with the Government and local communities to help protect the environment.

In October 2017, TNB signed a Memorandum of Understanding with the Department of Environment ("DOE") making TNB its strategic partner in promoting Guided Self-Regulation ("GSR") for environmental management within Malaysia. GSR is a newly launched initiative by DOE to transform regulation enforcement under the Environmental Quality Act 1974 and build a culture of better environmental awareness and management. The MoU will be in effect for five years. Through this partnership, TNB will play a more prominent role in promoting environmental awareness and providing advice on embedding a culture for GSR.

Protecting biodiversity is important to TNB and some of its operations are located in close proximity or within protected areas. In such circumstances, TNB makes conscious efforts to meet all regulatory requirements, minimise its environmental impact and take initiatives to safeguard biodiversity.

TNB's research arm, TNB Research Sdn. Bhd. ("TNB Research") actively supports TNB's efforts by conducting research related to biodiversity management and conservation. Surrounding TNB's Temengor Hydroelectric Dam is the Royal Belum State Park. TNB has been cautious with respect to the impact of its operations to the surrounding protected areas and has initiatives in place to conserve existing biodiversity along Sungai Perak. TNB works closely with various governmental agencies such as the Wildlife Protection and National Park Department, the Forestry Department, the Fishery Department, local stakeholders, local universities, as well as local communities for many of its initiatives. Examples of TNB's recent environmental initiatives include,

on-going efforts to preserve animal habitats, including establishing a Kelah Sanctuary at Sungai Tiang, wildlife salt lick at Sungai Papan and Lampam Sungai fish breeding in Temengor Lake; enhancing the existing fish population in Kenering and Chenderoh Lake with the release of 50 Temoleh fish and 45,000 Lampam Jawa fish; and conducting the TNB Youth Environmental Education & Awareness Programme in collaboration with the Terengganu Forestry Department, the Terengganu Department of Wildlife and National Parks and Universiti Kebangsaan Malaysia. TNBJ, the wholly-owned subsidiary of TNB which manages the Sultan Azlan Shah Power Station in Manjung, Perak, has won awards for clean technology and for supporting wildlife, including gold for Best Workplace Practices Award at the 8th Annual Global Corporate Social Responsibility (“CSR”) Summit and Awards at Bali, Indonesia in April 2016 and the ASEAN Coal Awards category Clean Coal Technology (Larger than 500MW). The Sultan Azlan Shah Power Station officially opened in 2007 and has some of the most modern power station technology available, meeting World Health Organisation standards. In line with its motto of “Technology in harmony with nature”, the power plant is equipped with a smart weather-based coal dust suppression system for a coal stockyard, the first of its kind in Malaysia.

TNB helps to maintain the environment by replacing every tree felled for the development of grid infrastructure with a new seedling. In 4M 2017, TNB planted 235 trees under the Tree for Medal programme undertaken in conjunction with Malaysia’s performance during the 29th SEA Games 2017. Under the “Tree for a Tree” programme, TNB has planted more than 11,700 trees. TNB has also pledged to plant 12,000 trees in 12 locations throughout Peninsular Malaysia, with the first 1,000 seedlings planted in Taman Pasif, Kuantan, Pahang, in a joint effort between TNB, the local community and a non-governmental organisation.

TNB has continued to maintain three ash ponds built at the 2,420.0MW Kapar Power Station in Klang, which has emerged as an important refuge for migratory birds. Built in 1985 with British and Japanese technical expertise, the power station has also maintained a mangrove environment.

The Firefly Conservation Project, a joint effort between TNB and the State Government of Selangor, is another example of TNB’s commitment to preserving the environment. TNB has helped to upgrade various public facilities and conduct research and studies on the habitat and biological requirements of fireflies via TNB Research. The Firefly Conservation Project has won a number of awards, including the Gold Award at the 7th Global CSR Summit and Awards Asia 2015, organised by Pinnacle Group International.

More broadly, the environmental management department of TNB Research focuses on providing research and services to the Group in the fields related to the environment. These include research into developing a systematic process that can provide guidance on the screening, identification and acquisition of suitable nearby sites to deposit dredged sediments from the reservoirs created for hydroelectric dams; innovative and sustainable solutions for pollution and emissions in the form of modelling, monitoring, assessment and mitigation measures; the potential environmental impact of electricity generation from coal fired power stations; reducing the usage of water resources; and evaluating the implementation concepts towards a zero water discharge principle at TNB thermal power stations and to help to identify which sites within Peninsular Malaysia are likely to be exposed to current and future water stress issues.

Insurance

TNB insures the full value of all its power plants and main substations and all relevant insurance policies are also extended to cover its subsidiaries. As risk and insurance are dynamic, the coverage of each insurance policy is reviewed on an annual basis, by reviewing the relevant risk. Whenever required, the sum insured or limit of liability will be adjusted accordingly to protect the asset and liability at an optimum level. The term and scope of insurance specified under the policy will also be reviewed to ensure it safeguards TNB’s interest comprehensively and is in line with TNB’s risk appetite. TNB believes its existing insurance arrangements are in line with industry standards.

Employees

The following table sets out, as at the end of FY2016, FY2017, 4M 2017 and 6M 2018, the approximate number of full-time employees of the Group serving in the functions indicated:

Function	FY2016	FY2017	4M 2017	6M 2018
	Number of full time employees			
Generation Division	1,676	1,393	1,295	1,195
Grid Division	3,090	2,871	2,743	2,722
Distribution Division	17,453	16,418	16,445	16,574
Other Divisions	13,465	14,327	14,547	14,654
Total	35,684	35,009	35,030	35,145

As at 31 August 2016 and 2017 and 31 December 2017 and 30 June 2018, 23,584, 22,786, 22,427 and 22,373, respectively, of TNB's employees were members of either the TNB Support Services Officer Union, the Tenaga Amalgamated Employees Union or the Tenaga Executive Association. TNB continuously promotes industrial harmony with all the unions and has proceeded discussions by way of Collective Agreement. Thus far, TNB has completed and signed Collective Agreements with two unions and negotiations are on-going with the TNB Executive Association.

Long Term Incentive Plan ("LTIP")

TNB implemented the LTIP on 30 April 2015. The LTIP is a plan through which TNB is able to award shares to selected employees of the Group. This is an incentive which is aimed at attracting, retaining, motivating and rewarding valued employees. The LTIP is administered by the Board Long Term Incentive Plan Committee ("BLTIP"). Under the LTIP, the total number of ordinary shares to be issued by TNB may not exceed 10.0 per cent. of its total issued and paid-up ordinary shares (excluding treasury shares) at any time during the duration of the LTIP. The LTIP comprises two types of shares: restricted shares and performance shares. Restricted shares are offered to the employees of the Group and the executive directors of TNB, while performance shares are offered to members of senior management of the Group and executive directors and key employees of TNB, in each case subject to the selected individual achieving certain performance targets and/or performance conditions as determined by the BLTIP from time to time at its absolute discretion. The objective of the grant of restricted shares is to attract and retain employees for the development, growth and success of the Group. The aim of the performance shares is to promote alignment in the strategic achievements of the Group and to encourage members of senior management of the Group and executive directors of TNB to maximise long-term shareholder value.

Health and safety

TNB recognises that its employees are its most valuable asset and is committed to the provision and maintenance of a safe and healthy working environment and to complying with statutory requirements applicable to it. TNB also aims to ensure the safety of its customers, contractors, the public and others who may be affected by its activities. In line with its health and safety policy, TNB works to:

- incorporate Occupational Safety and Health ("OSH") in the design, planning, evaluation and construction of all projects;
- ensure safe work procedures are complied with during operations and maintenance;
- give high priority to OSH in the procurement of all services and equipment;
- provide information and training to employees and contractors who may be exposed to hazards at work;

- ensure all incidents, accidents and occupational diseases are reported, investigated and corrective measures taken to prevent reoccurrence;
- promote OSH awareness amongst employees and the public; and
- carry out regular workplace OSH inspections, monitoring and auditing.

Training and development

TNB believes that a competent and professional workforce is quintessential to realising its vision and mission. Hence, it provides quality training, education and development programmes for the Group.

The ability to attract and develop high quality leaders is critical to sustaining growth. TNB requires leaders who are ambitious and can help the Group attain its targets. Equally important is the need to ensure sustainable development of current and future generations of technical and functional employees who will play a decisive role in the successful execution of TNB's strategies. By strengthening its leadership and empowering its employees to strive for excellence, TNB believes this will increase its ability to meet the goals it has set in its other key strategic focus areas.

TNB is committed to developing its employees through investment in their learning and development and has introduced an integrated HR and career development initiative, whereby training, education and development programmes are directly linked to the career path and progression of the workforce. Most of these development programmes are organised and conducted in house at its three industry grade development institutions: Tenaga Leadership Development Centre, Tenaga Integrated Learning Solution Sdn. Bhd. ("ILSAS") and Universiti Tenaga Nasional ("UNITEN").

ILSAS is TNB's official training institute and is a technical training institute equipped with 28 years of experience and a proven track record in the field of power utility engineering. It aims to be a centre of excellence in training of power utility competency and related services. ILSAS has experts in the field of power utility engineering and a complete range of facilities, including world-class tri-fired and combined cycle simulators, training workshops, computer labs and a variety of rooms capable of holding anything from small classes to large seminars.

ILSAS has been awarded the certification of MS ISO 9001:2008 and UKAS standards by SIRIM Berhad (an industrial research and technology organisation in Malaysia wholly-owned by the MOF Inc.). Many ILSAS trainers are Certified Training Practitioners, recognised by the Malaysia's Institute of Training and Development. ILSAS provides courses that are recognised by the Human Resources Development Berhad and the Energy Commission as well as the international accreditation bodies such as Empower, TWI Training and Examination Services and CSWIP plant inspection training and certification programme.

Currently, ILSAS provides courses in sub-station and protection, overhead lines and cables, metering, electronics and instrumentation mechanical engineering, generation and system operation, power system operation (HVAC and HVDC), live line maintenance, primary and secondary equipment maintenance, fault analysis/troubleshooting, management and administrations, computer and IT, training and development skills and power plant operation and maintenance.

Further, to help produce a sufficient pool of executives, TNB has developed leadership enhancement programmes to enable selected employees to have access to business and functional leaders who will provide mentoring and coaching and to ensure its non-executives have the opportunities to improve their current trade skills, switch trade fields and upgrade their skills through formal qualifications so as to enable them to fulfil their potential.

Value Unlocking Programme (“VUP”)

In addition to improving the performance of its workforce and core businesses, TNB aims to increase the efficiency of its support functions and administration through an organisation renewal programme. The VUP commenced in 2015 and is being introduced in stages.

The design phase of the VUP was completed in 2016. All divisions of TNB are currently undergoing the delivery phase of the VUP design. This design requires structural reorganisation to optimise productivity and efficiency as TNB moves towards a more centralised model of operation with the introduction of Centre of Expertise, Business Partners and Shared Service Centres. TNB is beginning to see productivity improvements in the divisions that have implemented the design due to the use of a centralised and flatter structure, reduction and automation of work processes and a higher degree of empowerment facilitating faster decision-making.

Amongst the core entities which have completed the initiative is the Distribution Division which has seen the separation of its customer service and distribution network functions. This has enabled the customer service function to focus on capturing new non-regulated business sales, whilst allowing the distribution network function to focus on its operational functions and improve efficiency.

Similarly, improved efficiencies have been realised in corporate functions which have completed the VUP initiative, such as Group Human Resources (“HR”), Group Finance and Group Procurement. In the case of Group Procurement, TNB has been able to realise RM200.0 million in cost savings from the introduction of category management as a direct result of this initiative. The VUP initiative is also focused on creating entities with the aim of capturing new business opportunities, such as the establishment of a wholly-owned subsidiary focused on growing non-regulated revenue from the IT and telecommunication-related industries.

Intellectual Property

The intellectual property held by TNB, including patents, are mostly kept and maintained by TNB Research. As at 30 June 2018, TNB has applied for 33 patents of which 11 have been granted, five are in the process of being granted and several others are in the novelty search stage. Besides patents, as at 30 June 2018, TNB had seven copyrighted software tools and approximately 1,000 copyrighted publications generated from its research and development activities. Some of the intellectual property owned by TNB is being applied and used internally by TNB and two have been licensed to third parties. So far, to the best of TNB’s knowledge there has not been any infringement or dispute with regard to any intellectual property rights owned or used by TNB.

Risk Management

The Group has established a Risk Management Framework that is aligned to ISO 31000 international standard. The framework provides the foundation and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the Group.

TNB has exposure to credit risk, liquidity risk and market risk from its use of financial instruments.

Credit risk

Credit risk is the risk of financial loss to TNB if a customer or counterparty to a financial instrument fails to meet its contractual obligations. TNB’s exposures to credit risk arise principally from its receivables from customers, investments, deposits, bank and cash balances and derivative instruments. In addition, TNB’s exposure to credit risk arises principally from loans and advances to subsidiaries.

TNB has a credit policy in place and the exposures to credit risk are monitored on an on-going basis. Normally, financial guarantees given by banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

TNB's credit policy provides trade receivables with a 30-day credit period. TNB has no major significant concentration of credit risk due to its diverse customer base. An allowance has been made for estimated unrecoverable amounts, determined by reference to past default experience of individual debtor and collection portfolio.

Investments and deposits, bank and cash balances and derivative instruments are allowed only in liquid securities and only with reputable financial institutions and are unsecured. In view of the sound credit rating of counterparties, TNB does not expect any counterparty to fail to meet its obligations. There were no impairments for investment in unquoted debt securities recognised by the Group during FY2016, 4M 2017 and 6M 2018. Impairments for investment in unquoted debt securities of RM6.7 million were recognised by the Group during FY2017.

TNB provides unsecured loans and advances to subsidiaries and monitors the results of the subsidiaries regularly. Loans and advances are only provided to subsidiaries by TNB. As at the end of 6M 2018, there was no indication that any of the loans and advances to subsidiaries would not be recoverable, other than those which have already been impaired.

Liquidity risk

Liquidity risk is the risk that TNB will not be able to meet its financial obligations as they fall due. TNB's exposures to liquidity risk arise principally from its various payables, loans and borrowings.

TNB maintains a level of cash and cash equivalents and bank facilities deemed adequate by TNB to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

TNB provides unsecured financial guarantees to banks in respect of banking facilities granted to certain of its subsidiaries and an associate. As at 31 December 2017, the maximum exposure to TNB amounted to RM1,968.5 million (RM1,789.9 million as at 31 August 2017 and RM1,796.9 million as at 31 August 2016) representing banking facilities utilised by the subsidiaries and an associate as at the end of the relevant financial year or period, as the case may be.

As at 30 June 2018, the Group had sufficient financial capacity and available facilities to meet its obligations as and when they fall due 12 months from the financial statement date.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect TNB's financial positions or cash flows.

TNB is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currencies of the Group. The currencies giving rise to this risk are primarily U.S. dollars, Japanese Yen and GBP.

TNB is required to hedge a minimum of 50.0 per cent. of its known foreign currency exposure up to a 12-month period. TNB uses forward exchange contracts, maintains foreign currency floats and currency option contracts to hedge its foreign currency risk.

Board Risk Committee

Since 2013, the Board has had in place the BRC as a reflection of its commitment to safeguard stakeholders' interests and the Group's assets. The BRC is mandated to assist the Board in ensuring that the Group has a sound and robust enterprise risk management framework and that such framework is effectively implemented to enhance the Group's ability to achieve its strategic objectives.

The BRC is supported by TNB's management through the TNB Leadership Group chaired by the President/Chief Executive Officer and the Group Risk Management Working Committee ("GRMWC") chaired by the Chief Risk Officer. The Risk Management Department facilitates, coordinates, advises and assesses the effectiveness of the risk management framework implementation by respective divisions, departments and subsidiaries of the Group.

Risk management policy

TNB's risk management policy is a statement of TNB's overall intention and direction on risk management. It is defined, reviewed and endorsed by management and approved by the BRC.

The policy describes the commitment of TNB to identifying and assessing risks in alignment with business objectives, integrating risk management into all decision-making processes, anticipating potential risks in response to changes in the internal and external environments and ensuring that information regarding risks is communicated through a clear and robust monitoring and reporting structure.

The policy places emphasis on the role of all TNB employees, who are responsible and accountable, to manage risks related to their actions and decisions by taking all reasonable care to minimise loss, maximise opportunity and ensure TNB's reputation is upheld.

Risk management process

TNB's risk management process describes the step-by-step process of risk assessment (risk identification, risk analysis and risk evaluation) and risk treatment in the context of the internal and external environments. This process is applied throughout the Group, whereby risks preventing the achievement of business objectives are identified, mitigated, regularly reviewed and communicated to the Board, management and employees.

These risks are recorded and monitored through the TNB Risk Information System ("TRIS"), an online real-time database. A TRIS Helpdesk is available to handle queries and requests related to TRIS.

The risk management process is also applied to assess risks relating to new projects and initiatives and the corresponding risk profile and mitigations are tabled to the relevant approving committees for their deliberation and decision-making.

The TNB Investment Risk Assessment ("TIRA") was developed by the Risk Management Department in FY2015 with the objective of providing a standardised risk assessment methodology and process for investment proposals. In FY2017, 18 investment proposals were assessed applying the TIRA guidelines. In 4M 2017 and 6M 2018, the TIRA guidelines were applied for one and seven investment proposals, respectively.

Monitoring, review and reporting

The risk and/or management committees of TNB's various divisions, departments and subsidiaries monitor and review their key operational and emerging risks whilst identifying appropriate mitigating actions and assessing their effectiveness. Strategic and operational risks are reviewed on a regular basis across the Group and quarterly

risk dashboards are reported to the BRC, highlighting the status of approved key indicators as well as relevant actions taken to mitigate indicators that were at the trigger or “breaking” points.

Operational risks, including emerging risks and cross-divisional issues, are reported on a half-yearly basis and deliberated at the GRMWC.

During FY2017, the Risk Management Department assessed the risk maturity of 12 divisions, departments and subsidiaries, as well as one division and two departments during 4M 2017. The aim of the maturity assessments was to evaluate the risk culture and effectiveness of the implementation of the risk management framework, as well as to recommend opportunities for improvement. The maturity assessments are based on the following elements: (i) mandate and communication; (ii) risk management process; (iii) review and reporting; (iv) risk management effectiveness; and (v) continual improvement, and they result in the Risk Management Department highlighting opportunities for improvements which the relevant business units then consider for implementation. The Risk Management Department facilitated risk reviews of 32 divisions, departments and subsidiaries during 4M 2017 and considered 17 risk reviews during 6M 2018.

Communication and continual improvement

Each division, department and subsidiary is responsible for communicating risk information in a succinct and regular manner utilising cost-effective communication channels.

Management converges weekly in a communication war room, in which the Group Corporate Communications highlights matters for decision-making, particularly on areas with a potential adverse impact on TNB’s brand and reputation.

Input from senior management regarding risk management and internal control is cascaded through risk conferences and forums. In FY2017, two Risk Management and Insurance Conferences were held as an opportunity to share lessons learnt from TNB case studies and discuss in an open forum the applications of various risk and insurance principles. In 4M 2017, three risk forums were conducted for approximately 300 non-executives in total, with the objective of inculcating a risk-thinking mentality amongst the technical and non-technical personnel. In 6M 2018, one risk conference for executives and one risk forum for non-executives were held.

Corporate Responsibility

TNB’s CSR efforts extend across its marketplace, the environment, the community and the workplace. See “— *Environmental Matters*”. Through its efforts in these areas, TNB has engaged in growing the Malaysian electricity industry by getting rural and remote areas onto the National Grid, protecting and preserving the environment through green activities and environmentally-friendly practices, advocating community-building and empowering socio-economic development and safeguarding the interests of TNB’s employees and nurturing their well-being.

Despite TNB expanding the electricity network, there remain remote areas of Malaysia which pose a challenge for TNB to provide residents with access to electricity. To assist residents of these remote areas, TNB has teamed up with the Ministry of Rural and Regional Development (*Kementerian Kemajuan Luar Bandar dan Wilayah*) (“KKLW”) and the Malaysian Electricity Supply Industries Trust Account, under MESTECC, to implement the BELB. The BELB aims to provide electricity to houses in traditional villages outside the operational areas of the local authorities in Peninsular Malaysia. Electricity is provided in these areas by extending TNB’s grid to very remote areas not accessible by land. Where extending TNB’s grid is too costly, electricity is provided via generator sets, solar hybrid systems or other forms of RE.

TNB has also participated in the LJK project, which represents one of the Government's efforts through KKLW to enable citizens in rural areas to enjoy street lighting facilities in public areas and to promote night-time community activities. Under the 11th Malaysia Plan, TNB has once again been mandated to continue the LJK initiative throughout Peninsular Malaysia. As at 31 December 2017, TNB had installed 80,405 village street lights in all states in Peninsular Malaysia, as well as in Sabah. TNB is in the business of producing electricity and, as such, is conscious of its carbon footprint. It has made efforts to reduce its impact on the environment and preserve it for future generations. As part of TNB's environmentally-friendly practices, it has endeavoured to adopt cleaner energy technologies such as RE. See also “— *Environmental Matters*”.

TNB's power stations are an integral part of the surrounding community, with TNB's presence benefitting the community through its participation in and contributions towards corporate social activities. TNB's Community Outreach Programme was initiated in 2005 and acts as a platform for TNB to engage directly with the communities it serves in an informal atmosphere.

TNB also supports the Promoting Intelligence, Nurturing Talent and Advocating Responsibility Programme (“PINTAR”), a collaborative social initiative between the PINTAR Foundation, government linked companies and other private corporations to foster academic and non-academic excellence in underprivileged students nationwide through its school adoption programme.

