

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE U.S.

IMPORTANT: You must read the following before continuing. The following applies to the offering circular (the “Offering Circular”) following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

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 Professionals 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.

Each Series (as defined herein) of Sukuk issued under the Programme will be constituted by a master declaration of trust dated 4 October 2016 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.

Application has been made to Bursa Malaysia Securities Berhad ("Bursa Securities") for the 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 quotation for any Sukuk which will at the time of issuer 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 revised and effective from 15 June 2015 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 depositary 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, as amended (the "Securities Act") or any U.S. State securities laws and may not be offered or sold in the United States, except pursuant to registration or an exemption from the registration requirements of the Securities Act. The Sukuk are being offered and sold outside the United States in reliance on Regulation S under the Securities Act ("Regulation S") and subject to United States tax law requirements. 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 BNP Paribas, CIMB Islamic Bank Berhad, Citigroup Global Markets Limited and HSBC Saudi Arabia Limited (acting in conjunction with HSBC Amanah Malaysia Berhad) (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.

Arrangers

BNP PARIBAS
Citi

CIMB
HSBC

The date of this Offering Circular is 4 October 2016.

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 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*”.

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 revised and effective from 15 June 2015 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”, “RMB” 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” or “HK\$” are to the lawful currency of the Hong Kong Special Administrative Region 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 RM4.129 to U.S.\$1.00. 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 the stabilising manager(s) (the “Stabilising Manager(s)”) (or persons acting on behalf of any Stabilising 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, there is no assurance that the Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) will undertake stabilisation action. Any stabilisation action may begin on or after the Issue Date of the relevant Series of Sukuk and, if begun, may be ended 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 must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

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 OFFERS OF SECURITIES REGULATIONS 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, SECURITIES 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). THIS OFFERING CIRCULAR AND RELATED OFFERING DOCUMENTS HAVE NOT BEEN AND WILL NOT BE REGISTERED AS A PROSPECTUS WITH THE CBB. ACCORDINGLY, ANY SUKUK ISSUED UNDER THE PROGRAMME MAY NOT 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 ANY SUKUK ISSUED UNDER THE PROGRAMME, 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 ANY SUKUK ISSUED UNDER THE PROGRAMME 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 ANY SUKUK ISSUED UNDER THE PROGRAMME 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

THIS OFFERING CIRCULAR DOES NOT AND IS NOT INTENDED TO CONSTITUTE AN OFFER, SALE OR DELIVERY OF ANY SUKUK ISSUED UNDER THE PROGRAMME UNDER THE LAWS OF THE STATE OF QATAR AND HAS NOT BEEN AND WILL BE NOT REVIEWED OR APPROVED BY OR REGISTERED WITH THE QATAR FINANCIAL MARKETS AUTHORITY, THE QATAR FINANCIAL CENTRE REGULATORY AUTHORITY, THE QATAR EXCHANGE OR THE QATAR CENTRAL BANK NO SUKUK HAVE BEEN NOR WILL BE, OFFERED, SOLD OR DELIVERED AT ANY TIME, DIRECTLY OR INDIRECTLY, IN THE STATE OF QATAR, INCLUDING THE QATAR FINANCIAL CENTRE IN A MANNER THAT WOULD CONSTITUTE AN PUBLIC OFFERING, ANY SUKUK ISSUED UNDER THE PROGRAMME ARE NOT AND WILL NOT BE TRADED ON THE QATAR EXCHANGE.

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 REVISED AND EFFECTIVE FROM 15 JUNE 2015 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.

TABLE OF CONTENTS

	Page
DOCUMENTS INCORPORATED BY REFERENCE	vii
STRUCTURE DIAGRAM AND CASHFLOWS.....	viii
SUMMARY OF THE PROGRAMME.....	1
INVESTMENT CONSIDERATIONS.....	9
TERMS AND CONDITIONS OF THE SUKUK	27
SUMMARY OF PROVISIONS RELATING TO THE SUKUK WHILE IN GLOBAL FORM ...	72
USE OF PROCEEDS	75
DESCRIPTION OF THE TRUSTEE.....	76
CAPITALISATION OF THE GROUP.....	77
SELECTED FINANCIAL INFORMATION OF THE GROUP	78
DESCRIPTION OF THE GROUP.....	90
MANAGEMENT	134
SHARE OWNERSHIP OF THE GROUP	147
RELATIONSHIP WITH THE MALAYSIAN GOVERNMENT.....	148
SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS	150
BOOK-ENTRY CLEARANCE SYSTEMS	171
TAXATION	173
SUBSCRIPTION AND SALE.....	175
FORM OF PRICING SUPPLEMENT	181
GENERAL INFORMATION.....	190
GLOSSARY.....	192