TNB has introduced its “Better Brighter Shelter Project” as a community programme aimed at upgrading transit homes and dormitories at government-owned hospitals in Malaysia. Transit homes are improved to provide better comfort and security for family members while their loved ones are undergoing surgery or other procedures in hospital, without such family members having to cover the cost. The provision of the affordable accommodation is a great help to the families of inpatients in a highly stressful situation. The first initiative under the programme was at the National Heart Institute in 2017 and the second was at Serdang Hospital in 2018.

TNB is committed to supporting the development of Malaysian sports and continues to help develop local hockey talent under its multitude of training programmes conducted at all levels from primary school students to club level. This has led to a number of successes on the hockey field, with the latest being the Malaysian team's silver medal in the 2017 Men's Hockey Asia Cup.

TNB also contributes to education through TNB's wholly-owned UNITEN, which offers foundation, undergraduate and postgraduate studies in engineering, IT and business/finance. Further to TNB's CSR efforts, Yayasan Tenaga Nasional, was established in 1993 to implement TNB's various social responsibility programmes, and TNB spent RM55.8 million in FY2017 to sponsor 1,963 outstanding students to study at selected universities locally and abroad. This marked the largest annual contribution by TNB in its efforts to improve the education of students in Malaysia.

TNB also supports a programme for younger students called the Back to School Programme which is an annual TNB CSR programme that provides school supplies for students, especially primary school students from rural areas, at the start of a new school year. This programme has run since 2013 to alleviate the financial burden on poor families before the new school term. The programme reflects the Government's concern for people's well-being by carrying out CSR activities through Government-linked companies to benefit all levels of society in the affected areas. Since the programme began in 2013, a total of 23,649 students from all over Malaysia have benefited from it and a total of RM4.9 million has been contributed.

TNB believes that work-life balance is vital to ensuring staff satisfaction and productivity. It offers training programmes and career development opportunities, a safe working environment and attractive compensation and benefits schemes. TNB has established an integrated HR and career development initiative, in which training, education and development programmes are directly linked to the career progression of employees. It sponsors

students to study at university in Malaysia and overseas and, in return, students agree to work for TNB for a fixed number of years after they have graduated. TNB also offers its employees healthcare benefits, including payment of employees' medical bills, providing current employees and retirees with aid in the form of wheelchairs, hearing aids and prosthetic limbs. Healthcare benefits also cover TNB's employees' immediate families.

TNB recognises safety as integral to the Group's business and core values and seeks to ensure the well-being of its employees. To achieve this, it has implemented an OSH policy which provides training and protection to workers who encounter hazards in the workplace. TNB's Organisational Safety, Health and Environment Department reports directly to the Chief Executive Officer's office. OSH courses such as fire safety community workshops, safety forums, safety excellence management system ("SEMS") auditors, safety representatives and office safety are organised regularly to ensure all employees attend at least one day of OSH training per year. At the same time, a SEMS is being adopted by all divisions and subsidiaries. This has increased the number of TNB's departments certified with OHSAS 1800 and MS1722.

Related Party Transactions

TNB has established appropriate procedures to ensure it complies with the Main Market Listing Requirements of Bursa Securities with regard to related party transactions. All related party transactions are reviewed by the Group Internal Audit Department, following which a Group-wide report is submitted to the Board Audit Committee on a quarterly basis for monitoring purposes.

Legal Proceedings

As at 30 June 2018, TNB is involved in the legal proceedings described below. Other than the legal proceedings listed below, TNB is not involved in any legal proceedings which may have a material financial or operational impact on TNB or the Group.

TNB and TM Salini Sdn. Bhd.

On 30 October 2011, TNB entered into an agreement with the consortium of Tindakan Mewah Sdn. Bhd. and Salini Malaysia Sdn. Bhd. (now known as TM Salini Sdn. Bhd. ("TM Salini")) for the Ulu Jelai Hydroelectric Project Contract No. TNB 362/2008 for Lot CW2 (Main Civil and Associated Works and Lot EM 1 — Electrical and Mechanical Works). There was an extension of time which resulted in a variation of the works and other additional costs. On 27 December 2017, TM Salini referred the matter to the Dispute Adjudication Board (the "DAB"), claiming, amongst other things, the amount of RM459.6 million from TNB. The DAB delivered its decision on 28 June 2018 requiring TNB to pay TM Salini (i) EUR14,635,044.96 (RM37.6 million) of prolongation costs, (ii) EUR3,536,003.47 (RM12.4 million) of various extension of time and acceleration financial entitlements and (iii) EUR656,919.07 (RM2.2 million) of interest. TNB was awarded RM16.4 million in damages. In relation to the DAB's decision, TNB issued a notice of dissatisfaction. However, parties are in the process of entering a global settlement and are negotiating and finalising the terms of the same.

TNB and First Dairy Farm (M) Sdn. Bhd. ("FDF")

TNB filed a claim against FDF in the Kuantan High Court on 27 February 2013 for the outstanding amount of RM246,692.31 due in relation to FDF's electricity accounts. FDF failed to settle the amounts outstanding and TNB disconnected FDF's commercial premises from the electricity supplies. FDF filed a counterclaim for the amount of RM99 million for damages it purportedly suffered as a result of the electricity supply disconnection to its commercial premises. This case has been fixed for continued trial on 12 and 13 November 2018.

Batu Kemas Industri Sdn. Bhd. ("BKI") and Kerajaan Malaysia and TNB

TNB supplied electricity to a factory owned by BKI, which used automated hydraulic presses and other electronically controlled machinery to produce calcium silicate bricks. Certain public works took place near

BKI's factory, as a result of which the electricity supply to BKI's factory was disrupted. BKI alleged that the power disruption damaged its manufacturing equipment and processes and it suffered losses. Following numerous appeals, the Federal Court of Malaysia on 26 April 2018 decided that the Court of Appeal was wrong to order that the damages claimed by BKI be assessed. In this regard, the Federal Court found that the Court of Appeal's decision failed to consider that pure economic loss independent of physical damage is not recoverable. In this regard, the Federal Court observed that economic loss consequent to physical damage in the amount of RM1.6 million be assessed by the High Court. As of the date of this Offering Circular, the plaintiff has yet to file any application in the High Court for the assessment of damages.

TNB Connaught Bridge Sdn. Bhd. and Sinohydro Corporation Berhad / Sinohydro Corporation (M) Sdn. Bhd.

The Connaught Bridge power station project was delayed for 178 days, whereby the actual COD was declared on 27 February 2016. Sinohydro referred the matter to the DAB on 11 August 2017 for the entitlement to the extension of time of 215 days and other outstanding payments amounting to RM203.1 million (EUR6,124,545.42). TNB claimed RM126.8 million in damages for the delay in completion of the project. On 22 January 2018, the DAB awarded RM49.3 million (EUR5,921,567.18) against TNB for the extension of time, variations, delay costs and other costs and RM30.5 million in favour of TNB in damages. Both parties issued notices of dissatisfaction with the decision of the DAB. TNB has appointed a new panel of lawyers to proceed with arbitration proceedings.

Abdul Aziz bin Awang @ Muhammad and 99 Others and TNB

On 23 October 2013, TNB was served with a writ of summons against TNB with respect to a class action law suit filed by 100 residents of the Bertam Valley who were affected by floods. The plaintiffs alleged, amongst other things, that the flood was caused by TNB releasing water from Sultan Abu Bakar Dam without adequate warning, being negligent in maintaining the dam and that TNB failed to maintain the water level at the dam at a safe level. The amount claimed was RM6.4 million. At the trial held on 25 January 2018, the court ruled against TNB. TNB appealed the court's decision subsequently. The court of appeal hearing has been fixed for 22 October 2018.

TLPL v Pakistan Water and Power Development Authority ("WAPDA") and Central Power Purchase Agency Guarantee Limited ("CPPA-G")

TLPL is a company incorporated in Pakistan. WAPDA is a statutory corporation established pursuant to the Pakistan Water and Power Development Authority Act of 1958. CPPA-G is a company limited by guarantee. WAPDA and CPPA-G are wholly-owned and controlled by the Government of Pakistan. On 26 November 1995, TLPL and WAPDA entered into a PPA pursuant to which TLPL agreed to build, own and operate a gas-powered power generation facility in Pakistan and WAPDA agreed to purchase electricity from TLPL. WAPDA and CPPA-G have failed to make payments to TLPL since 2009. WAPDA and CPPA-G's payment failures resulted and continue to result in TLPL's inability to pay for gas needed to operate the facility and generate the requisite quantity of electricity required under the PPA. These events resulted in a number of claims for payment against WAPDA and CPPA-G's totalling approximately U.S.\$77 million. As a result TLPL filed a notice of arbitration against WAPDA & CPPA-G on 24 January 2017. The International Chamber of Commerce has fixed full hearing date in Singapore on 15 July 2019 to 22 July 2019.

TNB v Pengurusan Air Pahang Berhad ("PAIP")

TNB filed a claim against PAIP in the Kuantan High Court for unpaid electricity bills in the amount of RM205.7 million. A consent judgment was issued on 28 June 2018 for the outstanding amount of RM86.3 million to be paid by 26 March 2018 and the balance of RM119.4 million to be paid pursuant to a

settlement agreement to be executed and signed between TNB and PAIP on or before 27 December 2018. TNB and PAIP are in the process of preparing a settlement agreement for the amount of RM119.4 million.

TNB v Perwaja Steel Sdn. Bhd. (“Perwaja”)

In connection with various bills outstanding, TNB filed four separate claims against Perwaja amounting to RM146.2 million. TNB’s claims were satisfied, however, Perwaja was wound up on 8 November 2017 by the High Court of Kuala Lumpur and TNB filed its proof of debt with the liquidators of Perwaja.

Public Prosecutor v Managing Director of Malaysia Transformer Manufacturing Sdn. Bhd. (“MTM”)

The DOE filed a summons against MTM and Datuk Abdullah @ Abdul Basir Bin Abdul Ghani as its Managing Director on 13 February 2018 for violations of the following sections of the Environmental Quality Act 1974: (a) Section 34A(2); (b) Section 24(1); (c) Regulation 2 of the Environment Quality (Schedule Waste) Regulations 2005 for usage of a non-licensed premise; and (d) Regulation 2 of the Environment Quality (Schedule Waste) Regulations 2005 for cannibalisation of the transformer without written confirmation from the Director of DOE. The parties have exchanged affidavits and the Court has fixed trial dates for 5 and 6 December 2018.

TNB’s appeals before the SCIT

TNB’s appeal before the SCIT (years of assessment 2003-2006, 2008 and 2009-2012)

The IRB has disputed the RIA claim made by TNB for the years of assessment 2003-2006, 2008 and 2009-2012. TNB has obtained legal advice from a leading firm of tax solicitors that the IRB has no legal and factual basis to disallow such claim. TNB has appealed to the SCIT with respect to the RIA claims made by TNB for the years of assessment 2003 to 2006, 2008 and 2009 to 2012 for the amount of RM1,693.1 million. Case management before the SCIT has been fixed for 13 December 2018.

TNB’s appeal before the SCIT (years of assessment 2013/2014)

TNB has also received Notices of additional tax assessment for the years of assessment 2013 and 2014 from the IRB for the sums of RM985.6 million and RM1,082.6 million respectively. TNB believes that the Notices follow from the IRB’s decision to disallow TNB’s RIA claims for the years of assessment 2013 and 2014. TNB had claimed RIA for such years subsequent to an approval from the IRB dated 21 January 2013 which in principle approved TNB’s RIA claim. The IRB subsequently reversed its earlier approval on the basis that TNB is not in the business of manufacturing. TNB believes it is entitled to claim such RIA for the substantial investment it incurred in capital expenditure for the expansion, modernisation and upgrade of its electricity infrastructure.

On 27 November 2015, TNB filed an application for leave to commence judicial review proceedings against the Notices. On 14 December 2015, the Kuala Lumpur High Court granted leave to TNB to commence judicial review proceedings against the Director General of the IRB to, among other things, quash the Notices.

On 7 December 2016, TNB and IRB recorded a consent judgment to substitute the judicial review proceedings with regard to the Notices by filing an appeal to the SCIT. The consent judgment also provides that the IRB shall not commence any proceedings with regard to the Notices until the matter is determined by the SCIT and by the High Court, if there is a subsequent appeal by either party. Trial has been fixed for 26 November 2019 to 29 November 2019.

MANAGEMENT

Directors

Under the laws of Malaysia, TNB's Board is entrusted with the responsibility for the overall management of TNB. MOF Inc. or any person acting on behalf of the Government, by virtue of the rights of MOF Inc. vested in the sole Special Share can appoint up to six Directors at any time, out of the maximum 12 Directors on TNB's Board. The rights of MOF Inc., as the holder of the Special Share, are stipulated in Clause 20 of TNB's Constitution. As at 30 September 2018, TNB's Board consisted of eight Directors. Two of the Directors were appointed by MOF Inc. All Directors are subject to retirement by rotation. TNB's Constitution permits a Director to appoint an alternate Director to act in place of such Director should he or she be unable to perform his or her duties as a Director for a period of time. Under the laws of Malaysia, the alternate Director is not merely an agent, but is accountable to TNB for his or her actions as Director during the period for which he or she acts as alternate Director.

Set out below are the Directors of TNB as at 30 September 2018 and the year they each became a director:

Name	Position	Age	Year appointed as director
Tan Sri Leo Moggie	Non-Independent Non-Executive Chairman	76	2004 ¹
Datuk Seri Ir. Azman bin Mohd	Non-Independent Executive Director/President/Chief Executive Officer	61	2010 ²
Amran Hafiz bin Affifudin	Non-Independent Non-Executive Director	44	2017 ³
Gee Siew Yoong	Independent Non-Executive Director	69	2016
Noraini binti Che Dan	Independent Non-Executive Director	62	2016
Juniwati Rahmat Hussin	Independent Non-Executive Director	59	2017
Gopala Krishnan a/l K. Sundaram	Independent Non-Executive Director	63	2018
Ong Ai Lin	Independent Non-Executive Director	62	2018

Biographies of Directors

Tan Sri Leo Moggie — Non Independent Non-Executive Chairman

Tan Sri Leo Moggie, aged 76, was appointed as Non-Independent Non-Executive Chairman of TNB on 12 April 2004. He holds a Master of Arts in History from the University of Otago, New Zealand and a Master of Business Administration from Pennsylvania State University, U.S. Prior to joining TNB as Chairman, he held several senior ministerial posts in Malaysia at both the Federal and State levels for more than 28 years. His positions included Minister of Energy, Communications and Multimedia (1998-2004), Minister of Works (1989-1995), Minister of Energy, Telecommunications and Posts (1978-1989 and 1995-1998), Minister of Local Government (1977-1978) and Minister of Welfare Services in the State Government of Sarawak (1976-1977). He was elected

¹ Appointed by MOF Inc. as holder of the Special Share.

² Appointed by MOF Inc. as holder of the Special Share.

³ Appointed Director by Khazanah Nasional Berhad, the major shareholder of TNB

as a member of the Sarawak State Council from 1974 to 1978. He was also a Member of Parliament from 1974 to 2004. He is also the Chairman of several companies within the Group.

He is also the Chairman of several companies within the Group.

Datuk Seri Ir. Azman bin Mohd — Non-Independent Executive Director

Datuk Seri Ir. Azman bin Mohd, aged 61, was appointed President / Chief Executive Officer of TNB in July 2012, after holding several key positions in TNB from 1979. He was appointed as a Non-Independent Executive Director of TNB in 2010. Prior to his appointment as President / Chief Executive Officer, he also held the positions of District Officer electrical engineer, State General Manager, Senior General Manager of Operational Region 2, and Vice President of Distribution. He holds a Diploma in Engineering from England Newark Technical College, UK, and a Bachelor of Engineering in Electrical Engineering from the University of Liverpool, UK. He then completed a Masters of Business Administration from the University of Malaya. He also chairs the Malaysian Chapter of the Institute of Asset Management. As President and Chief Executive Officer of TNB, Datuk Seri Ir. Azman bin Mohd oversees the Board on all aspects of TNB's business and strategy.

Amran Hafiz bin Affifudin — Non-Independent Non-Executive Director

Amran Hafiz bin Affifudin, aged 44, was appointed as a Non-Independent Non-Executive Director of TNB on 22 June 2017. He holds a Bachelor of Science in Commerce (Majoring in Accounting and Finance) from the McIntire School of Commerce, University of Virginia, Charlottesville, U.S. He has over twenty years' of experience in the financial industry. He has held the positions of Corporate Finance Executive, Petroleum Nasional Berhad (1997 — 1998), Analyst, Equities Investment, Petroleum Nasional Berhad (1998 — 2000), Senior Vice President, Namirah Ventures Pte Ltd (2000 — 2005), Director, Juwana Group of Companies (2005 — 2006), Director / Advisor, Palm Resort Sdn. Bhd. (2005 — 2013), Principal Consultant / Advisor, Nusa Capital Sdn. Bhd. (2006 — 2009), Investment Manager, Ethos Capital Sdn. Bhd. (2009 — 2011), Senior Vice President, Investments (Property / Healthcare), Khazanah Nasional Berhad (2011 — 2013), and Director, Investments, Khazanah Nasional Berhad (2013 — Present). He is a director of Biotropics Malaysia Berhad, Blue Archipelago Berhad and Malaysian Agrifood Corporation Berhad.

Gee Siew Yoong — Independent Non-Executive Director

Gee Siew Yoong, aged 69, was appointed as an Independent Non-Executive Director of TNB on 2 January 2016. She is a Member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. She has over 40 years of experience in the financial and auditing sectors within multiple industries. She began her career in 1969 with PricewaterhouseCoopers and left in 1981 as Senior Audit Manager and Continuing Education Manager. She then joined the Selangor Pewter Group as Group Financial Controller and was seconded to the U.S. as Director and Chief Executive Officer of Senaca Crystal Inc. from 1983 to 1984, a company that was part of the Selangor Pewter Group, which was undergoing reorganisation under Chapter XI of the US Bankruptcy Code. She later became the Personal Assistant to the Executive Chairman of Lipkland Group from 1985 until 1987. She was then appointed by Bank Negara Malaysia ("BNM") as the Executive Director and Chief Executive of Supreme Finance (M) Berhad, a financial institution undergoing rescue and reorganisation under the supervision of BNM until the successful completion of the reorganisation in 1991. She later joined Land & General Berhad as the Group Divisional Chief, Management Development Services in 1993 before joining Multi-Purpose Capital Holdings Berhad as Executive Assistant to the Chief Executive in 1997 until 1999. During this period, she also served as a Director of Multi-Purpose Bank Berhad, Multi-Purpose Insurans Berhad and Executive Director of Multi-Purpose Trustee Berhad. She currently sits on the board of Sapura Energy Petroleum Berhad and Telekom Malaysia Berhad as an Independent Non-Executive Director.

Noraini binti Che Dan — Independent Non-Executive Director

Noraini binti Che Dan, aged 62, was appointed as an Independent Non-Executive Director of TNB on 2 January 2016. She holds a Bachelor of Arts (Hons.) in Economics from the University of Manchester, UK, and is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. She has over 30 years of experience in the finance and audit sectors. She served as the Head of Finance and Vice President of Finance at MISC Berhad from April 2013 until March 2015. Prior to joining MISC Berhad, she served at Pemas International Holdings Berhad for 15 years in various capacities, including as Group General Manager, Finance and Chief Financial Officer. She was also previously a director of Labuan (Reinsurance) (L) Ltd. and is currently a Director of S P Setia Berhad, BIMB Holdings Berhad and Bank Islam Malaysia Berhad.

Juniwati Rahmat Hussin — Independent Non-Executive Director

Juniwati Rahmat Hussin, aged 59, was appointed as an Independent Non-Executive Director of TNB on 1 June 2017. She holds a Bachelor of Science (Hons) in Chemistry from the University of Kent, Canterbury, UK, a Certificate in International Management from General Electric (or GE), and has attended the INSEAD Senior Management Development Programme and Advanced Management Programme, and the HENLEY Business School Advanced Management Programme, UK. Beginning her career as a chemist, she became an Executive (Refinery) at PETRONAS, in 1991. From there, she has held various executive positions at PETRONAS and its subsidiaries in project management, corporate planning, human resources, marketing and trading.

Gopala Krishnan a/l K. Sundaram — Independent Non-Executive Director

Gopala Krishnan a/l K. Sundaram, aged 63, was appointed as an Independent Non-Executive Director of TNB on 4 July 2018. He holds a Bachelor of Law (Hons) from the University of Malaya, Malaysia. Prior to commencing his role at TNB, he had over 30 years of advisory experience in the legal and financial industry. He had a long tenure at BNM (1978 — 2012), in positions including Project Advisor (2011 — 2012), Assistant Governor (2006 — 2011) and Assistant Manager / Deputy Director / Director Legal Department (1990 — 2006). After his time at BNM, he was the Director of Kuwait Finance House (Malaysia) Berhad (2012 — 2016), an Independent International Consultant for the World Bank (2017 — 2018) and part of Advocates & Solicitors, Abudallah Chan & Co (2012 — Present). He was also a leading adviser on the Financial Services Act 2013 and the Islamic Financial Services Act 2013.