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 in respect of the financial years ended 31 August 2014 and 2015;
- (b) the unaudited consolidated interim financial information of the Obligor in respect of the nine months ended 31 May 2016;
- (c) each relevant Pricing Supplement;
- (d) all amendments and supplements from time to time to this Offering Circular; and
- (e) 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,

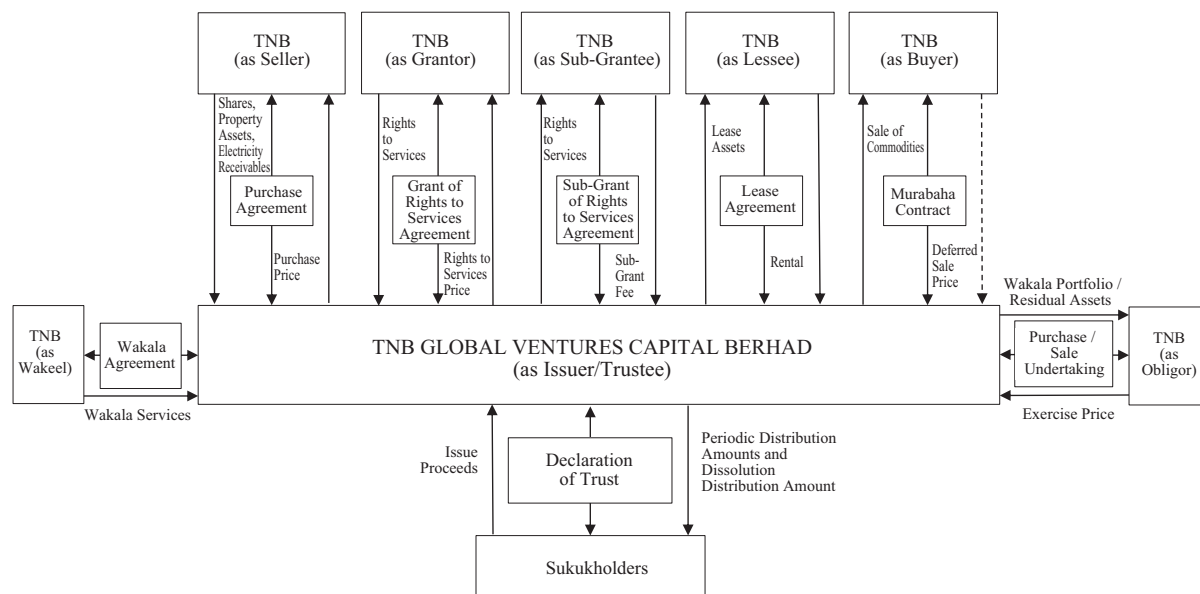
each of which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which, in the case of documents specified in paragraphs (c), (d) and (e) above, shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in 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) and (e) 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 from (i) revenues that are not in the nature of sale, capital or principal payments from the Tangible Assets and the Non-Tangible Assets and (ii) amounts paid by the Obligor as part of the Deferred Sale Price, 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 Deutschland 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 United Kingdom, 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, 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 17.1 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 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 may 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

Application has been made to Bursa Securities for the 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. 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 2017. 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 cost 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 responsible for matters relating to the supply of electricity, this could cause TNB to be unprofitable if its costs increase without the Energy Commission and the Minister 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), 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 operation. Furthermore, TNB's performance is monitored by, and measured against performance targets set by, the Energy Commission. Upon the expiry of the first regulatory period running from January 2014 to December 2017, 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.

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 (the "Energy Commission Act"). These statutes are administered by the Ministry of Energy, Green Technology and Water ("KeTTHA"). There is no assurance that KeTTHA and the Energy Commission will not fundamentally alter the Group's business environment in Malaysia which could have an impact upon 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 three 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 KeTTHA, to self-generate electricity for their own needs and sell the excess 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 should sufficiently large numbers of the Group's customers 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 31 May 2016, TNB accounted for approximately 55.9 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 12 IPPs owned by third parties that have commenced operations accounted for approximately 44.1 per cent. of installed generation capacity in Peninsular Malaysia as at 31 May 2016. 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 .

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 KeTTHA, 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 August 2015, the Group had approved capital expenditure aggregating RM37,538.9 million in fiscal years (“FY”) 2016, 2017 and 2018, for all committed projects. Any further capital expenditure will require the specific approval of TNB’s board of directors.

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 the prolonged recessionary period in much of the world economy which has been seen, 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.

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, 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 FY2015, TNB's fuel generation mix was 40.4 per cent. natural gas, 49.5 per cent. coal, 9.4 per cent. hydroelectric, 0.1 per cent. distillate and 0.6 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 supply contract with Petroleum Nasional Berhad ("PETRONAS") that had a duration of 21 years that originally expired on 31 December 2014 and has since been extended three times, with the latest extension being granted to cover the period until 31 July 2016. TNB and PETRONAS are currently negotiating a gas framework agreement and a new gas supply contract which once finalised and executed will take effect from 1 August 2016. Pending the finalisation of both agreements, TNB and PETRONAS continue to perform their respective obligations under the current gas supply contract. 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 or on reasonable terms. 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.

Fluctuations relative to the Malaysian Ringgit in the currencies of various countries in 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 the 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, transmission and distribution industry standards and practices on a cost-effective and timely basis. Changes in technology may require TNB to make 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 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 31 May 2016, TNB accounted for approximately 55.9 per cent. of the total installed capacity in Peninsular Malaysia.

TNB believes no 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. 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 in 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.

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 profitably manage new ventures. 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 in these markets 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 of the 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 co-ordination 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, transmission and distribution systems. 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 the 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 is not 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 due to their exorbitant premiums. There is therefore 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. 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 insured 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 outside the Group's control can affect market conditions, which in turn can affect the availability of insurance coverage as well as 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. Also, if insurance premium levels increase significantly, the Group could incur substantially higher costs for coverage or may decide to reduce coverage amounts, either of which could have a material adverse effect on the Group's financial condition and results of operations.

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, transmission 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 operation.

A downgrade of TNB's credit rating could have 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 judgment 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.

Any downgrade could impact TNB's ability to obtain financing or increase its financing costs and could have a material adverse effect on the market price of the Sukuk.

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 adversely affect the trading 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 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 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. In 2014, the World Health Organisation declared the Ebola outbreak in West Africa to be an international public health emergency that required an extraordinary response to stop its spread. 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 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. 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 FY2015, 99.2 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 Pakistan, Saudi Arabia and Turkey.

The Group's revenue depends on the political, economic and social stability of Malaysia and all these countries, 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 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.

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 and the Middle East, 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 Malaysia 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 re-impose capital controls

As part of the package of policy responses to the 1997 economic crisis in Southeast Asia, the Government introduced, on 1 September 1998, selective capital control measures. 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 re-imposes 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 Consumer Price Index ("CPI"), averaged 3.2 per cent. in 2014 (2013: 2.1 per cent.) and 2.1 per cent. in 2015. The latest CPI was for the month of August 2016 which showed an increase of 1.5 per cent. as compared to the corresponding month last year. The increase in inflation was due mainly to supply factors arising from higher food prices and the upward adjustments of administered prices. Under such circumstances, sustaining a low

inflation environment domestically is more challenging than in the past and requires innovative measures. Such 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.

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, the sole rights of each of the Trustee and/or the Delegate (acting on behalf of the Sukukholders), will be (subject to Condition 13) 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 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.

After enforcing the Trust Assets and distributing the net proceeds of such Trust Assets in accordance with Condition 5(b), 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) 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 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, 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 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 this 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 depositary 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 tradeability 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.

U.S. Foreign Account Tax Compliance Withholding

Whilst the Sukuk are in global form and held within the Clearing Systems, in all but the most remote circumstances, it is not expected that FATCA (as defined in “*Taxation – FATCA Withholding*”) will affect the amount of any payment received by the Clearing Systems (see “*Taxation – FATCA Withholding*”). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Trustee’s obligations under the Sukuk are discharged once it has paid the common depository for the Clearing Systems (as registered holder of the Sukuk) and the Trustee has therefore no responsibility for any amount thereafter transmitted through hands of the Clearing Systems and custodians or intermediaries. Please see “*Taxation – FATCA Withholding*” for more information on this legislation.