Ong Ai Lin — Independent Non-Executive Director

Ong Ai Lin, aged 62, was appointed as an Independent Non-Executive Director of TNB on 1 August 2018. She has a Bachelor of Arts (Hons) in Economics from the University of Leeds, UK and holds various other financial qualifications — she is an Associate of the Institute of Chartered Accountants in England and Wales, a Certified Information System Auditor and Certified Business Continuity Professional, a Member of the Malaysian Institute of Accountants, a Member of the Malaysian Institute of Accountants Digital Economy Task Force, a Member of the SIRIM ISO Technical Committee on Information Security, and a Past President of Information Systems Audit & Control Association (ISACA), Malaysia. She has held positions at Deloitte Haskins & Sells (“DH&S”) in London, UK (1978 — 1986), Kassim Chan & Co (DH&S Malaysia) and DH&S Singapore (1986 — 1991) and then progressing through PricewaterhouseCoopers Malaysia as Senior Manager (1991 — 1992), Partner / Senior Executive Director (1993 — June 2016) and Senior Director (July 2016 — December 2016). Apart from TNB, she also holds directorships in RHB Bank Berhad and RHB Islamic Bank Berhad.

Management

The key personnel of TNB's management, as at the date of this Offering Circular, are set out below:

<u>Name</u>	<u>Position</u>	<u>Year appointed to Current Position</u>
Datuk Seri Ir. Azman bin Mohd	President / Chief Executive Officer	2012
Nazmi bin Othman	Chief Financial Officer/Vice President, Group Finance	2018
Datuk Fazlur Rahman bin Zainuddin	Chief Strategy & Regulatory Officer	2018
Dato' Ir. Ho Peng Choong	Chief Grid Officer	2016
Datuk Ir. Baharin bin Din	Chief Distribution Network Officer	2012
Dato' Nor Azman bin Mufti	Chief Ventures Officer	2014
Ir. Megat Jalaluddin bin Megat Hassan	Chief Retail Officer	2018
Dato' Muhammad Razif bin Abdul Rahman	Chief People Officer, Human Resources	2008
Datuk Wira Roslan bin Ab Rahman	Chief Corporate Officer	2012
Ir. Syed Abu Hanifah bin Syed Alwi	Chief Procurement Officer	2013
Fazil bin Ibrahim	Chief Information Officer	2015
Norazni binti Mohd Isa	Company Secretary	2012

Biographies of Members of Senior Management

Datuk Seri Ir. Azman bin Mohd — President / Chief Executive Officer

Details of Datuk Seri Ir. Azman bin Mohd are set out above under “— Biographies of Directors”.

Nazmi bin Othman — Chief Financial Officer, Group Finance Division

Nazmi bin Othman was appointed Chief Financial Officer of TNB on 1 August 2018. He holds a Bachelor of Commerce (Accounting) from the University of Wollongong, Australia. He is a professional accountant by training, a member of the Malaysian Institute of Accountants, a fellow of the Malaysian Institute of Certified Public Accountants and the Australian Society of Certified Practising Accountants. At TNB, he previously held the positions of Head of Financial Reporting and Budget, General Manager for Operation Division and Senior General Manager in Group Finance/Group Accounting Division. As the Chief Financial Officer, his primary responsibilities include monitoring financial related activities to advise the Chief Executive Officer and the Board on key financial decisions. He leads Group Finance in devising strategies to drive TNB's business aspirations and achieve the Group's objectives. In addition, he is also responsible for TNB's continuous improvement and the review of key financial areas such as finance policies and procedures, system efficiency and processes, strategic financial risks and staff competency. In addition to this, his role includes managing the portfolio of TNB's local and foreign equity investments with the view to delivering sustainable, long-term value to TNB. He is currently, among others, the Chairman of TNB Northern Energy Berhad, Tenaga Switchgear Sdn. Bhd., Tenaga Cable Industries Sdn. Bhd., TNB Repair and Maintenance Sdn. Bhd. and TNB Energy Services Sdn. Bhd. He also holds directorships in other Group companies, including Integrax, GB3 Sdn. Bhd., Teknologi Tenaga Perlis Consortium Sdn. Bhd., Labuan Reinsurance (L) Ltd. and Fibrecomm Network (M) Sdn. Bhd.

Dato' Ir. Ho Peng Choong — Chief Grid Officer, Grid Division

Dato' Ir. Ho Peng Choong was appointed Chief Grid Office (previously known as Vice President of Transmission) on 1 February 2016. He graduated with a Bachelor of Science (Electrical Engineering) from Southern Illinois University, U.S. and also holds a Master of Business Administration from the University of Malaya, Malaysia. He also holds a Diploma in Electrical Engineering (Power) from MARA Institute of

Technology (now MARA University of Technology), Malaysia. He holds a Professional Engineer (PEng) qualification and is a member of the Institution of Engineers Malaysia. He began his career at TNB in 1977 where he served as a technical assistant in the Distribution Division in Kota Bharu and Kuala Terengganu, Malaysia. He then assumed the following more senior positions: Assistant Engineer (Design) and Assistant Engineer (Projects) in the Transmission System Projects Department, Transmission Division; District Engineer, Distribution Division; Senior Project Engineer, Transmission Projects, Transmission Division; Senior Planning Engineer (Area Network) and Chief Engineer (System Planning and Development), Planning Division. In 2007, he was appointed the General Manager (North, South and East) in the Asset Development Department, Transmission Division and was promoted to Senior General Manager in the Asset Maintenance Department, Transmission Division in 2010 where he was responsible for the operation and maintenance of the transmission asset facilities and equipment for the National Grid in Peninsular Malaysia. In 2015, Dato' Ir. Ho held the position of Senior General Manager (VUP — Distribution) in the Group Human Resource Division, before assuming his current position of Chief Grid Officer. Dato' Ir. Ho has a wide range of responsibilities at TNB and is principally responsible for the overall performance of TNB's transmission business, which focuses on transporting electricity, managing the Division's assets as well as operating and maintaining the transmission network. In addition, he is also financially accountable for the cost effective operations and profitable growth of the business unit within the Division. He is also responsible for the direction of the business unit to ensure its long-term, sustainable growth and profitability through effective use of resources and management of operations.

Datuk Fazlur Rahman bin Zainuddin — Chief Strategy & Regulatory Officer, Strategy & Regulatory Division

Datuk Fazlur Rahman bin Zainuddin was appointed Chief Strategy & Regulatory Officer of TNB on 1 August 2018. Prior to his appointment, he was the Chief Financial Officer of TNB for six years and rotated to his role as the Chief Strategy & Regulatory Officer as part of TNB's succession planning programme. He is a Professional Accountant and a Fellow of the Association of Chartered Certified Accountants, UK. From July 2010 to June 2012, he held the position of Chief Financial Officer of the NAZA Group of companies. From September 2006 to March 2008, he served as Chief Financial Officer of Malaysia Business at Telekom Malaysia Berhad. He was also Vice President of Group Business Development at Telekom Malaysia Berhad from November 2008 to June 2010 and Vice President of Business Planning and Transformation of Telekom Malaysia Berhad from March 2008 to October 2008. He served as Chief Financial Officer of TM Net Sdn. Bhd. from August 2005 to September 2006. He was also a Tax Consultant with PricewaterhouseCoopers Malaysia, Kuala Lumpur from 1993 to 1995. In addition, he held various management positions in Shell from corporate finance and treasury to financial planning and management. In his position as Chief Strategy & Regulatory Officer, his responsibilities include leading and driving overall business strategy and enabling a stable regulatory environment.

Datuk Ir. Baharin bin Din — Chief Distribution Network Officer, Distribution Network Division

Datuk Ir. Baharin bin Din was appointed Chief Distribution Network Officer (previously known as the Vice President of Distribution) on 1 January 2012. He holds a Bachelor of Science (Electrical Engineering) from Syracuse University, New York, U.S. and a Master of Business Administration from UNITEN, Malaysia and spent a semester at Bond University, Australia, under a joint UNITEN/Bond MBA programme. He previously spent two and a half years serving the Ministry of Energy, Telecommunications and Posts Malaysia, first as a Deputy Director of the Electrical Inspectorate Department in Sabah, then as a Director of the Electrical Inspectorate Department in Pahang. At TNB, he has held managerial positions in the Engineering Department overlooking Distribution and has also been involved in Business Development, Network Maintenance, Metering Services, Construction Service, Network Service and Engineering Service and Logistics. He was Managing Director of Sabah Electricity Sdn. Bhd. for four years from March 2007 before becoming Senior General Manager, Customer Service and Metering, in the Distribution Division in December 2011 for a year before his promotion to Vice President, Distribution. As part of his responsibilities as Chief Distribution Network Officer, he develops the Division's objectives and strategies for TNB's Distribution business based on TNB's overall

objectives. He also formulates the overall divisional strategic plans for the short, medium and long term to expand TNB's electricity supply business. He oversees development of individual operating and business unit objectives and strategic plans. In addition, he also ensures all operational risks are identified, assessed and mitigated, as well as ensuring all business and financial aspects of operations comply with the specified legal and regulatory requirements.

Dato' Nor Azman bin Mufti — Chief Ventures Officer, Energy Ventures Division

Dato' Nor Azman bin Mufti was appointed as TNB's Chief Ventures Officer (previously known as Vice President, Energy Venture Division) on 1 October 2014. He obtained a Diploma in Mechanical Engineering from MARA Institute of Technology (now MARA University of Technology) and holds a Bachelor of Mechanical Engineering from the University of Strathclyde, UK in addition to a Master of Engineering Management from UNITEN. He has previously held positions at TNB, including Gas Turbine Engineer, Generation Division and Maintenance Manager (Mechanical) and Senior Manager (Maintenance) at the Putrajaya Power Station. In his current role as Chief Ventures Officer, he is responsible for expanding TNB's non regulated business locally and globally by increasing the local power generation market share, ensuring efficient and timely power project deliveries and growing profitable non-regulated power related businesses. He also oversees the expansion of TNB's international presence via regional hubs in South East Asia, the Middle East and Africa.

Ir. Megat Jalaluddin bin Megat Hassan — Chief Retail Officer, Retail Division

Ir. Megat Jalaluddin bin Megat Hassan serves as the Chief Retail Officer of the Retail Division at TNB. He is responsible for delivering the aspirational vision of TNB as a leading retail company of the future. His main tasks include enabling growth of TNB's new retail business, covering both core business on the kWh and new products and services beyond energy, and delivering quality customer experience by expanding TNB digital services. Prior to this current position, Megat served as the Chief Strategic Officer of TNB for six years where he led corporate and business transformation for the organisation. With almost 28 years' of experience in TNB, Megat has held various key roles within the organisation including Head of the Remote Meter Reading Project, State General Manager of Distribution Division and General Manager of Metering Services. He was also seconded to Celcom under GLC Talent Exchange Programme.

Dato' Muhammad Razif bin Abdul Rahman — Chief People Officer, Human Resource Division

Dato' Muhammad Razif bin Abdul Rahman was appointed Chief People Officer, Human Resources (previously known as Vice President, Human Resources) on 24 December 2008. He pursued his tertiary education in Electrical Engineering at Brighton Technical College and the University of Liverpool, UK. He has served TNB for more than 30 years in various capacities, including appointments as Transmission Protection Engineer, Power Plan Engineer, Business Development Manager at TNB Workshop Services Sdn. Bhd., Operation Manager for Perusahaan Otomobil Elektrik Malaysia and Head of Training for TNB Transmission Network Sdn. Bhd. In 2002, he joined the Group Human Resource Division as Head of Training and Development and was later appointed Head of Human Resource Planning and Staffing. In his current role, Dato' Muhammad Razif is responsible for establishing the links between HR and business strategies so as to meet the Group's objectives and for translating the Group's business needs into HR requirements. He is financially accountable for the Division's cost effective operations. He also provides HR services to the Group, such as HR planning and development, HR management and HR internal affairs and ensures that HR policies, procedures and practices are in line with TNB's business strategy and core values. He is also responsible for handling industrial relations, staff welfare and administration and managerial and leadership training.

Datuk Wira Roslan bin Ab Rahman — Chief Corporate Officer, Group Corporate Communication Division

Datuk Wira Roslan bin Ab Rahman was appointed Chief Corporate Officer of TNB in September 2012. He holds a Bachelor of Science (Electrical Engineering) from the University of Southampton, UK. He began his career

with TNB in 1980 where he served as an electrical engineer based in Batu Bahat, Johor, Malaysia. He then assumed more senior positions in TNB and served as District Officer in Termeloh, Pahang, Senior Manager of Distribution at TNB's headquarters and Senior District Manager in Klang and Kuantan. In 1999, he was promoted to Head of Corporate Quality at TNB and two years later, he became General Manager of TNB Putrajaya/Cyberjaya after which he was appointed General Manager of Customer Service and Marketing, Distribution on 1 April 2006. He was Senior General Manager, Operation Region 2, for a period of three years from February 2009. As part of his current role as Chief Corporate Officer of TNB, he monitors and advises the Chief Executive Officer and the Board on all corporate communication related activities. Furthermore, he devises and monitors TNB's group wide corporate objectives, strategies and policies covering Corporate Services and Communication for both short and long-term goals. He also ensures that the overall strategies and plans are implemented operationally. He also helps to identify avenues and business expansion opportunities for the Group, to provide business advisory services, as well as to monitor the performance of the Group.

Ir. Syed Abu Hanifah bin Syed Alwi — Chief Procurement Officer, Procurement & Supply Chain Division

Ir. Syed Abu Hanifah bin Syed Alwi was appointed Chief Procurement Officer of TNB on 1 January 2013. He holds a degree in Electrical (Power) Engineering from MARA Institute of Technology (now MARA University of Technology), Malaysia and has attended a Management Programme at the Judge Business School, University of Cambridge, UK. He has held various positions in TNB in his career of almost 30 years, including Senior General Manager of Material Management Department, Distribution Division and Material Planning Manager, Material Resource Management Department, Distribution Division. As part of his current role as Chief Procurement Officer, he is responsible for managing the long-term, group-wide procurement strategy, group wide cost reduction initiatives, role and scope of central procurement and the implementation of best practices. He also oversees the overall skill building and knowledge transfer programme. In addition, he oversees relationships and negotiations with strategic suppliers and the Bumiputra vendor development programme. In terms of policies and compliance, he handles group wide procurement policies and its monitoring, as well as the auditing of its compliance.

Fazil bin Ibrahim — Chief Information Officer, Information & Communication Technology Division

Fazil bin Ibrahim was appointed as Chief Information Officer of TNB on 1 September 2015. He holds a Bachelor of Science (Operation Management and Computer Science) from the Australian National University, Canberra, Australia and a Master of Business Administration from Ohio University, Athens, U.S. He commenced his career at TNB in 1985 and has worked across departments and divisions, including the Procurement Department, Distribution Division and HR Division. He has held managerial positions in Materials Management Services in the Procurement Department and has also been involved in Tariff and Power Trading, Business Performance Statistics, HR System Support, Corporate System and Application Support and the implementation of TNB's Corporate Geospatial Information System Project. In 2012 until his appointment as Chief Information Officer, Fazil held the position of Senior General Manager of IT and Business Solutions in the ICT Division. As Chief Information Officer, his responsibilities include providing holistic and innovative ICT solutions to support TNB's business by focusing on effective ICT governance, security and business continuity planning, robust telecommunication infrastructure/ applications delivery and management and business enablement. He also oversees the planning, coordinating and monitoring of ICT initiatives within the ICT Divisions of the Group and with external parties.

Norazni binti Mohd Isa — Company Secretary

Norazni binti Mohd Isa was appointed as Company Secretary of TNB on 31 May 2012. She holds a Master of Laws from the University of Malaya, Malaysia and a Diploma in Law and an Advanced Diploma in Law from the MARA Institute of Technology (now the MARA University of Technology), Malaysia. She has served TNB

for more than 27 years and has substantial experience in tender and contract management in a division in which she has held various positions. Prior to her appointment as Company Secretary, she has held various roles, including the roles of Deputy Company Secretary, Joint Company Secretary, Head of Tender Management Unit, Procurement Division, Manager of Licensing and Compliance Unit, Corporate Communications Department, Manager of Contract Management, Procurement Division and Legal Executive in Legal Services Department, Company Secretary's Office. Norazni also currently sits on the boards of companies within the Group. In her current role as Company Secretary, Norazni provides corporate secretarial advisory services to the Board, advises the Board on the Group's policies and procedures as well as relevant rules and legislation. She is responsible for ensuring TNB and its subsidiaries comply with the statutory requirements of regulatory authorities and the Malaysian Code on Corporate Governance 2017 and maintaining and updating statutory and non-statutory books such as the Register of Depositors and Register of Directors. She also arranges and attends TNB's committee meetings and disseminates the decisions for execution by the respective divisions or departments.

Committees

TNB's Board has set up Board Committees to promote corporate governance, transparency and accountability. Each committee plays an important role in directing, monitoring and providing on going assessment that business operations are carried out in accordance with TNB's approved long-term and short-term business plans and established policies.

Board Audit Committee ("BAC")

The BAC was established in line with the provisions of Bursa Securities' Main Market Listing Requirements. Among its key roles and responsibilities are:

- (i) to oversee the integrity of the financial statements in compliance with legal and regulatory requirements and applicable accounting standards; and
- (ii) to assess the effectiveness of the Group's internal control framework as well as internal and external audit functions.

The BAC reviews TNB's businesses on a regular basis. In order to fulfil its responsibilities, the BAC focuses its attention on key aspects of business operations that have a significant impact on TNB's profitability and its position as a national utility company. The BAC is guided by its Terms of Reference of which the main objectives are:

- (i) to ensure transparency, integrity and accountability in the Group's activities so as to safeguard the rights and interests of shareholders;
- (ii) to provide assistance to the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices;
- (iii) to improve the Group's business efficiency, the quality of the accounting and audit function and strengthen public confidence in the Group's reported financial results;
- (iv) to maintain, through regularly scheduled meetings, a direct line of communication between the Board and the external and internal auditors;
- (v) to ensure the independence of the external and internal audit functions; and
- (vi) to create a climate of discipline and control which will reduce the opportunity for fraud.

Throughout these reviews, the BAC has brought about a significant change in the level of awareness and division of responsibility among senior managers and employees of TNB. Whilst the BAC terms of reference requires the BAC to meet six times over a year, the BAC met five times during 4M 2017 alone. Some of these meetings were held at the regional offices to ensure better understanding of the issues and problems at ground level and to ensure prompt action was taken by the management to improve efficiency of TNB's operations and the quality of its service to customers. The BAC also holds regular meetings with TNB's external auditors (without the presence of its management) to obtain independent feedback on TNB's financial performance.

The internal audit department, known as Group Internal Audit ("GIA"), provides reasonable assurance on governance, risk management and internal control systems within TNB and its subsidiaries by assessing the achievement of objectives in the following:

- (i) Effectiveness and efficiency of operations;
- (ii) Reliability of financial reporting;
- (iii) Compliance with applicable laws and regulations; and
- (iv) Safeguarding of assets.

The GIA issued 51 audit reports in 4M 2017. The audits reviewed generation, grid, distribution, procurement, engineering, projects, finance, corporate governance, human resources, fuel management, ICT, investments in subsidiaries and risk management.

In compliance with the best practices in corporate governance, all BAC members are Independent Non-Executive Directors. As at 30 September 2018, the members of BAC are Noraini binti Che Dan, Gee Siew Yoong, Gopala Krishnan a/l K. Sundaram and Ong Ai Lin.

Board Finance and Investment Committee ("FIC")

The FIC's key roles and responsibilities are to assist the Board in relation to the management of the Group's financial and investment activities as well as in evaluating corporate proposals. During 4M 2017, the FIC held four meetings to discharge its functions.

As at 30 September 2018, the members of FIC are Tan Sri Leo Moggie, Amran Hafiz bin Affifudin and Noraini binti Che Dan.

Board Tender Committee ("BTC")

The BTC is responsible for establishing the framework of TNB's Procurement Policy and Procedures. Among the key roles of the BTC are:

- (i) to advise the Board regarding the details and implementation of TNB's Procurement Policy and Procedures framework;
- (ii) to assist the Board in regulating the compliance of senior management and executive directors with TNB's Procurement Policy and Procedures; and
- (iii) to ensure TNB complies with the applicable laws, regulations, rules and guidelines to achieve best practices in its procurement of equipment, materials, work and services.

During 4M 2017, the BTC held three meetings to discharge its functions.

As at 30 September 2018, the members of the BTC are Amran Hafiz bin Affifudin, Juniwati Rahmat Hussin and Gee Siew Yoong.

Board Nomination and Remuneration Committee (“BNRC”)

The BNRC’s key roles and responsibilities are:

- (i) to identify and recommend new nominees to the Board, the Board Committees and the boards of other companies in the Group;
- (ii) to consider Executive Directors’ and senior management’s succession planning;
- (iii) to assist the Board in reviewing the Board’s required mix of skills, experience and other qualities, including core competencies which non-executive directors should bring to the Board;
- (iv) to implement the process formulated by the Board to assess the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual director; and
- (v) to determine and recommend to the Board the remuneration packages of non-executive directors, executive directors and senior management.

The Board, assisted by the BNRC, is responsible for developing plans to identify the necessary and desirable competencies and skills of directors and succession plans to ensure there is an appropriate dynamic of skills, experience, expertise and diversity on the Board. As such, the BNRC annually reviews the size, composition and diversity of the Board, as well as the mix of existing and desired competencies of its members, and reports its conclusions to the Board.

The Board, with the assistance of the BNRC, undertakes an annual evaluation of its performance and the performance of each of its principal Committees as a whole. The process is internally facilitated and conducted by way of questionnaires circulated to the Board covering a variety of aspects associated with board effectiveness, such as board structure, board operations and interaction, board roles and responsibilities, understanding the Committees’ roles, mix of skills and knowledge and commitment of the members of the Board. These questionnaires are designed to recognise the Board’s strengths and to identify gaps or areas for improvement for the Board and its Committees.

During 4M 2017, the BNRC held three meetings.

As at 30 September 2018, the members of the BNRC are Juniwati Rahmat Hussin, Amran Hafiz bin Affifudin and Noraini binti Che Dan.

Board Risk Committee

The BRC’s key roles and responsibilities are:

- (i) to oversee the establishment and implementation of the risk management system, the effectiveness of which is to be reviewed at least annually and includes reviewing the risk management policies and practices approved by the Group Executive Management Committee;

- (ii) to approve the risk management policies and practices on behalf of the Board and review periodic reports on risk management and recommendations that will be presented to the Board;
- (iii) to ensure that the principles and requirements of managing risk are consistently communicated and adopted throughout the Group;
- (iv) to deliberate the Group's strategic risks as well as key operating risks and risk issues through timely and regular reports and ensure the implementation of appropriate systems to manage these risks, including to direct special investigations, on behalf of the Board, into significant risk management activities, as and when necessary;
- (v) to approve, on behalf of the Board, the risk appetite for the strategic risks and key operating risks and ensure that actions are taken in a timely manner when risks are outside tolerable ranges; and
- (vi) to review the adequacy of and to provide independent assurance to the Board of the effectiveness of the risk management framework implemented in the Group on an annual basis.

During 4M 2017, the BRC held three meetings.

As at 30 September 2018, the members of the BRC are Gee Siew Yoong, Noraini binti Che Dan, Juniwati Rahmat Hussin, Gopala Krishnan a/l K. Sundaram and Ong Ai Lin.

Board Long Term Incentive Plan Committee

The BLTIP was established on 22 January 2015 and is responsible for:

- (i) overseeing the administration of TNB's LTIP and the shares granted under such plan (the "LTIP Shares"), subject to its by-laws; and
- (ii) to approve and determine the manner in which the LTIP Shares are granted to and subsequently vested to the selected employees who have accepted their respective grants in accordance with the by-laws of the LTIP.

During 4M 2017, the BLTIP held one meeting.

As at 30 September 2018, the members of the BLTIP are Juniwati Rahmat Hussin, Amran Hafiz bin Affifudin and Noraini binti Che Dan.

Board Integrity Committee ("BIC")

The BIC manages disciplinary issues and actions with regard to employees' misconduct (except for employees above a certain seniority for which the power lies with the Board) and establishes new disciplinary procedures or amends existing procedures, where appropriate, subject to the approval of the Board.

During 4M 2017, the BIC held one meeting.

As at 30 September 2018, the members of the BIC are Gopala Krishnan a/l K. Sundaram, Juniwati Rahmat Hussin and Ong Ai Lin.

SHARE OWNERSHIP OF THE GROUP

As at 30 September 2018, the Government and its related entities, directly or indirectly, owned approximately 62.2 per cent. of TNB's outstanding ordinary shares, with Khazanah Nasional Berhad owning approximately 28.1 per cent. of the outstanding ordinary shares of TNB. The sole Special Share of TNB is held by MOF Inc. Accordingly, the Government exercises effective control of TNB and its subsidiaries, though certain of the government shareholders are distinct corporate entities or pension funds that may or may not vote in accordance with one another or, more generally, in accordance with the Government's policy (See "*Relationship with the Malaysian Government*").

As at 30 September 2018, the Directors and executive officers of TNB as a group owned approximately 97,300 ordinary shares, representing less than 0.1 per cent. of TNB's ordinary share capital.

As at 30 September 2018, the shareholders of TNB holding 5.0 per cent. or more of TNB's ordinary shares, as shown on its register of substantial shareholders, are:

Name of Shareholder	Direct Interest		Indirect/Deemed Interest		Total Interests	
	Number of Shares held	Percentage of Issued Shares	Number of Shares held	Percentage of Issued Shares	Number of Shares held	Percentage of Issued Shares
Khazanah Nasional Berhad	1,594,655,861	28.1	—	—	1,594,655,861	28.1
Citigroup Nominees (Tempatan) Sdn. Bhd. — Employees Provident Fund Board	709,040,682	12.5	—	—	709,040,682	12.5
AmanahRaya Trustees Berhad - Amanah Saham Bumiputera	490,454,400	8.6	—	—	490,454,400	8.6
Kumpulan Wang Persaraan (Diperbadankan)	271,932,525	4.8	36,180,200	0.6	308,112,725	5.4

RELATIONSHIP WITH THE MALAYSIAN GOVERNMENT

TNB traces its origins to the Central Electricity Board, which was established under the Malaysian Electricity Act in 1949 to monitor and develop electricity supply in Malaysia. The Central Electricity Board, later renamed the National Electricity Board, undertook the consolidation of electricity supply in Peninsular Malaysia and eventually became the principal provider of electricity in Peninsular Malaysia. On 12 July 1990, in line with the privatisation policy of the Government, TNB was incorporated as a public limited company under the Companies Act, 1965 of Malaysia (as repealed by the Companies Act, 2016 of Malaysia). In September 1990, under the Malaysia Electricity Supply (Successor Company) Act of 1990, all of the property, rights and liabilities of the National Electricity Board were transferred to TNB. In May 1992, TNB was privatised through an initial public offering and listing on Bursa Securities (previously known as the Kuala Lumpur Stock Exchange).

As at 30 September 2018, the Government and its related entities owned, directly or indirectly, approximately 62.2 per cent. of TNB's outstanding ordinary shares and the sole Special Share of TNB, with Khazanah Nasional Berhad owning approximately 28.1 per cent. of TNB's outstanding ordinary shares.

TNB's Constitution specifies that the Special Share may only be held by MOF Inc. or any minister, representative or any person acting on behalf of the Government and requires TNB to obtain approval of the holder of the Special Share before undertaking certain extraordinary transactions or effecting any significant changes in the business or operations of TNB, including the dissolution of TNB; any substantial acquisition or disposal of assets; or any amalgamation, merger or takeover. The rights of the holder of the Special Share are stipulated under Clause 20 of TNB's Constitution. The holder of the Special Share also has the right to appoint up to six out of a maximum of 12 Directors of TNB. At present, two of the current eight Directors of TNB have been appointed by MOF Inc. as the holder of the Special Share. In addition, the holder of the Special Share has the right to require TNB to redeem the Special Share at par at any time by serving written notice and delivering the relevant share certificate to TNB.

The Government regulates the electricity supply industry in Peninsular Malaysia and Sabah through the Energy Commission, a statutory body established under the Energy Commission Act and is responsible to the Minister in charge of matters relating to electricity supply, currently the Minister of Energy. Besides monitoring and ensuring compliance with the conditions of the licences granted to TNB, the Energy Commission also acts in an advisory capacity to the Minister of Energy matters such as determining and approving electricity tariff rates.

With respect to the electricity supply industry, the Energy Commission Act prescribes various additional functions of the Energy Commission, which include: (i) advising the Minister of Energy on all matters concerning the national policy objectives for energy supply activities; (ii) advising the Minister of Energy on all matters relating to the generation, production, transmission, distribution, supply and use of electricity as provided under the electricity supply laws; (iii) implementing and enforcing the energy supply laws; (iv) regulating all matters relating to the electricity supply industry and protecting any person from dangers arising from the generation, production, transmission, distribution, supply and use of electricity as provided under the electricity supply laws; (v) promoting efficiency, economy and safety in the generation, production, transmission, distribution, supply and use of electricity; (vi) promoting and safeguarding competition and fair and efficient market conduct or, in the absence of a competitive market, preventing the misuse of monopoly or market power in respect of the generation, production, transmission, distribution and supply of electricity; (vii) promoting the use of RE and the conservation of non-renewable energy; (viii) promoting research into, and the development and the use of, new techniques relating to the generation, production, transmission, distribution, supply and use of electricity; (ix) encouraging and promoting the development of the electricity supply industry, including the provision of training; (x) encouraging and promoting self-regulation in the electricity supply industry; (xi) carrying out functions conferred on it by or under the energy supply laws; (xii) reviewing the energy supply laws and making the necessary recommendations to the Minister of Energy; and (xiii) carrying on all such

activities as may appear to the Energy Commission to be requisite, advantageous or convenient for the purpose of carrying out or in connection with the performance of its functions under the energy supply laws. In addition to regular contact with the Energy Commission, TNB consults from time to time with various Government ministries and agencies on matters relating to energy, policy and central planning, industry regulatory framework, expansion plans, fuel security and diversification policy. TNB, as the main stakeholder in MESI, has maintained a cordial working relationship with the Government and actively contributes ideas and information to the Government relating to the development of policies, acts and regulations for the energy sector.

Since TNB's privatisation in 1990, the Government has continued to consider various ways in which the competitiveness of the MESI could be improved. One of the Government's earlier reforms was the awarding of licences to IPPs to promote private participation in the electricity industry and encourage competition in the generation sector. Since 1992, 22 power generation facilities operated by IPPs have been designed, constructed and have begun commercial operations. TNB has entered into a PPA with each of these IPPs, pursuant to which each IPP is obligated to sell its capacity to TNB. Some of these IPPs are wholly-owned by TNB. See *"Description of the Group — TNB Investments — Other Malaysian Investments — IPPs"*.

The introduction by the Government of the IBR framework to Peninsular Malaysia on 1 January 2014 for a trial period, with full implementation of the First Regulatory Period in 2015, has been a significant development for the electricity sector in Malaysia. The IBR framework is part of the MESI reform programme and is designed to provide benefits to all stakeholders of MESI; to TNB through a fair return on investment and incentives to operate efficiently; to the Government by ensuring affordability, security, reliability and sustainability of supply hence stimulating economic growth; and to customers through a fair, affordable and transparent tariff which passes on efficient costs while providing value for money and reliable services. The IBR is now in its second regulatory period, which runs from January 2018 to December 2020.

On 28 June 2018, the Government approved, by way of a letter from the Energy Commission, the continued implementation of the ICPT for the period of 1 July 2018 to 31 December 2018. The average base tariff remains unchanged at 39.45 sen/kWh. The higher fuel and generation costs for the period of 1 January 2018 to 30 June 2018 have caused an additional cost to TNB of RM698.19 million which has resulted in a 1.35 sen/kWh surcharge to be passed through to non-domestic customers via the ICPT mechanism from 1 July 2018. In accordance with instruction from the Government, domestic (i.e. residential) customers are not affected by the ICPT surcharge. Domestic customers with monthly consumption of 300kWh and below will continue to be exempted from any ICPT adjustments, whereas, the ICPT surcharge for domestic customers with monthly electricity consumption beyond 300kWh will be funded by the Government through the EIF.

TNB is looking forward to contributing ideas and collaborating with the Government in the implementation of the MESI Reform 2.0, which was announced by the Minister of Energy in September 2018, and concentrates on three main objectives: increasing industry efficiency; future-proofing the industry's structure, regulations and key processes; and empowering consumers. In addition to this, TNB expects to continue its co-operation with the Government in the BELB. The areas for rural electrification are identified by the Government and are currently under the purview of the Ministry of Rural Development. This programme is undertaken by TNB to support the Government in its effort to improve the standard of living in Malaysia, particularly in the villages around Peninsular Malaysia and Sabah, and is funded by Malaysian Electricity Supply Industries Trust Account ("MESITA"). Generation licensees including, TNB and IPPs, contribute 1.0 per cent. of their total annual audited generation revenue less fuel costs to MESITA. Besides the BELB, this fund is used for the purpose of promoting research and development projects, education and training for the industry, renewable sources of energy and energy efficiency projects as well as for the development and promotion of the electricity supply industry.

SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS

The following is a summary of certain provisions of the principal Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the principal Transaction Documents. Copies of the Transaction Documents will be available for inspection at the offices of the Principal Paying Agent (as defined in the Terms and Conditions of the Sukuk). Defined terms used below have the meaning given to them in the Terms and Conditions and the glossary of defined terms set out below (see “Defined Terms”).

Master Asset Sale and Purchase Agreement

The Master Asset Sale and Purchase Agreement entered into on 4 October 2016 and amended and restated on 12 October 2018 between the Trustee (in its capacity as “Purchaser”) and the Obligor (in its capacity as “Seller”) and is governed by the laws of Malaysia. A Supplemental Asset Sale and Purchase Agreement between the same parties will be entered into on the Issue Date of each Series where applicable and will also be governed by the laws of Malaysia.

Pursuant to the Master Asset Sale and Purchase Agreement, the Seller will sell, transfer and convey to the Purchaser, and the Purchaser will agree to purchase and accept the transfer and conveyance from the Seller of certain Tangible Assets and (if applicable in the context of the issue of the Series) certain Non-Tangible Assets, in each case together with all of the Seller’s interests, rights, title, benefits and entitlements in, to and under such assets for the Purchase Price specified in the applicable Pricing Supplement, which will be payable on the Issue Date of the relevant Series. The Purchaser will use no less than 51.0 per cent. of the proceeds of issue of a Series (less any amount of such proceeds used to acquire any Right to Services pursuant to the Master Grant of Rights to Services Agreement) to purchase Tangible Assets pursuant to the Master Asset Sale and Purchase Agreement. The Tangible Assets and (if applicable) Non-Tangible Assets will be identified in the applicable Pricing Supplement and will also be set out in the schedule to the relevant Supplemental Asset Sale and Purchase Agreement.

The proportion of the Purchase Price payable in respect of each such Wakala Asset shall be an amount in the Specified Currency at least equal to the Value of that Wakala Asset.

Master Grant of Rights to Services Agreement

The Master Grant of Rights to Services Agreement entered into on 4 October 2016 and amended and restated on 12 October 2018 between the Trustee (in its capacity as “Grantee”) and the Obligor (in its capacity as “Grantor”) and is governed by the laws of Malaysia. A Supplemental Grant of Rights to Services Agreement between the same parties will be entered into on the Issue Date of any Series where Rights to Services are to be included in the Wakala Portfolio and will also be governed by the laws of Malaysia.

Pursuant to the Master Grant of Rights to Services Agreement, the Grantor will transfer by way of grant, and the Grantee will accept the transfer by way of grant of, certain Rights to Services as described in the relevant Supplemental Grant of Rights to Services Agreement for the Rights to Services Price specified in the relevant Supplemental Grant of Rights to Services Agreement, which will be payable on the Issue Date of the relevant Series. The Grantee will use no less than 51.0 per cent. of the proceeds of issue of a Series (less any amount of such proceeds used to acquire any Tangible Assets pursuant to the Master Asset Sale and Purchase Agreement) to purchase Rights to Services pursuant to the Master Grant of Rights to Services Agreement.

The Grantor acknowledges and agrees that, in respect of a particular Series, the Grantee shall be entitled to sub-grant the Rights to Services in respect of such Series to Tenaga Nasional Berhad (in its capacity as sub-grantee) pursuant to the terms of the relevant Sub-Grant of Rights to Services Agreement or to any other Authorised Entity selected by the Grantee pursuant to the terms of the Master Grant of Rights to Services Agreement.

Master Sub-Grant of Rights to Services Agreement

The Master Sub-Grant of Rights to Services Agreement entered into on 4 October 2016 and amended and restated on 12 October 2018 between the Trustee (in its capacity as “Sub-Grantor”) and the Obligor (in its capacity as “Sub-Grantee”) and is governed by the laws of Malaysia. A Supplemental Sub-Grant of Rights to Services Agreement between the same parties will be entered into on the Issue Date of any Series where Rights to Services are to be included in the Wakala Portfolio and will also be governed by the laws of Malaysia.

Pursuant to the Master Sub-Grant of Rights to Services Agreement, the Sub-Grantor will transfer by way of sub-grant, and the Sub-Grantee will accept the transfer by way of sub-grant of, such Rights to Services as described in the relevant Supplemental Grant of Rights to Services Agreement for the Series for the period of the Sub-Grant Term in exchange for the Sub-Grant Fee.

Master Lease Agreement

The Master Lease Agreement entered into on 4 October 2016 and amended and restated on 12 October 2018 between the Trustee (in its capacity as “Lessor”) and the Obligor (in its capacity as “Lessee”) and is governed by the laws of Malaysia. A Supplemental Lease Agreement between the same parties will be entered into on the Issue Date of any Series where Property Assets are to be included in the Wakala Portfolio and will also be governed by the laws of Malaysia.

Pursuant to the Master Lease Agreement, the Lessor will agree to lease to the Lessee, and the Lessee will agree to lease from the Lessor, the Lease Assets during the term of the lease. The term of the lease will commence on the date of the relevant Lease Agreement and end on the Scheduled Dissolution Date unless:

- (i) where Rights to Services are included in the Wakala Portfolio, the Lease is terminated on an earlier date in accordance with the terms of the Master Lease Agreement or any other Transaction Document, in which case it shall mean the date on which such early termination becomes effective;
- (ii) where no Rights to Services are included in the Wakala Portfolio:
 - (a) the Lease is terminated on an earlier date in accordance with the terms of the Master Lease Agreement or any other Transaction Document, in which case it shall mean the date on which such early termination becomes effective; or
 - (b) the Lease End Date is extended in accordance with the Purchase Undertaking, in which case it shall mean the last day of the Additional Lease Period.

During the term of the lease, the Lessee will agree to pay to the Lessor the rental payments specified in the Lease Agreement for the lease term as specified in the Lease Agreement (the “Rental”).

Under the terms of the Lease Agreement the Lessee will agree:

- (i) to fully reimburse, compensate, indemnify and hold harmless the Lessor and the Delegate and each of their respective directors and officers (together, the “Compensated Persons”) for any and all obligations, liabilities, actual losses, actual costs (excluding any costs of funding), expenses, fees (including legal fees and expenses incurred in connection with any enforcement of the Transaction Documents), damages, penalties, demands, actions and judgments of every kind and nature imposed on, incurred by, or asserted against any of the Compensated Persons arising out of or in connection with, *inter alia*:
 - (a) the lease, usage or operation of any Lease Assets (including such lease being ineffective under the terms of the Lease Agreement); or

- (b) any claims, encumbrances or legal processes arising out of any act or omission of the Lessee in any way connected with any Lease Assets; and
- (ii) to the full extent permitted by law, to release from liability, and will agree that no liability shall attach to, any Compensated Person as against the Lessee or any third party, in contract or otherwise, for any loss, injury, damage, cost, expense, claim or demand occurring on, or caused directly or indirectly by or due to any Lease Assets, and the relevant Compensated Person shall not be liable to reimburse or compensate the Lessee in respect of any claim made against the Lessee for any such loss, injury, damage, cost, expense, claim or demand.

If a Total Loss Event occurs with respect to the Lease Assets, then the lease in relation to the Lease Assets shall automatically terminate and the Lessor will be entitled to all Takaful/Insurance Proceeds paid as a result of the Total Loss Event together with any accrued and unpaid rental payments to the date on which the Total Loss Event occurred. See “—*Wakala Agreement*” below for further details.

The Lessee shall, at its own cost and expense, be responsible for the performance of all Ordinary Maintenance and Repair required for the Lease Assets. The Lessor shall be responsible for:

- (i) the performance of all Major Maintenance and Structural Repair;
- (ii) the payment of any proprietorship taxes (if any); and
- (iii) obtaining takaful/insurance for the Lease Assets, to the extent that it is reasonable and commercially practicable, in a Shari’a-compliant manner,

and the Lessee will acknowledge that the Lessor may procure that the Wakeel, in accordance with the terms and conditions set out in the *Wakala Agreement*, shall perform, or shall procure the performance of, all Major Maintenance and Structural Repair, the payment of such proprietorship taxes (if any) and the obtaining of takaful/insurance for the Lease Assets on behalf of the Lessor and, to the extent that it is reasonable and commercially practicable, in a Shari’a-compliant manner.

All payment by the Lessee to the Lessor under the Lease Agreement shall be paid without any set off or counterclaim of any kind and without any deduction or withholding for or on account of tax unless required by law and, in the event that a deduction or withholding is imposed by or on behalf of any relevant taxing authority, the Lessee shall pay all additional amounts so that the net amount received by the Lessor will equal the full amount which would have been received by it had no such deduction or withholding been made.

Under the Lease Agreement, the Lessee shall bear the entire risk of loss or damage to the relevant Lease Assets or any part thereof arising from the usage or operation thereof by the Lessee (other than any Major Maintenance and Structural Repair which is the responsibility of the Lessor). In addition, the Lessor shall not be liable (and the Lessee will waive any claim or right, howsoever arising, to the contrary) for any indirect, consequential or other losses, howsoever arising, in connection with the Lessee’s use or operation of the Lease Assets.

Wakala Agreement

The *Wakala Agreement* entered into on 4 October 2016 and amended and restated on 12 October 2018 between the Trustee and the Obligor (in its capacity as “Wakeel”) and is governed by the laws of Malaysia.