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 Conditions 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 dealer agreement between the Trustee, Tenaga Nasional Berhad (the “Obligor”) and the Dealers named therein dated 4 October 2016 (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 a master declaration of trust dated 4 October 2016 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 Agency Agreement (as amended or supplemented as at the Issue Date, the “Agency Agreement”) dated 4 October 2016 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 Deutschland 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 master asset sale and purchase agreement dated 4 October 2016 between the Trustee and the Obligor (in its capacity as seller);

“Master Grant of Rights to Services Agreement” means the master grant of rights to services agreement dated 4 October 2016 between the Trustee and the Obligor (in its capacity as grantor);

“Master Lease Agreement” means the master lease agreement dated 4 October 2016 between the Trustee, the Obligor (in its capacity as lessee) and the Delegate;

“Master Murabaha Agreement” means the master murabaha agreement dated 4 October 2016 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 master sub-grant of rights to services agreement dated 4 October 2016 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 (a) in the case of a transfer by a Principal Subsidiary, the transferor Principal Subsidiary shall immediately cease to be a Principal Subsidiary and (b) 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 purchase undertaking dated 4 October 2016 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 sale undertaking dated 4 October 2016 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 5 of the Companies Act, 1965 of Malaysia;

“Substitution Undertaking” means the substitution undertaking dated 4 October 2016 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 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 wakala agreement dated 4 October 2016 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 Conditions 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 17.1 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:

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

In the case of Discount:

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

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 = the rate (determined by the Calculation
Discount 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 Conditions. 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 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:

- (a) 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
- (b) 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 Conditions 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 Conditions, 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 Norose Notices Limited of 3 More London Riverside, London SE1 2AQ 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 Conditions, 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 Depository. Upon the initial deposit of a Global Certificate with a common depository for Euroclear and Clearstream, Luxembourg (the “Common Depository”) or registration of Sukuk in the name of any nominee for a Common Depository and delivery of the relevant Global Certificate to the Common Depository, 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 Depository 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 depository for the Sukuk and to continue performing its duties as set out in its terms and conditions for the provision of depository 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).

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 Conditions of any 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 Conditions.

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 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' Haji Nor Azman Mufti.

The authorised share capital of the Trustee is RM400,000 divided into 400,000 ordinary shares of RM1.00 each, of which two shares are fully paid-up and issued. As at the date of this Offering Circular, the Trustee does not have debt outstanding other than the Sukuk to be issued under the Programme.

CAPITALISATION OF THE GROUP

As at 31 May 2016, TNB had an authorised share capital of RM10,000,001,501 divided into 10,000,000,000 ordinary shares, one special rights redeemable preference share (“Special Share”) and 1,500 redeemable preference shares of RM1.00 each, and an issued and paid-up share capital of RM5,643,611,172 comprising 5,643,611,171 ordinary shares and one special rights redeemable preference share. The special rights redeemable preference share is owned by The Minister of Finance (Incorporated) (“MOF Inc.”).

The following table sets forth the consolidated capitalisation and indebtedness of the Group as at 31 May 2016. This table should be read in conjunction with the unaudited consolidated interim financial statements of TNB and the notes thereto in respect of the nine months ended 31 May 2016.

	RM	U.S.\$
	(Amounts in millions)	
	Unaudited	
Short-Term Debt (including current portion of long-term debt)	867.1	210.0
Long-Term Debt		
<i>Unsecured</i>		
Term Loans	5,587.7	1,353.3
Bonds	5,769.0	1,397.2
Redeemable Unsecured Loan Stocks	737.6	178.6
Total Long-Term Unsecured Debt	12,094.3	2,929.1
<i>Secured</i>		
Term Loans	1,638.4	396.8
Bonds	19,419.5	4,703.2
Total Long-Term Secured Debt	21,057.9	5,100.0
Total Long-Term Debt	33,152.2	8,029.1
Non-Controlling Interest	237.7	57.6
Shareholders’ Equity		
Share Capital	5,643.6	1,366.8
Share Premium	5,382.2	1,303.5
Other reserves	(5,514.5)	(1,335.6)
Retained Profits	45,567.9	11,036.1
Capital and Reserve Attributable to Owners of the Company	51,079.2	12,370.8
Total Capitalisation (excluding short-term debt and the current portion of long-term debt)	84,469.1	20,457.5

Save as indicated above, there has been no material change in the capitalisation of the Group since 31 May 2016.

SELECTED FINANCIAL INFORMATION OF THE GROUP

The summary of the Group's audited consolidated financial information as at and for the years ended 31 August 2014 (which include the restated comparatives as at and for the year ended 31 August 2013) and 31 August 2015 set forth below are extracted from the Group's audited consolidated financial statements as at the dates and for the years indicated, which have been audited by PricewaterhouseCoopers, Chartered Accountants and disclosed in the Group's published audited consolidated financial statements for the years ended 31 August 2014 and 2015, respectively. Such summary audited financial information should be read in conjunction with the Group's audited consolidated financial statements for the years ended 31 August 2014 and 2015, including the notes thereto. The Group's published financial statements and auditor's report for the years ended 31 August 2014 and 2015 were unqualified.