Pursuant to the Wakala Agreement, the Trustee will appoint the Wakeel to manage the Wakala Portfolio relating to each Series. In particular, the Wakeel, in relation to each Series:

- (a) shall manage the Wakala Portfolio in accordance with the investment plan in the form set out in the schedule to the Wakala Agreement and scheduled to the relevant Supplemental Asset Sale and Purchase Agreement and the relevant Supplemental Grant of Rights to Services Agreement;
- (b) shall use its reasonable endeavours to ensure that, following the Issue Date of a Series and at all times thereafter, the Value of the Tangible Assets in the Wakala Portfolio shall be equal to no less than 33.0 per cent. of the Value of the Wakala Venture (the “Tangible Ratio Requirement”) (notwithstanding that the Value of the Tangible Assets in the Wakala Portfolio as at the Issue Date of a Series shall be equal to at least 51.0 per cent. of the proceeds of the issuance of the Sukuk). If at any time, the Tangible Ratio Requirement is not satisfied, the Wakeel shall use its reasonable endeavours as soon as reasonably practicable thereafter to purchase, as agent of the Trustee, Tangible Assets from the Obligor using the principal revenue of the Wakala Portfolio (if any) or substitute any Wakala Asset that is not a Tangible Asset in compliance with the Eligibility Criteria for other Tangible Assets that do so comply, such that after such purchase or substitution, the Tangible Ratio Requirement is satisfied;
- (c) (where the Wakala Portfolio comprises Lease Assets) on behalf of the Trustee:
 - (i) be responsible for ensuring that the Lease Assets are, so long as the Sukuk are outstanding, covered/insured as specified in the Wakala Agreement (and, to the extent that it is reasonable and commercially practicable, in a Shari’a-compliant manner);
 - (ii) ensure that Major Maintenance and Structural Repair (to the extent applicable to the relevant Lease Assets) is carried out; and
 - (iii) so long as the Trustee remains the owner of the Lease Assets, pay all proprietorship taxes (if any) charged, levied or claimed in respect of the Lease Assets;
- (d) pay all calls or other payments when due in respect of any part of any Shares in the relevant Wakala Portfolio;
- (e) monitor the activities and financial information of each of the Relevant Companies in order to check on an ongoing basis, in consultation with and advice from a Shari’a adviser (selected by the Wakeel in its sole discretion) whether the Relevant Companies are in compliance with the Eligibility Criteria;
- (f) (A) be entitled to, at any time and at its own discretion, and (B) if a Relevant Company ceases to comply with the Eligibility Criteria, procure that Tenaga Nasional Berhad (as Obligor) requires the Trustee pursuant to, and in accordance with the terms provided under, the Substitution Undertaking to substitute the Shares of that Relevant Company (the “Ineligible Shares”) with:
 - (i) the beneficial ownership in and to shares (and related rights to receive all dividends, distributions and other monies at any time payable in respect of such shares, all voting rights and all other rights, benefits and proceeds in respect of or derived from such shares) (the “Replacement Shares”) that:
 - (a) are in a company (other than in a company incorporated in the UK or whose shares are registered in a register kept in the UK) that, at the time of such substitution, is in compliance with the Eligibility Criteria; and

- (b) are of a value such that the aggregate Value of the relevant Shares after such substitution is not less than the Value of the relevant Shares prior to such substitution; or
 - (ii) other Shari'a-complaint assets,
- (for the avoidance of doubt, nothing in this paragraph (f) will prejudice any other rights and obligations as set out under the Substitution Undertaking);
- (g) shall do all acts and things (including execution of such documents, issue of notices and commencement of any proceedings) that it considers reasonably necessary to ensure the assumption of, and compliance by each Wakala Asset Obligor with its covenants, undertakings or other obligations in respect of the Wakala Assets in accordance with applicable law and the terms of the Wakala Asset;
 - (h) shall discharge or procure the discharge of all obligations to be discharged by the Trustee in respect of any of the Wakala Assets, it being acknowledged that the Wakeel may appoint one or more agents to discharge these obligations on its behalf;
 - (i) shall pay on behalf of the Trustee any costs, expenses, losses and taxes which would otherwise be payable by the Trustee as a result of the Trustee's ownership of the Wakala Portfolio;
 - (j) shall use reasonable endeavours to ensure the timely receipt of all revenues in respect of the Wakala Portfolio (free and clear of, and without withholding or deduction for, Taxes), investigate non-payment of any such revenues and generally make all reasonable efforts to collect or enforce the collection of such revenues under all Wakala Assets as and when the same shall become due;
 - (k) shall maintain the Collection Account and the Reserve Account in accordance with the terms of the Wakala Agreement;
 - (l) shall obtain and maintain all necessary authorisations in connection with any of the Wakala Assets and its obligations under or in connection with the Wakala Agreement;
 - (m) may provide a Liquidity Facility in the circumstances and on the terms described below; and
 - (n) shall carry out any incidental matters relating to any of the above.

Where the Wakala Portfolio comprises Lease Assets, if a Total Loss Termination Event has occurred, the Wakeel, on behalf of the Trustee, shall ensure that all Takaful/Insurance Proceeds are paid into the Transaction Account by no later than the close of business in Malaysia on the 30th day after the occurrence of the Total Loss Event. The Wakala Agreement provides that if the Takaful/Insurance Proceeds paid into the Transaction Account are less than the Takaful/Insurance Coverage Amount (the difference between the Takaful/Insurance Coverage Amount and the amount credited to the Transaction Account being the "Total Loss Shortfall Amount"), then the Wakeel acknowledges that it shall have failed in its responsibility to properly insure the Lease Assets (unless it proves beyond any doubt that any shortfall in the takaful/insurance proceeds is neither attributable to its negligence nor its failing to comply with the terms of the Wakala Agreement relating to takaful/insurance) and accordingly will irrevocably and unconditionally undertake to pay (in the Specified Currency in same day, freely transferable, cleared funds) the Total Loss Shortfall Amount directly into the Transaction Account as soon as practicable and in any event by no later than the close of business in Malaysia on the 31st day after the Total Loss Termination Event has occurred.

Pursuant to the Wakala Agreement the Wakeel undertakes, in relation to each Series in respect of which the Trustee and the Wakeel agree that a Commodity Murabaha Investment is to be included in the Wakala Venture, to acquire Commodities, to sell such Commodities to Tenaga Nasional Berhad and to use all reasonable endeavours to ensure the timely receipt of the Deferred Sale Price (free and clear of, and without withholding or deduction for, Taxes), as more particularly described in the Wakala Agreement.

The Wakeel shall perform its duties under the Wakala Agreement in accordance with all applicable laws and regulations and with the degree of skill and care that it would exercise in respect of its own assets.

The Obligor shall be entitled to receive a fee for acting as Wakeel which will comprise a fee of U.S.\$100 (the receipt and adequacy of which is acknowledged by the Wakeel under the Wakala Agreement) and may also receive incentive fee payments as described below.

The Wakeel will maintain, in relation to each Series, two book-entry ledger accounts (referred to as the "Collection Account" and the "Reserve Account"), each of which shall be denominated in the Specified Currency.

All revenues from the Wakala Venture relating to a Series will be recorded in the Collection Account for such Series.

In relation to each Series, amounts standing to the credit of the Collection Account will be applied by the Wakeel on the Business Day immediately preceding each Periodic Distribution Date in the following order of priority:

- (a) first, in repayment to the Wakeel of any amounts advanced by it by way of a Liquidity Facility;
- (b) second, in payment into the Transaction Account an amount equal to the Required Amount payable on that Periodic Distribution Date;
- (c) third, in repayment to the Wakeel of any Wakala Services Charge Amount for the period corresponding to the Return Accumulation Period ending on that Periodic Distribution Date and (if applicable) any Wakala Services Charge Amount for any previous period that remains unpaid; and
- (d) fourth to the Reserve Account.

If there is a shortfall at any relevant time in relation to a Series between the amounts standing to the credit of the Transaction Account (after payment to the Transaction Account as set out above) and the Required Amount payable on the immediately following Periodic Distribution Date, amounts standing to the credit of the Reserve Account shall be applied towards such shortfall. Following such application, the Wakeel may also advance amounts to the Trustee by way of a "Liquidity Facility" to ensure the Trustee receives the Required Amount on such Periodic Distribution Date to pay the relevant Periodic Distribution Amount, by paying the amounts so advanced into the Transaction Account on the Business Day immediately preceding the relevant Periodic Distribution Date. Any Liquidity Facility shall be provided on terms that it is repayable from revenues from the Wakala Portfolio in accordance with paragraph (a) above or on the Dissolution Date.

The Wakeel will be entitled to deduct amounts standing to the credit of the Reserve Account at any time and use such amounts for its own account, provided that such amounts shall be immediately repaid by it if so required to fund any shortfall as described above.

The Wakeel shall use its reasonable endeavours to keep detailed records of all movements in the Collection Account for each Series and, if so requested, provide the Trustee with copies of such records and any other

information or details in relation to the Collection Account as the Trustee may request. Following payment of all amounts due and payable under the Sukuk of a Series on its Dissolution Date, the Wakeel shall be entitled to retain any amounts that remain standing to the credit of the Reserve Account for that Series for its own account as an incentive fee payment for acting as Wakeel.

The Wakeel will agree in the Wakala Agreement that all payments by it under the Wakala Agreement will be made without any deduction or withholding for or on account of Taxes unless required by law and without set-off or counterclaim of any kind and, if there is any deduction or withholding, the Wakeel shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no deduction or withholding had been made. The payment obligations of the Wakeel under the Wakala Agreement in relation to a Series will be direct, unconditional, unsecured and general obligations which rank at least *pari passu* with all other unsecured, unsubordinated and general obligations of the Wakeel, present and future.

Purchase Undertaking

The Purchase Undertaking executed as a deed on 4 October 2016 and amended and restated on 12 October 2018 by the Obligor and is governed by English law.

The Obligor will, in relation to each Series, provided there has been no Total Loss Termination Event in relation to any Lease Assets forming part of the Wakala Portfolio, irrevocably undertake in favour of the Trustee and the Delegate to purchase all of the Wakala Portfolio (together with all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under the Wakala Portfolio) on the Scheduled Dissolution Date or any earlier due date for dissolution following the occurrence of a Dissolution Event, as the case may be, at the Exercise Price by entering into a sale agreement.

Pursuant to the Purchase Undertaking, the Obligor, where there has been a Total Loss Termination Event in relation to the Lease Assets, irrevocably grants to the Trustee the right to require the Obligor to purchase and accept the transfer of all of the Trustee's interests, rights, benefits and entitlements in and to the Residual Assets, at the relevant Residual Assets Exercise Price, on the Total Loss Dissolution Date.

If the Delegate exercises its option prior to the Scheduled Dissolution Date of the relevant Series, an exercise notice will be required to be delivered by the Delegate under the Purchase Undertaking.

In relation to each Series, the Trustee will also be entitled to exercise the Purchase Undertaking following any exercise by the Sukukholders of their right to require the Trustee to redeem their Sukuk on a Sukukholder Put Right Date, in which case the Obligor will be required to purchase Wakala Assets in a proportion of the Wakala Portfolio not exceeding such proportion as is determined by dividing (i) the aggregate outstanding face amount of Sukuk to be redeemed pursuant to the exercise of the Sukukholder Put Right by (ii) the aggregate outstanding face amount of the Sukuk of the relevant Series, at the Sukukholder Put Right Exercise Price.

The Obligor will agree in the Purchase Undertaking that all payments by it under the Purchase Undertaking (other than the set off of any outstanding Wakala Services Charge Amount and the Outstanding Liquidity Amount against the Exercise Price, Sukukholder Put Right Exercise Price, Residual Assets Exercise Price or Total Loss Shortfall Amount (as applicable)) will be made without any deduction or withholding for or on account of tax unless required by law and without set-off or counterclaim of any kind and, in the event that there is any deduction or withholding, the Obligor shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no deduction or withholding had been made. The payment obligations of the Obligor under the Purchase Undertaking in relation to a Series will be direct, unconditional, unsecured and general obligations of the Obligor which rank at least *pari passu* with all other unsecured, unsubordinated and general obligations of the Obligor.

If the Obligor fails to pay all or part of any Exercise Price, Sukukholder Put Right Exercise Price or Residual Assets Exercise Price (as applicable) that is due in accordance with the Purchase Undertaking (in each case, the “Outstanding Price”), then Tenaga Nasional Berhad shall irrevocably, unconditionally and automatically (without the necessity for any notice or any other action) continue to act as Wakeel in respect of the Wakala Portfolio on the terms and conditions, *mutatis mutandis*, of the Wakala Agreement and: (i) where the relevant Wakala Portfolio includes Rights to Services, the Trustee shall irrevocably, unconditionally and automatically (without the necessity for any notice or any other action) continue to sub-grant such Rights to Services to Tenaga Nasional Berhad with effect from and including the Dissolution Event Redemption Date, the Scheduled Dissolution Date or the Sukukholder Put Right Date, as the case may be (the “Commencement Date”) on the terms and conditions, *mutatis mutandis*, of the relevant Sub-Grant of Rights to Services Agreement and the Wakala Agreement, save that the relevant Sub-Grant Fee shall accrue on a daily basis in respect of the period from, and including, the Commencement Date to, but excluding, the date on which the sale and purchase in respect of the Trustee’s interests, rights, benefits and entitlements in and to the Wakala Portfolio occurs (including the payment in full of the Outstanding Price and all other accrued amounts by Tenaga Nasional Berhad) (the “Additional Sub-Grant of Rights to Services Period”) at the rate or rates at which Periodic Distribution Amounts shall accrue under the Terms and Conditions of the Sukuk; or (ii) where the relevant Wakala Portfolio does not include Rights to Services but does include Lease Assets, Tenaga Nasional Berhad shall irrevocably, unconditionally and automatically (without the necessity for any notice or any other action) continue to lease such Lease Assets from the Trustee with effect from and including the Dissolution Event Redemption Date, the Scheduled Dissolution Date or the Sukukholder Put Right Date, as the case may be (the “Commencement Date”) on the terms and conditions, *mutatis mutandis*, of the relevant Lease Agreement and the Wakala Agreement, save that Rental shall accrue on a daily basis in respect of the period from, and including, the Commencement Date to, but excluding, the date on which the sale and purchase in respect of the Trustee’s interests, rights, benefits and entitlements in and to the Wakala Portfolio occurs (including the payment in full of the Outstanding Price and all other accrued amounts by Tenaga Nasional Berhad) (the “Additional Lease Period”) at the rate or rates at which Periodic Distribution Amounts shall accrue under the Terms and Conditions of the Sukuk.

In the Purchase Undertaking, the Obligor will undertake to comply with all provisions of the Terms and Conditions of the Sukuk and the Transaction Documents to which it is a party and which are expressed to be applicable to it including, without limitation the negative pledge provisions described in Condition 6(b).

If (i) less than the entire Wakala Portfolio is to be sold to the Obligor following delivery of an exercise notice in relation to a Sukukholder Put Right (as the case may be) and (ii) an Outstanding Amount remains at the time of such delivery, then one or more additional Wakala Assets having an aggregate Value not exceeding the Outstanding Amount may be sold to the Obligor pursuant to the relevant sale Agreement (such additional Wakala Assets being “Further Assets”).

Sale Undertaking

The Sale Undertaking executed as a deed on 4 October 2016 and amended and restated on 12 October 2018 by the Trustee and is governed by English law.

Pursuant to the Sale Undertaking, the Trustee will irrevocably grant to the Obligor the right:

- (a) provided that a Tax Event has occurred, to require the Trustee to sell to the Obligor on the Early Tax Dissolution Date the Wakala Portfolio (together with all of the Trustee’s interests, rights, title, benefits and entitlements, present and future, in, to and under it) at the Exercise Price by executing a sale agreement;
- (b) if and to the extent that any Sukuk have been purchased and are to be cancelled pursuant to Condition 8(g) and 8(h), to require the Trustee to transfer and convey to the Obligor, Wakala Assets (together with all of

the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under them) in a proportion of the Wakala Portfolio not exceeding such proportion as is determined by dividing (i) the aggregate outstanding face amount of Sukuk to be cancelled pursuant to Condition 8(g) and Condition 8(h) by (ii) the aggregate outstanding face amount of the Sukuk of the relevant Series by executing a transfer agreement; and

- (c) provided that Optional Redemption Right is specified as applicable in the relevant Pricing Supplement and the Obligor has exercised the Optional Redemption Right in accordance with the Terms and Conditions of the Sukuk, to require the Trustee to sell to the Obligor, Wakala Assets (together with all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under them) in a proportion of the Wakala Portfolio not exceeding such proportion as is determined by dividing (i) the aggregate outstanding face amount of Sukuk to be redeemed pursuant to the exercise of the Optional Redemption Right by (ii) the aggregate outstanding face amount of the Sukuk of the relevant Series, at the Optional Redemption Exercise Price by executing a sale agreement.

If (i) less than the entire Wakala Portfolio is to be sold or transferred and conveyed to the Obligor following delivery of an exercise notice in relation to an exercise of an Optional Redemption Right or a cancellation notice (as the case may be) and (ii) an Outstanding Amount remains at the time of such delivery, then one or more additional Wakala Assets having an aggregate Value not exceeding the Outstanding Amount may be sold or transferred and conveyed to the Obligor pursuant to the relevant sale agreement or transfer agreement (such additional Wakala Assets being "Further Assets").

The Obligor will agree in the Sale Undertaking that all payments by it under the Sale Undertaking (other than the set-off of any outstanding Wakala Services Charge Amount and the Outstanding Liquidity Amount against the Exercise Price or Optional Redemption Exercise Price (as applicable)) will be made without any deduction or withholding for or on account of tax unless required by law and without set-off or counterclaim of any kind and, in the event that there is any deduction or withholding, the Obligor shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no deduction or withholding had been made.

Substitution Undertaking

The Substitution Undertaking executed on 4 October 2016 and amended and restated on 12 October 2018 by the Trustee as a deed and is governed by English law.

Pursuant to the Substitution Undertaking, the Trustee will grant to the Obligor the right to require the Trustee to sell any and all of the Wakala Assets of a Wakala Portfolio (together with all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under them) (the "Substituted Assets") to it in exchange for new assets of a Value which is equal to or greater than the Value of the Substituted Assets (the "New Assets"). The substitution of the Substituted Assets with the New Assets will become effective on the date specified in the substitution notice to be delivered by the Obligor in accordance with the Substitution Undertaking, by the Trustee and the Obligor entering into a transfer agreement. Each transfer agreement will (i) effect the transfer of ownership rights in the Substituted Assets from the Trustee to the Obligor and (ii) effect the transfer of rights in the New Assets from the Obligor to the Trustee.

The New Assets and any Wakala Assets not replaced on the Substitution Date will constitute the Wakala Portfolio for the relevant Series for the purposes of the Wakala Agreement.

Master Murabaha Agreement

In connection with each Series of Sukuk, the Trustee may desire to enter into a Commodity Murabaha Investment with Tenaga Nasional Berhad (in its capacity as the “Buyer”) using no more than 49.0 per cent. of the issue proceeds of the Series (when taken together with any Non-Tangible Assets in the Wakala Portfolio).

Pursuant to the Master Murabaha Agreement, the Trustee undertakes that, on receipt of a purchase order from the Buyer, the Trustee (acting through the Wakeel as agent) shall on the Issue Date for the relevant Series procure that the Commodity Trading Participant will enter into purchase transactions no later than the Issue Date with commodity suppliers to purchase Commodities at the Commodity Purchase Price for and on behalf of the Trustee and notify the Trustee of the purchase of such Commodities.

Following the purchase of the Commodities by the Commodity Trading Participant for and on behalf of the Trustee and notification of such purchase by the Commodity Trading Participant to the Trustee, and provided that the Trustee (or the Commodity Trading Participant and the Wakeel acting in their capacities as agents or sub-agents, as the case may be, of the Trustee) has acquired title to, and possession of, the Commodities, the Trustee (acting through the Wakeel as agent) shall deliver no later than the Issue Date a Letter of Offer and Acceptance to the Buyer indicating the Trustee’s acceptance of the terms of the purchase order made by the Buyer and detailing the terms of the offer for the sale of the Commodities to the Buyer from the Trustee no later than the Issue Date.

Pursuant to the Master Murabaha Agreement, the Buyer irrevocably and unconditionally undertakes to accept the terms of, countersign and deliver to the Wakeel (as agent for the Trustee) any Letter of Offer and Acceptance delivered to it in accordance with the Master Murabaha Agreement and (as a result of the Trustee having acted on the request of the Buyer set out in the purchase order) purchase the Commodities acquired by the Trustee (or acquired by the Commodity Trading Participant or the Wakeel acting in their capacities as agents or sub-agents, (as the case may be) of the Trustee), in each case no later than the Issue Date, and the Trustee shall sell the Commodities to the Buyer.

As soon as the Buyer has countersigned the Letter of Offer and Acceptance, a Murabaha Contract shall be created between the Trustee and the Buyer upon the terms of the Letter of Offer and Acceptance and incorporating the terms and conditions set out in the Master Murabaha Agreement, and ownership of and all risks in and to the relevant Commodities shall immediately pass to and be vested in the Buyer, together with all rights and obligations relating thereto.

Pursuant to the Master Murabaha Agreement, the Buyer irrevocably and unconditionally undertakes that following the purchase of the Commodities by the Buyer, and provided that the Buyer has acquired title to, and possession of, the Commodities, it may immediately thereafter authorise the Commodity Trading Participant to enter into a sale transaction, on behalf of the Buyer, no later than the Issue Date for the Commodity Sale Price.

The Master Declaration of Trust, as supplemented by each Supplemental Declaration of Trust

The Master Declaration of Trust entered into on 4 October 2016 and amended and restated on 12 October 2018 between the Trustee, the Obligor and the Delegate and is governed by English law. A Supplemental Declaration of Trust between the same parties will be entered into on the Issue Date of each Series of Sukuk and will also be governed by English law.

Upon issue of the Global Certificate initially representing the Sukuk of any Series, the Master Declaration of Trust and the relevant Supplemental Declaration of Trust shall together constitute the trust over the relevant Trust Assets declared by the Trustee in relation to such Series.

The Trust Assets in respect of each Series of Sukuk comprise (unless otherwise specified in the relevant Supplemental Declaration of Trust), amongst other things, the cash proceeds of the issue of the Sukuk, the interests, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Wakala Venture from time to time (other than in relation to any representations given by the Obligor to the Trustee and/or the Delegate under any documents constituting the Wakala Venture from time to time) and any amounts standing to the credit of the relevant Transaction Account, as more particularly described in Condition 5(a).

Pursuant to the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust, the Trustee will, in relation to each Series of Sukuk, *inter alia*:

- (a) hold the relevant Trust Assets on trust absolutely for the holders of the Sukuk as beneficiaries in respect of that Series only; and
- (b) act as trustee in respect of the Trust Assets, distribute the income from the Trust Assets and perform its duties in accordance with the provisions of the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust.

The Trustee irrevocably and unconditionally appoints the Delegate to be its attorney and to execute, deliver and perfect all documents, and to exercise all of the present and future duties, powers (including the power to sub-delegate), trusts, authorities and discretions vested in the Trustee by the Master Declaration of Trust, that the Delegate may consider to be necessary or desirable in order, upon the occurrence of a Dissolution Event or a Potential Dissolution Event, and subject to its being indemnified and/or secured and/or pre-funded to its satisfaction, to (i) exercise all of the rights of the Trustee under the Purchase Undertaking and any of the other Transaction Documents and (ii) make such distributions from the Trust Assets as the Trustee is bound to make in accordance with the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust. The appointment of such delegate is intended to be in the interests of the Sukukholders and does not affect the Trustee's continuing role and obligations as sole trustee.

The Master Declaration of Trust will specify that the rights of recourse in respect of Sukuk shall be limited to the amounts from time to time available and comprising the relevant Trust Assets of that Series. The Sukukholders have no claim or recourse against the Trustee to the extent the Trust Assets have been exhausted following which all obligations of the Trustee shall be extinguished.

A non-interest bearing transaction account (the "Transaction Account") will be established in respect of each Series of Sukuk. Monies received in the Transaction Account in respect of each Series will, *inter alia*, comprise revenues from the Tangible Assets and the Non-Tangible Assets other than in the nature of sale, capital or principal payments, and amounts of the Deferred Sale Price paid by the Obligor pursuant to a Commodity Murabaha Investment (see "*Summary of the Principal Transaction Documents — Wakala Agreement*" and "*Summary of the Principal Transaction Documents — Master Murabaha Agreement*"). The Master Declaration of Trust provides that all monies credited to the Transaction Account in respect of each Series will be applied in the order of priority set out in Condition 5(b).

Shari'a Compliance

Each Transaction Document (other than the Sukuk) provides that each of the Trustee (to the extent it is a party to the relevant Transaction Document) and TNB (to the extent it is a party to the relevant Transaction Document), as the case may be, agrees that it has accepted the Shari'a compliant nature of the Transaction Documents to which it is a party and further confirms that:

- (a) it shall not claim that any of its obligations under the Transaction Documents to which it is a party (or any provision thereof) is ultra vires or not compliant with the principles of Shari'a;

- (b) it shall not take any steps or bring any proceedings in any forum to challenge the Shari'a compliance of the Transaction Documents to which it is a party; and
- (c) to the extent permitted by law, none of its obligations under the Transaction Documents to which it is a party shall in any way be diminished, abrogated, impaired, invalidated or otherwise adversely affected by any finding, declaration, pronouncement, order or judgment of any court, tribunal or other body that the Transaction Documents to which it is a party are not compliant with the principles of Shari'a.

Defined Terms

“Additional Lease Period” has the meaning given to it in the Purchase Undertaking or Sale Undertaking, as the case may be (see “— *Purchase Undertaking*”);

“Additional Sub-Grant of Rights to Services Period” has the meaning given to it in the Purchase Undertaking or Sale Undertaking, as the case may be (see “— *Purchase Undertaking*”);

“Authorised Entity” means an entity selected by the Sub-Grantor provided that such entity has been authorised by the Regulator as under the Electricity Supply Act, 1990 to exercise the relevant Rights to Services;

“BMIS” means Bursa Malaysia Islamic Services Sdn. Bhd. (formerly known as BMIS Sdn. Bhd.) (Company No. 853675-M), a company established under the laws of Malaysia, and includes its successors in title, assigns and such other entities into which it is merged or amalgamated or to which its business or undertaking are transferred from time to time;

“Business Day” means, in respect of each Sukuk, (i) a day, other than a Saturday or Sunday, on which Euroclear and Clearstream, Luxembourg are operating and (ii) a day on which banks and foreign exchange markets are open for general business in the city of the Principal Paying Agent’s Specified Office or and (iii) (if a payment is to be made on that day) a day on which banks and foreign exchange markets are open for general business in the principal financial centre for the Specified Currency or, in the case of euro, a day on which the TARGET System is operating or, in the case of Renminbi, a day on which commercial banks in Hong Kong are open for general business and settle Renminbi payments in Hong Kong;

“Buyer Agency Letter” means the letter to be delivered to the Commodity Trading Participant by the Buyer for the sale of Commodities to the Commodity Buyer, substantially in the form set out in the Master Murabaha Agreement;

“Commodities” means any Shari'a-compliant commodities (excluding currencies, gold and silver, that are each used as a medium of exchange); or, for the purposes of the description of the Master Murabaha Agreement above, means any Shari'a-compliant commodities that are traded on the Market (excluding currencies, gold and silver, that are each used as a medium of exchange);

“Commodity Buyer” means BMIS as intermediary or any other party at the discretion of the Commodity Trading Participant;

“Commodity Murabaha Investment” means, if applicable to a Series, the sale of Commodities by the Trustee (acting through the Wakeel as agent) to the Buyer, initially purchased by the Trustee using a proportion of the proceeds of the issue of the Sukuk, having the terms set out in the relevant Murabaha Contract;

“Commodity Purchase Price” means the amount specified as such in the relevant Trustee Agency Letter;

“Commodity Sale Price” means, in relation to a Sale Transaction, the amount specified as such in the relevant Buyer Agency Letter;

“Commodity Supplier” means a person for the time being admitted as a participant of BMIS, who supplies the Commodities on the Market and whose functions include those referred to in Rule 302.2 of the Rules or any other party at the discretion of the Commodity Trading Participant;

“Commodity Trading Participant” means CIMB Islamic Bank Berhad in its capacity as commodity trading participant under the Master Murabaha Agreement;

“Deferred Sale Price” means, in relation to a Murabaha Contract, the amount specified as such in the Letter of Offer and Acceptance;

“Differential Amount” has the meaning given to it in the Sale Undertaking or the Purchase Undertaking (as applicable);

“Dissolution Date” means, in respect of a Series, as the case may be, the Scheduled Dissolution Date, any Early Tax Dissolution Date, any Total Loss Dissolution Date, any Optional Redemption Date, any Sukukholder Put Right Date, any Dissolution Event Redemption Date, or such other date as specified for the redemption of Sukuk and dissolution of the Trust in whole or in part prior to the Scheduled Dissolution Date;

“Dissolution Event” means a Trustee Event or an Obligor Event;

“Dissolution Event Redemption Date” has the meaning given to it in Condition 12(a);

“Early Tax Dissolution Date” has the meaning given to it in Condition 8(b);

“Electricity Receivables” means, if applicable to a Series, the beneficial ownership in a portfolio of certain identified Shari’a-compliant receivables due to TNB in respect of the supply of electricity as specified in the Supplemental Asset Sale and Purchase Agreement for the relevant Series;

“Eligibility Criteria” means, in relation to a Relevant Company:

- (a) the activities of the Relevant Company comply with the principles of Shari’a and in particular do not involve activities or investments in the following industry sectors: (i) conventional finance; (ii) conventional insurance; (iii) alcohol; (iv) pork related products and production, packaging and processing of food that is prohibited under Shari’a or any other activities related to pork and food that is prohibited under Shari’a; (v) entertainment (including casinos, gambling, cinemas, music, pornography and hotels); (vi) tobacco; and (vii) weapons, arms and defence manufacturing;
- (b) the total conventional debt of the Relevant Company (as specified in its most recent set of financial statements) is less than 33.0 per cent. of its total assets (as specified in its most recent set of financial statements);
- (c) total cash plus interest bearing instruments are less than 33.0 per cent. of its total assets (in each case, as specified in its most recent set of financial statements);
- (d) its accounts receivables and cash are less than 50.0 per cent. of its total assets (in each case, as specified in its most recent set of financial statements); and

- (e) its total revenue from interest and activities that do not comply with Shari'a per annum does not exceed more than 5.0 per cent. of its total revenues per annum;

“Exercise Price” means, in relation to each Series:

- (a) the aggregate face amount of Sukuk then outstanding for the relevant Series; plus
- (b) all accrued but unpaid Periodic Distribution Amounts (if any) relating to such Sukuk; plus
- (c) an amount equal to the Outstanding Liquidity Amount (if any); plus
- (d) without duplication or double counting, an amount representing any amounts payable by the Trustee (in any capacity) under the Transaction Documents (including but not limited to costs and expenses due but unpaid to the Delegate, any unpaid Wakala Services Charge Amount and any other Priority Amounts which remain outstanding as at the Dissolution Event Redemption Date, Scheduled Dissolution Date or Early Tax Dissolution Date (as the case may be); plus
- (e) any other amounts payable on redemption of the Sukuk as specified in the applicable Pricing Supplement; less
- (f) (if a Commodity Murabaha Investment forms part of the Wakala Venture for the Series) all amounts in respect of Deferred Sale Price which remain available to pay a proportion of the aggregate amounts payable on redemption of the Sukuk;

“Initial Wakala Portfolio” means, in relation to a Series, the Wakala Assets described in the relevant Supplemental Asset Sale and Purchase Agreement, Supplemental Lease Agreement and/or Supplemental Grant of Rights to Services Agreement, as the case may be;

“Issue Date” means, in relation to a Series, the date specified as such in the relevant Pricing Supplement for the Sukuk;

“Lease Agreement” means, where applicable to a Series, the Master Lease Agreement and the relevant Supplemental Lease Agreement in respect of such Series;

“Lease Assets” means, where applicable to a Series, the assets described in schedule 1 to the relevant Supplemental Lease Agreement, as such assets may be repaired, refurbished, upgraded or replaced from time to time as a result of:

- (a) any Major Maintenance and Structural Repair and/or any Ordinary Maintenance and Repair; or
- (b) any substitution in accordance with the Substitution Undertaking, in which case the Parties shall amend schedule 1 of the relevant Supplemental Lease Agreement to reflect any such substitution,

provided however that “Lease Assets” shall not include any asset the title to which has been sold, transferred or otherwise conveyed to Tenaga Nasional Berhad under the terms of the relevant Transaction Documents;

“Lease Commencement Date” has the meaning given to it in the relevant Supplemental Lease Agreement;

“Lease End Date” has the meaning given to it in the relevant Supplemental Lease Agreement;

“Lease Period” means the Relevant Return Accumulation Period and shall, where the context allows, include any Additional Lease Period;

“Letter of Offer and Acceptance” means the letter to be issued by the Trustee (acting through the Wakeel as agent) to the Buyer substantially in the form set out in the Master Murabaha Agreement;

“Major Maintenance and Structural Repair” means all structural repair and major maintenance, including doing such acts or things and taking such steps to ensure that the Lease Assets suffer no damage, loss or diminution in value (excluding Ordinary Maintenance and Repair) without which the Lease Assets could not be reasonably and properly used by the Lessee;

“Market” means the commodities market operated by BMIS for the trading of commodities;

“Murabaha Contract” means an individual contract for the sale of Commodities at a deferred sale price and made pursuant to the Master Murabaha Agreement by the delivery of a Letter of Offer and Acceptance by the Trustee (acting through the Wakeel as agent) to the Buyer and the subsequent countersignature of such Letter of Offer and Acceptance by the Buyer in accordance with the terms of the Master Murabaha Agreement;

“Net Revenue Limit” means the amount specified as such in the relevant Supplemental Grant of Rights to Services Agreement;

“Non-Tangible Assets” means Electricity Receivables and/or other Shari’a-compliant assets which do not comprise Tangible Assets;

“Obligor Event” has the meaning given to it in the Terms and Conditions of the Sukuk;

“Optional Redemption Date” means, in relation to any exercise of the Optional Redemption Right, the date(s) specified as such in the Terms and Conditions of the Sukuk and/or the relevant Pricing Supplement;

“Optional Redemption Right” means the right specified in Condition 8(d);

“Ordinary Maintenance and Repair” means all repairs, replacements, acts, maintenance and upkeep works required for the general use and operation of the Lease Assets and to keep, repair, maintain and preserve the Lease Assets in good order, state and condition;

“Outstanding Amount” means the amount (if any) in the Specified Currency equal to (i) the Differential Amount plus the Relevant Amount (if any) in respect of the relevant exercise notice less (ii) the aggregate Value of all Further Assets (if any) which have been sold or transferred to the Obligor pursuant to the Purchase Undertaking or the Sale Undertaking during the period from and including the Issue Date of the relevant Series to but excluding the date of delivery of the relevant exercise notice or cancellation notice;

“Outstanding Liquidity Amount” means the amount (if any) of funding provided under a liquidity facility pursuant to the terms of the Wakala Agreement and which has not been repaid in accordance with the provisions of the Wakala Agreement;

“Periodic Distribution Amount” has the meaning given to it in Condition 7;

“Periodic Distribution Date” means the date or dates specified as such in the applicable Pricing Supplement;

“Potential Dissolution Event” means any condition, event or act which, with the giving of notice, lapse of time, declaration, demand, determination or fulfilment of any other applicable condition (or any combination of the foregoing) would constitute a Dissolution Event;

“Pricing Supplement” means, in relation to a Series, a pricing supplement, supplemental to the Offering Circular, specifying the relevant issue details of such Series, substantially in the form set out in the Dealer Agreement;

“Priority Amounts” means any amounts described in Condition 5(b)(i) and/or (ii);

“Profit Commencement Date” means the Issue Date or such other date as may be specified in the terms for a particular Series;

“Profit Period Date” means each Periodic Distribution Date unless otherwise specified in the terms for a particular Series;

“Property Assets” means, if applicable to a Series, the beneficial interest in certain Shari’a-compliant Real Estate Assets, as described in the Supplemental Asset Sale and Purchase Agreement for such Series;

“Property Assets Purchase Price” means the Purchase Price paid in connection with any Property Assets for a particular Series;

“Purchase Agreement” means, in respect of a Series, the Master Asset Sale and Purchase Agreement as supplemented by the relevant Supplemental Asset Sale and Purchase Agreement;

“Purchase Price” means the purchase price payable by the purchaser in respect of any Wakala Assets which are the subject of a Purchase Agreement, as set out in the relevant Supplemental Asset Sale and Purchase Agreement;

“Real Estate Asset” means any right or interest in real estate or any agreement of which the subject matter is real estate or related to real estate;

“Regulator” means the Minister of Energy, charged with the responsibility to regulate the Rights to Services;

“Relevant Company” means each of the companies in which Shares forming part of the Wakala Portfolio for a particular Series are issued;

“Rental” has the meaning given to it in the relevant Supplemental Lease Agreement;

“Rental Payment Date” has the meaning given to it in the relevant Supplemental Lease Agreement;

“Required Amount” means, in relation to each Series, an amount equal to the aggregate Periodic Distribution Amount payable on each relevant Periodic Distribution Date;

“Residual Assets” means the remaining assets constituting the Wakala Portfolio following the occurrence of a Total Loss Termination Event;

“Residual Assets Exercise Price” means, in relation to the relevant Series:

- (a) the aggregate face amount of Sukuk then outstanding for the relevant Series; plus

- (b) all accrued but unpaid Periodic Distribution Amounts (if any) relating to such Sukuk; plus
- (c) an amount equal to the Outstanding Liquidity Amount (if any); plus
- (d) without duplication or double counting, an amount representing any amounts payable by the Trustee (in any capacity) under the Transaction Documents (including but not limited to costs and expenses due but unpaid to the Delegate, any unpaid Wakala Services Charge Amount and any other Priority Amounts which remain outstanding as at the Total Loss Dissolution Date); plus
- (e) any other amounts payable on redemption of the Sukuk as specified in the applicable Pricing Supplement; less
- (f) the Takaful/Insurance Coverage Amount; less
- (g) (if a Commodity Murabaha Investment forms part of the Wakala Venture for the Series) all amounts in respect of the Deferred Sale Price which have been paid into the Transaction Account and which remain available to pay a proportion of the aggregate amounts payable on redemption of the Sukuk;

“Return Accumulation Period” means the period beginning on (and including) the Profit Commencement Date and ending on (but excluding) the first Profit Period Date and each successive period beginning on (and including) a Profit Period Date and ending on (but excluding) the next succeeding Profit Period Date;

“Rights to Services” means:

- (a) the right to participate in the supply of electricity in Malaysia;
- (b) the right to operate and maintain certain installations in connection with the supply of electricity in Malaysia; and
- (c) the right to receive all revenues, distributions and other monies at any time payable in respect of the services set out in paragraphs (a) and (b) above and all other rights, benefits and entitlements in respect of or derived from such services,

in each case granted by way of sub-licence and/or sub-contract by the Grantor to the Trustee up to an amount equal to the relevant Net Revenue Limit per annum, for the period of the relevant Rights to Services Term, as described in the Supplemental Grant of Rights to Services Agreement for the Series;

“Rights to Services Term”, in respect of a Series, means the Rights to Services Price specified in the relevant Supplemental Grant of Rights to Services Agreement;

“Rights to Services Value”, in respect of a Series, has the meaning given to it in the relevant Supplemental Grant of Rights to Services Agreement;

“Rules” means the rules of BMIS for the Market and includes any schedules and appendices to such rules and guidelines, directives, notices, circulars and operational procedures of general or specific applicable as may be issued from time to time by BMIS;

“Sale Transaction” means an agreement between the Commodity Trading Participant (on behalf of the Buyer) and the Commodity Buyer for the spot sale of Commodities;

“Scheduled Dissolution Date” means the date specified as such in the applicable Pricing Supplement;

“Share Purchase Price” means the purchase price payable by the Purchaser in respect of any Shares which are the subject of a Purchase Agreement, as set out in the relevant Supplemental Asset Sale and Purchase Agreement (inclusive of any applicable Taxes);

“Shares” means, if applicable to a Series, the beneficial ownership in and to each of the shares described in the relevant Supplemental Asset Sale and Purchase Agreement, together with the right to receive all dividends, distributions and other monies at any time payable in respect of such shares, all voting rights and all other rights, benefits and proceeds in respect of or derived from such shares;

“Specified Currency” means the currency specified as such in the terms of a particular Series or, if none is specified, the currency in which the Sukuk are denominated which for the avoidance of doubt shall not be Malaysian Ringgit;

“Sub-Grant Fee”, in respect of a Series, has the meaning given to it in the relevant Supplemental Sub-Grant of Rights to Services Agreement;

“Sub-Grant of Rights to Services Agreement” means, in respect of a Series, the Master Sub-Grant of Rights to Services Agreement as supplemented by the relevant Supplemental Sub-Grant of Rights to Services Agreement;

“Sub-Grant Term”, in respect of a Series, has the meaning given to it in the relevant Supplemental Sub-Grant of Rights to Services Agreement;

“Sukukholder Put Right” means the right specified in Condition 8(e);

“Sukukholder Put Right Date” means, in relation to any exercise of the Sukukholder Put Right, the date(s) specified as such in the Terms and Conditions of the Sukuk and which must (if the Sukuk is a Floating Rate Sukuk) be a Periodic Distribution Date;

“Sukukholder Put Right Exercise Price” means, in relation to each Series:

- (a) the aggregate outstanding face amount of the Sukuk being redeemed pursuant to the Sukukholder Put Right for the relevant Series; plus
- (b) all accrued but unpaid Periodic Distribution Amounts (if any) relating to such Sukuk being redeemed; plus
- (c) if all of the Sukuk of a Series are being redeemed, an amount equal to the Outstanding Liquidity Amount (if any); plus
- (d) if all of the Sukuk of a Series are being redeemed, without duplication or double counting, an amount representing any amounts payable by the Trustee (in any capacity) under the Transaction Documents (including but not limited to costs and expenses due but unpaid to the Delegate, any unpaid Wakala Services Charge Amount and any other Priority Amounts which remain outstanding as at the Sukukholder Put Right Date); plus
- (e) any other amounts payable in relation to the Sukuk being redeemed on the exercise of the Sukukholder Put Right as specified in the applicable Pricing Supplement; less

- (f) (if a Commodity Murabaha Investment forms part of the Wakala Venture for the Series) all amounts in respect of Deferred Sale Price which have been paid into the Transaction Account and which remain available to pay a proportion of the aggregate amounts payable on redemption of the Sukuk following exercise of the Sukukholder Put Right; less
- (g) to the extent the Wakala Portfolio comprised Lease Assets prior to any Total Loss Event and an Exercise Notice has been served immediately following such Total Loss Event, the Takaful/Insurance Coverage Amount;

“Supplemental Asset Sale and Purchase Agreement” means, in respect of a Series, an agreement substantially in the Form set out in schedule 1 of the Master Asset Sale and Purchase Agreement;

“Supplemental Grant of Rights to Services Agreement” means, in respect of a Series, an agreement substantially in the form set out in schedule 1 to the Master Grant of Rights to Services Agreement;

“Supplemental Sub-Grant of Rights to Services Agreement” means, in respect of a Series, an agreement substantially in the form set out in schedule 1 to the Master Sub-Grant of Rights to Services Agreement;

“Supplemental Lease Agreement” means, in relation to each Series, an agreement in or substantially in the form set out in schedule 1 to the Master Lease Agreement (including any replacement Supplemental Lease Agreement entered into pursuant to the Substitution Undertaking on any substitution of Lease Assets, the Sale Undertaking on any cancellation of Sukuk by the Obligor or the Purchase Undertaking where Sukuk remain outstanding after the exercise of the Sukukholder Put Right);

“Takaful/Insurance Coverage Amount”, if applicable to a Series, means an amount equal to:

- (a) the aggregate of:
 - (i) the outstanding face amount of the Sukuk of such Series;
 - (ii) an amount equal to at least 30 days’ Rental payable under the Lease Agreement;
 - (iii) if no Rights to Services are included in the Wakala Portfolio, without duplication or double counting, an amount equal to any Wakala Services Charge Amount outstanding under the terms of the Wakala Agreement; and
 - (iv) any Outstanding Liquidity Amount;

less

- (b) an amount equal to the aggregate of:
 - (i) the Value of the other Wakala Assets constituting the Wakala Portfolio; and
 - (ii) the outstanding Deferred Sale Price (after any reduction pursuant to clause 11.2 of the Master Murabaha Agreement);

“Takaful/Insurance Proceeds” means the proceeds of a claim under the Takaful/Insurances (as defined in the Wakala Agreement), excluding any third party liability takaful/insurance proceeds or any environmental liability takaful/insurance proceeds;

“Tangibility Criteria” means the criteria to be approved by the Joint Shari’a Advisers, acting reasonably, which an asset will be required to meet in order to be deemed to have a sufficient amount or percentage of tangibility for the purposes of inclusion in the Wakala Portfolio;

“Tangible Assets” means, in respect of any Series, any Property Assets, Rights to Services, Shares and/or other Shari’a-compliant assets (which, in the case of other Shari’a-compliant assets only, comply with the Tangibility Criteria) forming part of the Wakala Portfolio;

“Taxes” means any tax, levy, impost, duty or other charge or withholding of a similar nature;

“Total Loss Dissolution Date” has the meaning given to it in Condition 8(c);

“Total Loss Event” means in relation to a particular Lease Asset:

- (a) the total loss or destruction of, or damage to the whole of, the relevant Lease Asset or any event or occurrence that renders the whole of such Lease Asset permanently unfit for any economic use and (but only after taking into consideration any takaful/insurance or other indemnity granted by any third party in respect of such Lease Asset) the repair or remedial work in respect thereof is wholly uneconomical; or
- (b) the Lessor ceases to own the beneficial interest in the entirety of such Lease Asset other than in accordance with the terms of the Transaction Documents;

“Total Loss Termination Event” means an event or circumstances where:

- (a) a Total Loss Event has occurred; and
- (b) Tenaga Nasional Berhad is unable, within 30 days of the Total Loss Event occurring, to sell new assets to the Trustee pursuant to a sale agreement for an amount at least equal to the Takaful/Insurance Coverage Amount;

“Transaction Account” means, in relation to each Series, the account in the Trustee’s name held with Citibank, N.A., London Branch and into which the Obligor will deposit all amounts due to the Trustee under the Transaction Documents, details of which are specified in the terms for the relevant Series;

“Transaction Documents” means, in relation to each Series:

- (a) the relevant Sukuk;
- (b) the Master Declaration of Trust as supplemented by the Supplemental Declaration of Trust;
- (c) the Agency Agreement;
- (d) if applicable to a Series, the Master Asset Sale and Purchase Agreement as supplemented by the applicable Supplemental Asset Sale and Purchase Agreement;
- (e) if applicable to a Series, the Master Lease Agreement as supplemented by the applicable Supplemental Lease Agreement;
- (f) if applicable to a Series, Master Grant of Rights to Services Agreement as supplemented by the Supplemental Grant of Rights to Services Agreement;

- (g) if applicable to a Series, Master Sub-Grant of Rights to Services Agreement as supplemented by the Supplemental Sub-Grant of Rights to Services Agreement;
- (h) the Sale Undertaking (together with each relevant sale agreement or transfer agreement executed upon exercise of the Sale Undertaking);
- (i) the Purchase Undertaking (together with each relevant sale agreement executed upon exercise of the Purchase Undertaking);
- (j) the Substitution Undertaking (together with each relevant transfer agreement executed upon exercise of the Substitution Undertaking);
- (k) the Wakala Agreement;
- (l) if applicable to a Series, the Master Murabaha Agreement (together with all offers, acceptances and confirmations delivered pursuant thereto in connection with the relevant Series); and
- (m) any additional documents specified hereon;

“Trustee Agency Letter” means the letter to be delivered to the Commodity Trading Participant by the Wakeel (as agent for the Trustee) for the purchase of Commodities from one or more Commodity Suppliers, substantially in the form set out in the Master Murabaha Agreement;

“Trustee Event” has the meaning given to it in the Terms and Conditions of the Sukuk;

“Value” means, on any date, the amount in the Specified Currency determined by the Wakeel on the relevant date as being equal to:

- (a) in respect of a Wakala Venture, the aggregate of (i) the Value of each Wakala Asset in the Wakala Portfolio, (ii) the Value of the Commodity Murabaha Investment (if any) and (iii) the balance standing to the credit of the Reserve Account;
- (b) in respect of each Wakala Asset in the Wakala Portfolio for a particular Series, the amount determined as follows:
 - (i) in the case of any Lease Assets, the Property Assets Purchase Price, provided that following a Total Loss Event, this amount shall be reduced to zero until such time that additional Lease Assets have been purchased pursuant to a sale agreement;
 - (ii) in the case of any Rights to Services, the Rights to Services Value;
 - (iii) in the case of any Electricity Receivables, the aggregate of the outstanding amounts payable on or after the relevant date in respect of such Electricity Receivables (without premium or discount); and
 - (iv) in the case of any Shares, the Share Purchase Price; and
- (c) in respect of a Commodity Murabaha Investment, the aggregate of all outstanding amounts of Deferred Sale Price remaining to be paid in respect of such Commodity Murabaha Investment on or after the relevant date,

and for such purposes, any amounts not expressed in the Specified Currency shall be converted (for the purposes of this determination only) into the Specified Currency at the Wakala Exchange Rate;

“Wakala Asset” means, in relation to a Series, each asset constituting the relevant Wakala Portfolio, and “Wakala Assets” shall be construed accordingly;

“Wakala Asset Obligor” means, the entity or entities obliged to make payments in respect of a Wakala Asset in accordance with all applicable laws and the terms of the Wakala Asset;

“Wakala Exchange Rate” has the meaning given to it in the Wakala Agreement;

“Wakala Portfolio” means, in relation to each Series (i) the Initial Wakala Portfolio related to that Series, (ii) from the time of any acquisition of a Wakala Asset on the Trustee’s behalf or substitution of a Wakala Asset in accordance with the Wakala Agreement or the Substitution Undertaking, shall include the Tangible Asset(s) and Non-Tangible Asset(s) so acquired or substituted for the relevant Wakala Asset and shall cease to include the Wakala Asset so substituted, but shall not include in the case of (i) or (ii) above any obligations or liabilities of Tenaga Nasional Berhad in respect of any such assets and (iii) from the time of any other transfer of a Wakala Asset to Tenaga Nasional Berhad in accordance with the Sale Undertaking or purchase of a Wakala Asset by Tenaga Nasional Berhad pursuant to the Purchase Undertaking, shall cease to include the Wakala Asset so transferred or purchased;

“Wakala Services Charge Amount” means, in relation to each Series, the amount of any claims, losses, costs and expenses properly incurred or suffered by the Wakeel or other payments made by the Wakeel on behalf of the Trustee, in each case in providing the services under the Wakala Agreement (excluding any amount due to the Wakeel in respect of any Liquidity Facility); and

“Wakala Venture” means the Wakala Portfolio and the Commodity Murabaha Investment (if any) in respect of a Series.

BOOK-ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream, Luxembourg currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that each of the Trustee and the Obligor believes to be reliable, but neither the Trustee, the Obligor nor any Arranger or Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Trustee, the Obligor nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Sukuk held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.

Book-entry Systems

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Distributions of dissolution amounts with respect to book-entry interests in the Sukuk held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Principal Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or an Alternative Clearing System as the holder of a Sukuk represented by a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the holder of the underlying Sukuk and in relation to all other rights arising under the Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Trustee in respect of payments due on the Sukuk for so long as the Sukuk are represented by such Global Certificate and such obligations of the Trustee will be discharged by payment to the holder of the underlying Sukuk, as the case may be, in respect of each amount so paid.

Beneficial ownership in Sukuk will be held through financial institutions as direct and indirect participants in Euroclear and Clearstream, Luxembourg.

The aggregate holdings of book-entry interests in the Sukuk in Euroclear and Clearstream, Luxembourg will be reflected in the book-entry accounts of each such institution. Euroclear and Clearstream, Luxembourg, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Sukuk, will be responsible for establishing and maintaining accounts for their participants and customers

having interests in the book-entry interest in the Sukuk. The Paying Agent will be responsible for ensuring that payments received by it from the Trustee for holders of interests in the Sukuk holding through Euroclear and Clearstream, Luxembourg are credited to Euroclear or Clearstream, Luxembourg, as the case may be.

The Trustee will not impose any fees in respect of the Sukuk, however, holders of book entry interests in the Sukuk may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream, Luxembourg.

Book-Entry Ownership

The Trustee has made applications to Euroclear and Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of the Sukuk to be represented by a Global Certificate. Each Global Certificate will have an International Securities Identification Number and a Common Code. Investors in Sukuk of such Series may hold their interests in a Global Certificate only through Euroclear or Clearstream, Luxembourg.

Transfers of Sukuk Represented by Global Certificates

Transfers of any interests in Sukuk represented by a Global Certificate within Euroclear or Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant Clearing System. Euroclear, Clearstream, Luxembourg have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Global Certificates among accountholders of Euroclear or Clearstream, Luxembourg. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Trustee, the Paying Agents, the Registrar and the Dealers will be responsible for any performance by Euroclear or Clearstream, Luxembourg or their respective accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to, or payments made on account of, beneficial interests in the Sukuk represented by Global Certificates or for maintaining, supervising or reviewing any records relating to such beneficial interests.

TAXATION

The statements herein regarding taxation are based on the laws in force as at the date of this document and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Sukuk and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers or certain professional investors) may be subject to special rules. Investors should consult their own tax advisers regarding the tax consequences of an investment in the Sukuk.

The payment of profit by the Trustee on the Sukuk to a non-resident of Malaysia will not be subject to interest withholding tax in Malaysia pursuant to Section 33B of Schedule 6 of the Income Tax Act, 1967. The repayment of principal amount is also not normally subject to withholding tax unless the non-resident has made gains on the sale of the Sukuk and such gains are seen to be other income. Under Malaysian tax legislation, a company is regarded as non-resident if the management and control of its affairs are not exercised in Malaysia at any time by its directors or other controlling party. The rules relating to individuals are more complex and are generally based on the length of time spent in Malaysia.

Pursuant to Section 33B of Schedule 6 of the Income Tax Act, 1967, the payment of profit by the Trustee on the Sukuk to any person, whether Malaysian resident or non-resident of Malaysia is exempted from income tax.

Malaysia has no estate, inheritance or capital gains tax in respect of the Sukuk. The issuance, disposition, redemption or transfer of the Sukuk outside Malaysia would not normally be a taxable event in Malaysia.

There is no repatriation levy under Malaysia's exchange control regulations.

All instruments executed in connection with the Sukuk to be issued by the Issuer under the Programme, of which the documents and information in relation to the Programme have been lodged with the SC pursuant to the Guidelines on Unlisted Capital Markets Products under the Lodge and Launch Framework is exempted from Stamp Duty pursuant to the provisions of the Stamp Duty (Exemption) (No. 23) Order 2000 (as amended by the Stamp Duty (Exemption) (No.3) (Amendment) Order 2005).

FATCA Withholding

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including Malaysia) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Sukuk, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Sukuk, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Sukuk, such withholding would not apply prior to 1 January 2019. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Sukuk.

SUBSCRIPTION AND SALE

Subject to the terms and on the conditions contained in an amended and restated dealer agreement entered into on 12 October 2018 (the “Dealer Agreement”) between the Trustee, the Obligor, the Arrangers and the Dealers, the Sukuk will be offered on a continuous basis by the Trustee to the Dealers. The Sukuk may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Sukuk may also be sold by the Trustee through the Dealers, acting as agents of the Trustee. The Dealer Agreement also provides for Sukuk to be issued in syndicated Series that are subscribed for by two or more Dealers.

Each of the Arrangers and Dealers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Arrangers and the Dealers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Trustee or TNB and/or its subsidiaries, jointly controlled entities or associated companies from time to time. In the ordinary course of their various business activities, the Arrangers and the Dealers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Trustee or TNB and/or its subsidiaries, jointly controlled entities or associated companies, including Sukuk issued under the Programme, may be entered into at the same time or proximate to offers and sales of Sukuk or at other times in the secondary market and be carried out with counterparties that are also purchaser, holders or sellers of Sukuk. Sukuk issued under the Programme may be purchased by or be allocated to any Dealer or an affiliate for asset management and/or proprietary purposes but not with a view to distribution.

Selling Restrictions

United States

The Sukuk have not been and will not be registered under the Securities Act, and, subject to certain exceptions, may not be offered or sold within the United States.

The Sukuk are being offered and sold outside of the United States in reliance on Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of the Sukuk, an offer or sale of Sukuk within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Sukuk which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for

the purposes of its business and (b) it has not offered or sold and will not offer or sell any Sukuk other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or as agent) for the purposes of their businesses where the issue of the Sukuk would otherwise constitute a contravention of section 19 of the FSMA by the Trustee;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Sukuk in circumstances in which Section 21(1) of the FSMA does not apply to the Trustee; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Sukuk in, from or otherwise involving the UK.

Prohibition of Sales to EEA Retail Investors

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Sukuk which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Sukuk to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Trustee for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Sukuk referred to in (a) to (c) above shall require the Trustee or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Sukuk to the public” in relation to any Sukuk in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Sukuk to be offered so as to enable an investor to decide to purchase or subscribe the Sukuk, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (as amended or superseded, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Japan

The Sukuk have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the “Financial Instruments and Exchange Act”). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and

agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Sukuk in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Hong Kong

In relation to each Series of Sukuk issued by the Trustee, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Sukuk (except for Sukuk which are a “structured product” as defined in the Securities and Futures Ordinance (Cap 571) of Hong Kong (“SFO”)) other than (a) to “professional investors” as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Sukuk, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Sukuk which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made thereunder.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Sukuk or caused such Sukuk to be made the subject of an invitation for subscription or purchase and will not offer or sell any Sukuk or cause such Sukuk to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Sukuk, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time including by any subsidiary legislation as may be applicable at the relevant time (together, the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Sukuk are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Sukuk pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law; or
- (iv) as specified in Section 276(7) of the SFA.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Sukuk, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Sukuk are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Switzerland

This Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Sukuk. The Sukuk may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Offering Circular nor any other offering or marketing material relating to the Sukuk constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland and neither this Offering Circular nor any other offering or marketing material relating to the Sukuk may be publicly distributed or otherwise made publicly available in Switzerland.

Malaysia

Each Dealer has acknowledged and each further Dealer appointed under the Programme will be required to acknowledge that this Offering Circular has not been registered as a prospectus with the SC under the CMSA. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Sukuk have not been and will not be offered, sold or delivered, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to the persons falling within any one of the categories of persons specified under Part I of Schedule 6 (or Section 229(1)(b)) and Part I of Schedule 7 (or Section 230(1)(b)) read together with Schedule 9 (or Section 257(3)) of the CMSA, subject to any law, order, regulation or official directive of BNM, the SC and/or any other regulatory authority from time to time. The issuance of, offer for subscription or purchase of or invitation to subscribe for the Sukuk would also fall within paragraph 12, Schedule 8 (or Section 257(1)) of the CMSA, on the basis that the Programme has been rated BBB by S&P and A3 by Moody's.

Prospective investors should note that residents of Malaysia may be required to obtain regulatory approvals including approval from BNM to purchase the Sukuk. The onus is on the residents of Malaysia concerned to

obtain such regulatory approvals and none of the Dealers, the Trustee or the Obligor is responsible for any invitation, offer, sale or purchase of the Sukuk as aforesaid without the necessary approvals being in place.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Dealer has represented and agreed, and each future Dealer appointed under the Programme will be required to represent and agree, that the Sukuk to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each future Dealer appointed under the Programme will be required to represent and agree that it has not offered and will not offer the Sukuk to any person in the Dubai International Financial Centre unless such offer is:

- (a) an “Exempt Offer” in accordance with the Markets Rules Module of the DFSA Rulebook; and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA Rulebook.

Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Sukuk. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a “Saudi Investor”) who acquires any Sukuk pursuant to an offering should note that the offer of Sukuk is a private placement under Article 9 or Article 10 of the “Offers of Securities Regulations” as issued by the Board of the CMA resolution number 3-123-2017 dated 9/4/1439H, corresponding to 27 December 2017 as amended by the Board of the CMA’s resolution number 3-45-2018 dated 7/8/1439H, corresponding to 23 April 2018 (the “KSA Regulations”), through a person authorised by the CMA to carry on the securities activity of arranging and following a notification to the CMA under the Regulations.

The Sukuk may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to “sophisticated investors” under Article 9 of the KSA Regulations or by way of a limited offer under Article 10 of the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Sukuk will comply with the KSA Regulations.

Each offer of Sukuk shall not therefore constitute a “public offer”, an “exempt offer” or a “parallel market offer” pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 15 of the KSA Regulations. Any Saudi Investor who has acquired Sukuk pursuant to a private placement under Article 9 or Article 10 of the KSA Regulations may not offer or sell those Sukuk to any person unless the offer or sale is made through an authorised person appropriately licensed by the CMA and: (a) the Sukuk are offered or sold to a Sophisticated Investor (as defined in Article 9 of the KSA Regulations); (b) the price to be paid for the Sukuk in any one transaction is equal to or exceeds Saudi Riyals 1 million or an equivalent amount; or (c) the Sukuk are being offered or sold in such other circumstances as the CMA may prescribe.

Bahrain

Each Dealer has represented and agreed, and each future Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Sukuk, except on a private placement basis, to persons in Bahrain who are “accredited investors”.

For this purpose, an “accredited investor” means:

- (a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more;
- (b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

Qatar (Excluding the Qatar Financial Centre)

Each Dealer has represented and agreed, and each future Dealer appointed under the Programme will be required to represent and agree, that it has not offered, delivered or sold, and will not offer, deliver or sell at any time, directly or indirectly, any Sukuk in the State of Qatar, except (i) in compliance with all applicable laws and regulations of the State of Qatar; and (ii) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar.

This Offering Circular has not been filed with, reviewed or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, Qatar Financial Centre Regulatory Authority or any other relevant Qatar governmental body or securities exchange.

General

These selling restrictions may be supplemented or modified by the agreement of the Trustee, the Obligor and any relevant Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Sukuk to which it relates or in a supplement to this Offering Circular.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Sukuk, or possession or distribution of this Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each relevant Dealer will be required to agree that, it shall, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Sukuk or has in its possession or distributes this Offering Circular, any other offering material or any Pricing Supplement therefore in all cases at its own expense.

FORM OF PRICING SUPPLEMENT

[MiFID II product governance / Professional investors and ECPs only target market — Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Sukuk has led to the conclusion that: (i) the target market for the Sukuk is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “MiFID II”); and (ii) all channels for distribution of the Sukuk to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Sukuk (a “distributor”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Sukuk (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures Act (Capital Market Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Trustee has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Sukuk [are] / [are not] prescribed capital markets products (as defined in the CMP Regulations 2018) and [are] [Excluded] / [Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products.)^{1]}

**Pricing Supplement dated [●]
TNB GLOBAL VENTURES CAPITAL BERHAD**

Company Number: 1189462-U

*Issue of [Aggregate Face Amount of Series][Title of Sukuk]
under the U.S.\$2,500,000,000 Multicurrency Sukuk Issuance Programme*

This document constitutes the Pricing Supplement relating to the issue of Sukuk described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Sukuk set forth in the Offering Circular dated 12 October 2018 [and the supplemental [Offering Circular] dated [●]] the “Offering Circular”. This Pricing Supplement contains the final terms of the Sukuk and must be read in conjunction with such Offering Circular [as so supplemented].

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]

- | | | |
|---|-----------------------------------|------------------------------------|
| 1 | Trustee: | TNB Global Ventures Capital Berhad |
| 2 | Obligor: | Tenaga Nasional Berhad |
| 3 | Series Number: | [●] |
| 4 | Specified Currency ² : | [●] |

¹ For any Sukuk to be offered to Singapore investors, the Trustee to consider whether it needs to re-classify the Sukuk pursuant to Section 309B of the SFA prior to the launch of the offer.

² This currency excludes Malaysian Ringgit.

5	Aggregate Face Amount of Series:	[●]
6	Issue Price:	100.0 per cent. of the Aggregate Face Amount
	(i) Net proceeds	[[●] (<i>Required only for listed issues</i>)]
7	(i) Specified Denominations:	[●] <i>If the specified denomination is expressed to be €100,000 or its equivalent and multiples of a lower principal amount (for example €1,000), insert the following: €100,000 and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Sukuk in definitive form will be issued with a denomination above [€199,000]</i>
	(ii) Calculation Amount:	[●]
8	(i) Issue Date:	[●]
	(ii) Profit Commencement Date:	[Specify/Issue Date/Not Applicable]
	(iii) Profit Period Dates:	[Each Periodic Distribution Date]/[●]
9	Scheduled Dissolution Date:	<i>[specify date and tenor or (for Floating Rate Sukuk) Periodic Distribution Date falling in or nearest to the relevant month and year and tenor/None]</i> <i>Note that for Renminbi or Hong Kong Dollar denominated Fixed Rate Sukuk where the Periodic Distribution Dates are subject to modification it will be necessary to specify the Periodic Distribution Date falling in or nearest to the relevant month and year.</i>
10	Periodic Distribution Amount Basis:	[[●] per cent. Fixed Periodic Distribution Amount] [[specify reference rate] +/- [●] per cent. Floating Periodic Distribution Amount] (further particulars specified below)
11	Dissolution Basis:	Dissolution at par
12	Change of Periodic Distribution Basis:	[Specify details of any provision for convertibility of Sukuk into another periodic distribution basis] [Not Applicable]
13	Put/Call Options:	[Not Applicable] [Optional Redemption Right] [Sukukholder Put Right] [(further particulars specified below)]
14	Status of the Sukuk:	Senior
15	Listing:	[SGX-ST/Bursa Securities/(specify)/None]
16	Method of distribution:	[Syndicated/Non-syndicated]

Provisions relating to Periodic Distribution Accounts Payable

- 17 Fixed Periodic Distribution Amounts: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Profit Rate: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/specify other] in arrear]
- (ii) Periodic Distribution Date(s): [●] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of “Business Day”]/not adjusted] (N.B. This will need to be amended in the case of long or short return accumulation periods)
- (iii) Fixed Amount[(s)]: [●] per Calculation Amount
- (iv) Broken Amount(s): [●] per Calculation Amount, payable on the Periodic Distribution Date falling on [●] [Not Applicable] (Insert particulars of any initial or final broken Periodic Distribution Amounts which do not correspond with the Fixed Amount(s) specified under paragraph 17(iii))
- (v) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA Actual/365(Fixed)³/other]
- (vi) Profit Rate Determination Dates: [●] in each year *(insert regular periodic distribution dates, ignoring issue date or scheduled dissolution date in the case of a long or short first or last return accumulation period)* N.B. This will need to be amended in the case of regular periodic distribution dates which are not of equal duration N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)
- (vii) Other terms relating to the method of calculating Periodic Distribution Amounts for Fixed Rate Sukuk: [Not Applicable/give details]
- 18 Floating Periodic Distribution Amounts: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Specified Periodic Distribution Dates: [Not Applicable] *(Periodic Distribution Period and Specified Periodic Distribution Dates are alternatives. If the Business Day Convention is the Floating Rate Convention, insert “Not Applicable”)*

³ Applicable to Hong Kong Dollar-denominated Fixed Rate Sukuk and Renminbi-denominated Fixed Rate Sukuk

- (ii) Periodic Distribution Period: [Not Applicable]
- (Periodic Distribution Period and Specified Periodic Distribution Dates are alternatives. A Periodic Distribution Period, rather than Specified Periodic Distribution Dates, will only be relevant if the Business Day Convention is the Floating Rate Convention. Otherwise, insert "Not Applicable")*
- (iii) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (iv) Business Centre(s): [●]
- (v) Manner in which the Profit Rate is to be determined: [Screen Rate Determination/ ISDA Determination/other (give details)]
- (vi) Party responsible for calculating the Profit Rate(s) and Profit Amount(s) (if not the Calculation Agent): [●]
- (vii) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate: [●] month [currency]
 [LIBOR/EURIBOR/SIBOR/SOR/specify other]
 - Profit Rate Determination Date(s): [●]
 - Relevant Screen Page: [●]
 - Relevant Time: [●]
- (viii) ISDA Determination:
- Floating Rate Option: [●]
 - Designated Maturity: [●]
 - Reset Date: [●]
- (ix) Margin(s): [+/-][●] per cent. per annum
- (x) Minimum Profit Rate: [●] per cent. per annum
- (xi) Maximum Profit Rate: [●] per cent. per annum
- (xii) Day Count Fraction: [●]

- (xiii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating Periodic Distribution Amounts on Floating Rate Sukuk, if different from those set out in the Terms and Conditions of the Sukuk: [●]

Provisions relating to Dissolution

- 19 Optional Redemption Right: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [Any Periodic Distribution Date] [*specify other*]
- (ii) Dissolution Distribution Amount(s) of each Sukuk and specified denomination and method, if any, of calculating such amount(s): [●] per Calculation Amount
- (iii) If redeemable in part:
- Minimum Optional Redemption Amount: [●] per Calculation Amount
 - Maximum Optional Redemption Amount: [●] per Calculation Amount
- (iv) Notice period (if other than as set out in Conditions): [●] *(N.B. If setting notice periods which are different to those provided in the Terms and Conditions of the Sukuk, the Trustee is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Trustee and the Principal Paying Agent or the Delegate)*
- 20 Sukukholder Put Right: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Sukukholder Put Right Date(s): [●]
- (ii) Dissolution Distribution Amount(s) of each Sukuk and method, if any, of calculation of such amount(s): [●] per Calculation Amount [*Note: This must be no less than par*]

(iii) Notice period (if other than as set out in Conditions): [●] (*N.B. If setting notice periods which are different to those provided in the Terms and Conditions of the Sukuk, the Trustee is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Trustee and the Principal Paying Agent or the Delegate*)

21 Dissolution Distribution Amount on Scheduled Dissolution Date: [●] per Calculation Amount [*Note: This must be no less than par*]

22 Dissolution Distribution Amount of each Sukuk payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Terms and Conditions of the Sukuk): [●] per Calculation Amount [*Note: This must be no less than par*]

General Provisions applicable to the Sukuk

23 Form of Sukuk: Global Certificate exchangeable for Sukuk in definitive registered form in the limited circumstances specified in the Global Certificate

24 Financial Centre(s): [Not Applicable/give details] [*Note: This paragraph relates to the date and place of payment*]

25 Other terms or special conditions: [Not Applicable/give details]

Provisions in respect of the Trust Assets

26 Wakala Venture on the Issue Date: [The Tangible Assets [and the Non-Tangible Assets] as set out in the Supplemental Asset Sale and Purchase Agreement specified below, a copy of which is set out in Annex 1 hereto,] [, the/The] [Rights to Services as set out in the Supplemental Grant of Rights to Services Agreement specified below, a copy of which is set out in Annex [1/2] hereto,] [and a Commodity Murabaha Investment with a Deferred Sale Price of [●]]

27 Trust Assets on the Issue Date: [Condition 5.1 applies] [*specify other*]

28 Details of Transaction Account: [●]

29 Other Transaction Document Information:

(i) Supplemental Declaration of Trust: Supplemental Declaration of Trust dated [●] between (among others) the Trustee, the Obligor and the Delegate

(ii) [Supplemental Asset Sale and Purchase Agreement: Supplemental Asset Sale and Purchase Agreement dated [●] between the Trustee (as Purchaser) and the Obligor (as Seller), a copy of which is appended as Annex 1]

- (iii) [Supplemental Grant of Rights to Services Agreement: Supplemental Grant of Rights to Services Agreement dated [●] between the Trustee (as Grantee) and the Obligor (as Grantor) a copy of which is appended as Annex [1/2]]

Distribution

- 30 (i) If syndicated, names of Managers: [Not Applicable/*give names*]
(ii) Stabilisation Manager (if any): [Not Applicable/*give name*]
31 If non-syndicated, name of Dealer: [Not Applicable/*give name*]
32 Additional selling restrictions: [Not Applicable/*give details*]

Operational Information

- 33 ISIN Code: [●]
34 Common Code: [●]
35 Legal Entity Identifier: 5493004U8XEGPFWIBZ14
36 CFI: [[●]/Not Applicable]
37 FISN: [[●]/Not Applicable]
(if the CFI and/or FISN is not required, requested or available, it/they should be specified to be “Not Applicable”)
38 Any clearing system(s) other than Euroclear or Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
39 Delivery: Delivery [against/free of] payment
40 Additional Paying Agent(s) (if any): [Not Applicable/*give name and address*]

General

- 41 Governing Law: English
42 [Ratings: The Sukuk to be issued have been rated: [S&P:[●]] [Moody’s: [●]] [[Other:[[●]]] (The above disclosure should reflect the rating allocated to Sukuk of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating)]
43 Utilisation of Proceeds: The proceeds from the issue of the Sukuk will used for [the purposes specified in the Offering Circular]/[●]

Purpose of Pricing Supplement

This Pricing Supplement comprises the final terms required for issue and admission to Bursa Malaysia Securities Berhad (“Bursa Securities”) and Singapore Exchange Securities Trading Limited (“SGX-ST”) of the Sukuk described herein pursuant to the U.S.\$2,500,000,000 Multicurrency Sukuk Issuance Programme of TNB Global Ventures Capital Berhad.

Responsibility

Each of the Trustee and Tenaga Nasional Berhad accepts responsibility for the information contained in this Pricing Supplement.

[Bursa Securities assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Pricing Supplement. The approval in-principle from, and the admission of the Sukuk to Bursa Securities are not to be taken as indications of the merits of the Trustee, Tenaga Nasional Berhad, the Programme or the Sukuk.]

[The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Pricing Supplement. The approval in-principle from, and the admission of the Sukuk to the Official List of, the SGX-ST are not to be taken as indications of the merits of the Trustee, Tenaga Nasional Berhad, the Programme or the Sukuk.]

Signed on behalf of
TNB Global Ventures Capital Berhad

By:
Duly authorised

Signed on behalf of
Tenaga Nasional Berhad

By:
Duly authorised

**[ANNEX 1
SUPPLEMENTAL ASSET SALE AND PURCHASE AGREEMENT**

[To be inserted upon completion of Pricing Supplement]

[ANNEX [1/2]]
SUPPLEMENTAL GRANT OF RIGHTS TO SERVICES AGREEMENT

[To be inserted upon completion of Pricing Supplement]

GENERAL INFORMATION

- 1 The documents and information in relation to the Programme have been lodged with the SC pursuant to the Guidelines on Unlisted Capital Markets Products under the Lodge and Launch Framework (first issued on 9 March 2015 and revised on 8 November 2017 as amended from time to time). The Trustee has obtained all necessary consents, approvals and authorisations in Malaysia in connection with the establishment of the Programme. The establishment of the Programme and the issue of Sukuk under the Programme have been duly authorised by resolutions of the board of directors of the Trustee dated 17 August 2016 and the entry into and performance of the obligations under the Transaction Documents has been duly authorised by the resolutions of the Board of the Obligor dated 29 July 2016.
- 2 Approval in-principle has been granted by the SGX-ST for permission to deal in and for quotation of any Sukuk which are agreed at the time of issue thereof to be so listed on the SGX-ST. There is no assurance that the application to the Official List of the SGX-ST for the listing of the Sukuk will be approved. Admission to the Official List of the SGX-ST and quotation of any Sukuk on the SGX-ST is not to be taken as an indication of the merits of the Trustee, the Obligor, the Programme or the Sukuk. For so long as any Sukuk is listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where such Sukuk may be presented or surrendered for payment or redemption, in the event that any of the Global Certificates representing such Sukuk is exchanged for definitive Sukuk. In addition, in the event that any of the Global Certificates is exchanged for definitive Sukuk, an announcement of such exchange will be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Sukuk, including details of the paying agent in Singapore. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions or reports contained herein. Bursa Securities has granted its approval-in-principle for the primary listing of the Programme under the Exempt Regime. The Sukuk to be issued under the Programme will be listed but will not be quoted for trading on Bursa Securities.
- 3 The Sukuk to be issued under the Programme have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and International Securities Identification Number for each Series of Sukuk allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Pricing Supplement. If the Sukuk are to clear through an additional or Alternative Clearing System the appropriate information will be specified in the applicable Pricing Supplement.
- 4 The Legal Entity Identifier of the Trustee is 5493004U8XEGPFWIBZ14.
- 5 There has been no material adverse change in the financial position of the Trustee since date of incorporation and there has been no material adverse change in the financial position of the Obligor since 31 December 2017.
- 6 Other than the legal proceedings listed in this Offering Circular (See “*Description of the Group — Legal Proceedings*”), neither the Trustee or the Obligor is involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which any of them is aware) which may have or have had in the 12 months preceding the date of this Offering Circular a material financial or operational impact on the Trustee, the Obligor or the Group.
- 7 The independent auditors of the Obligor are PricewaterhouseCoopers PLT, Chartered Accountants.
- 8 The financial statements of the Obligor as at and for the years ended 31 August 2016 and 2017, as well as at and for the period of four months ended 31 December 2017, which are included elsewhere or incorporated by reference in this Offering Circular, have been audited by PricewaterhouseCoopers PLT, independent auditors, as stated in their reports incorporated by reference.

- 9 So long as Sukuk are capable of being issued under the Programme, copies of the following documents will, when published, be available from the registered office of the Trustee (being at the date of this Offering Circular, The Company Secretary's Office, Level 2 Tenaga Nasional Berhad Headquarters, No. 129 Jalan Bangsar, 59200 Kuala Lumpur, Malaysia) and from the specified office of the Principal Paying Agent for the time being (being at the date of this Offering Circular, c/o Citibank, N.A., Dublin Branch, 1 North Wall Quay, Dublin 1, Ireland) during normal business hours on any day (excluding Saturdays, Sundays and public holidays):
- (a) the constitutional documents of the Trustee and the Obligor;
 - (b) the audited financial statements of the Obligor in respect of the latest available financial year or period, as the case may be (together with the audit report in connection therewith);
 - (c) the Transaction Documents and the form of the Global Certificate;
 - (d) a copy of this Offering Circular; and
 - (e) any future offering circulars, prospectuses, information memoranda and supplements including Pricing Supplements (save that a Pricing Supplement relating to an unlisted Sukuk will only be available for inspection by a holder of such Sukuk and such holder must produce evidence satisfactory to the Trustee or, as the case may be, the Principal Paying Agent as to its holding of Sukuk and identity) to this Offering Circular and any other documents incorporated herein or therein by reference.

GLOSSARY

In this Offering Circular, unless the context otherwise requires, the following terms shall have the meanings set forth below.

AC	Alternating current
ACWA Power Projects	Arabian Company for Water and Power Projects
AMI	Advanced Metering Infrastructure
APG	ASEAN power grid
BAC	Board Audit Committee
BCRM	Billing and Customer Relation Management
BELB	Rural Electrification Programme
BIC	Board Integrity Committee
BKI	Batu Kemas Industri Sdn. Bhd.
BLTIP	Board Long Term Incentive Plan Committee
Bluemerang	Bluemerang Capital Limited
BNM	Bank Negara Malaysia
BNRC	Board Nomination and Remuneration Committee
Board	Board of directors of TNB
BRC	Board Risk Committee
BTC	Board Tender Committee
Bursa Securities	Bursa Malaysia Securities Berhad
CAR 2014	Environmental Quality (Clean Air) Regulations 2014
COD	Commercial operation date
Combined Cycle Gas Turbine	Gas-fired combined cycle plant
CPI	Consumer Price Index
CPPA-G	Central Power Purchase Agency Guarantee Limited
CSR	Corporate social responsibility
CTX	Celcom Transmission Sdn. Bhd.
DAB	Dispute Adjudication Board
DH&S	Deloitte Haskins & Sells

Distribution Code	Malaysian Distribution Code
DOE	Department of Environment
DRS	Demand risk sharing
Edra	Edra Global Energy Berhad
Edra Energy	Edra Energy Sdn. Bhd.
EGAT	Electricity Generating Authority of Thailand
EIF	Electricity Industry Fund
Electricity Supply Act	Electricity Supply Act 1990 and the Electricity Supply (Amendment) Act 2015
Energy Commission	The Energy Commission of Malaysia (<i>Suruhanjaya Tenaga</i>)
Energy Commission Act	Energy Commission Act 2001 and the Energy Commission (Amendment) Act 2010
FATCA	Foreign Account Tax Compliance Act
FCN	Fibrecomm Network (M) Sdn. Bhd.
FDF	First Dairy Farm (M) Sdn. Bhd.
FIC	Board Finance and Investment Committee
First Regulatory Period	First regulatory period which ran from January 2014 to December 2017
FiT	Feed-in-Tariff
FY	Fiscal year
GAMA Enerji	GAMA Enerji A.S.
GEL	GMR Energy Limited
GFA	Gas Framework Agreement
GF3	Connaught Bridge Power Station, Klang, Selangor
GHG	Greenhouse gas
GIA	Group Internal Audit
GIL	GMR Infrastructure Limited
Government	Government of Malaysia
Grid Code	The Malaysian Grid Code
GRMWC	Group Risk Management Working Committee

GSA	Gas Sales Agreement
GSA 2016	Gas Supply (Amendment) Act 2016
GSO	Grid System Operator
GVO Wind	GVO Wind Limited
GSR	Guided Self-Regulation
GWh	Giga-watts hours
HR	Group Human Resources
HVAC	High-voltage alternating current
HVDC	High-voltage direct current
IBR	Incentive Based Regulation
ICPT	Imbalance Cost Pass-Through
ICT	Information and Communications Technology
IGA	Intergovernmental agreement with the United States to implement FATCA
ILSAS	Tenaga Integrated Learning Solution Sdn. Bhd.
Integrax	Integrax Berhad
IPP	Independent power producer
IRB	Inland Revenue Board of Malaysia
IWPP	Independent water and power project
JEP	Jimah East Power Sdn. Bhd.
JEV	Jimah Energy Ventures Sdn. Bhd.
KEV	Kapar Energy Ventures Sdn. Bhd.
KKLW	The Ministry of Rural and Regional Development (<i>Kementerian Kemajuan Luar Bandar dan Wilayah</i>)
KPI	Key performance indicator
kV	Kilovolts
Labuan	The Federal Territory of Labuan
Lao PDR	Lao People's Democratic Republic
LJK	Lampu Jalan Kampung project

LNG	Liquified natural gas
LSS	Large scale solar
LTIP	Long Term Incentive Plan
Manjung 1, 2 and 3	3 x 700.0MW generators at the 2,100.0MW Manjung coal fired station located on a man-made island off the Lekir coast in Manjung, Perak
Manjung 4	1,000.0MW unit at the 2,100.0MW Manjung coal fired station located on a man-made island off the Lekir coast in Manjung, Perak
Manjung 5	1,000.0MW coal-fired power plant on a man-made island off the Lekir coast in Manjung, Perak
MESI	Malaysian electricity supply industry
MESITA	Malaysian Electricity Supply Industries Trust Account
MESTECC	Ministry of Energy, Science, Technology, Environment and Climate Change
MFRS	Malaysian Financial Reporting Standards
MGCC	The Malaysia Grid Code Committee
Minister of Energy	The Minister of MESTECC
MOF Inc.	The Minister of Finance (Incorporated)
Moody's	Moody's Investors Service, Inc.
MRCB	Malaysia Resources Corporation Berhad
MTM	Malaysia Transformer Manufacturing Sdn. Bhd.
MW	Megawatts
MyPower	Malaysia Programme Office for Power Electricity Reform
National Electricity Board	The National Electricity Board of the States of Malaya (<i>Lembaga Letrik Negara</i>)
National Grid	TNB's 132 kV, 275kV and 500kV transmission system
NEDA	New Enhanced Dispatch Arrangement
NEM	Net energy metering
Notices	Notices of additional tax assessment for the years of assessment 2013 and 2014 from the IRB for the sums of RM985.6 million and RM1,082.6 million
OCI	Other comprehensive income

Open Cycle Gas Turbine	Gas fired or diesel fired open cycle plant
OSH	Occupational safety and health
PAIP	Pengurusan Air Pahang Berhad
Pengerang Power	Pengerang Power Sdn. Bhd.
Perwaja	Perwaja Steel Sdn. Bhd.
PETRONAS	Petroleum Nasional Berhad
PGE	Sultan Iskandar Power Station
PINTAR	Promoting Intelligence, Nurturing Talent and Advocating Responsibility Programme
PPA	Power purchase agreement
Project 3B	2 x 1,000.0MW coal-fired power plant located in Jimah, Negeri Sembilan
RE	Renewable energy
REJA	The Reciprocal Enforcement of Judgments Act 1958
RIA	Reinvestment allowance
RIGs	Guidelines on Tariff Determination under IBR for TNB (previously known as IBR Regulatory Implementation Guidelines)
ROC	Renewable Obligation Certificate
Sabah	The State of Sabah
SAIDI	System Average Interruption Duration Index
SCIT	Special Commissioner of Income Tax
Second Regulatory Period	Second regulatory period which runs from January 2018 to December 2020
SEMS	Safety excellence management system
Sepang Solar	TNB Sepang Solar Sdn. Bhd.
SESB	Sabah Electricity Sdn. Bhd.
SHTech	Setia Haruman Technology Sdn. Bhd.
SIPP Energy	SIPP Energy Sdn. Bhd.
SLA	Service Level Agreement
SPC	Special purpose company

Special Share	Special rights redeemable preference share in TNB
S&P	Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc.
SPG	Southern Power Generation Sdn. Bhd.
Steam Turbine	Thermal plants producing power using conventional steam technology, principally fired by coal
Synchrophasors	Synchronised phasors
TCB	TNB Connaught Bridge Sdn. Bhd.
TIRA	TNB Investment Risk Assessment
TLPL	TNB Liberty Power Ltd.
TM Salini	TM Salini Sdn. Bhd.
TNBJ	TNB Janamanjung Sdn. Bhd.
TNB Research	TNB Research Sdn. Bhd.
TOMAS	Transmission Operation Monitoring and Analysing System
TPA	Third Party Access for gas
Trial Regulatory Period	Trial regulatory period which ran from January 2014 to December 2014
TRIS	TNB Risk Information System
TTPC	Teknologi Tenaga Perlis Consortium Sdn. Bhd.
UK	United Kingdom
UNITEN	Universiti Tenaga Nasional
Vortex Solar	Vortex Solar Investments S.à.r.l.
VUP	Value Unlocking Programme
WACC	Weighted average cost of capital
WAPDA	Pakistan Water and Power Development Authority

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