The Group's audited consolidated financial information as at and for the year ended 31 August 2013 included in the Group's audited consolidated financial information as at and for the year ended 31 August 2014 had been restated to reflect Amendments to Malaysian Financial Reporting Standards ("MFRS") 10 "Consolidated Financial Statements" and MFRS 116 "Property, Plant and Equipment" which were adopted during FY2014 so that it was comparable to the Group's audited consolidated financial information as at and for the year ended 31 August 2014. These restated figures have not been audited. These restatements reflect certain new accounting standards and changes in existing accounting standards introduced by the Malaysian Accounting Standards Board ("MASB") as well as prior year adjustments and reclassifications made by the Group. These new accounting standards, adopted changes in accounting standards, prior year adjustments and reclassifications, which have been applied on a retrospective basis, are (1) adoption of new MFRS 10 "Consolidated Financial Statements", (2) adoption of new MFRS 11 "Joint Arrangements", (3) amendments to MFRS 116 "Property, Plant and Equipment", (4) prior year adjustment on leased assets and finance lease, (5) prior year adjustment on reinvestment allowance and (6) reclassification of certain financial position items. For a fuller description of the changes in accounting policies adopted by the Group, please refer to Note 2 "Significant Accounting Policies" and Note 49 "Changes in Accounting Policies and Prior Year Adjustments" of the Group's audited consolidated financial information as at and for the year ended 31 August 2014.

The summary of the Group's unaudited consolidated statement of financial position as at 31 May 2016 (which includes a comparative as at 31 August 2015) and unaudited consolidated statement of profit or loss and other comprehensive income for the nine months ended 31 May 2016 (which includes the comparatives for the nine months ended 31 May 2015) set forth below are extracted from the Group's unaudited consolidated interim financial information as at the date and for the period indicated. Such summary unaudited financial information should be read in conjunction with the Group's unaudited consolidated statement of financial position as at 31 May 2016 and the unaudited consolidated statement of profit or loss and other comprehensive income for the nine months ended 31 May 2016, including the notes thereto.

The Group's audited consolidated financial information as at and for the years ended 31 August 2013, 31 August 2014 and 31 August 2015 were prepared and presented in accordance with MFRS, International Financial Reporting Standards and the requirements of the Companies Act, 1965 of Malaysia. The Group's unaudited consolidated statement of financial position as at 31 May 2016 and the unaudited consolidated statement of profit or loss and other comprehensive income information for the nine months ended 31 May 2016 (which includes the comparatives described above) were prepared and presented in accordance with MFRS 134 "Interim Financial Reporting", International Financial Reporting Standards 34 "Interim Financial Reporting" and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Securities.

	For the year ended 31 August			
	2013	2014	2015	2015
	(Restated)			
	RM	RM	RM	U.S.\$
	(Amounts in millions)			
	Unaudited	Audited	Audited	Unaudited
Consolidated Statement of Profit or Loss and Other Comprehensive Income:				
Revenue	37,130.7	42,792.4	43,286.8	10,483.6
Operating expenses ⁽¹⁾⁽²⁾	(31,847.2)	(36,265.1)	(35,483.4)	(8,593.7)
Other operating income ⁽³⁾	623.4	653.7	824.2	199.6
Operating profit ⁽⁴⁾	5,906.9	7,181.0	8,627.6	2,089.5
Foreign exchange gain	602.7	448.9	(932.3)	(225.8)
Share of results of joint ventures ⁽⁵⁾	9.6	19.6	24.1	5.8
Share of results of associates	74.9	83.1	77.0	18.6
Profit before finance cost ⁽⁶⁾	6,594.1	7,732.6	7,796.4	1,888.2
Finance income	225.2	256.7	282.2	68.3
Finance cost ⁽⁷⁾	(894.2)	(874.6)	(944.9)	(228.8)
Profit before taxation and zakat ⁽⁸⁾	5,925.1	7,114.7	7,133.7	1,727.7
Taxation and zakat ⁽⁹⁾	(542.3)	(687.9)	(1,072.8)	(259.8)
Profit for the financial year ⁽¹⁰⁾	5,382.8	6,426.8	6,060.9	1,467.9
Profit attributable to:				
Owners of the Company	5,356.2	6,467.0	6,118.4	1,481.8
Non-controlling interests ⁽¹¹⁾	26.6	(40.2)	(57.5)	(13.9)
Profit for the financial year⁽¹⁰⁾	5,382.8	6,426.8	6,060.9	1,467.9
Earnings per share (Sen):				
Basic	96.1	114.6	108.4	26.3
Diluted	96.0	114.6	108.4	26.3
Profit for the financial year	5,382.8	6,426.8	6,060.9	1,467.9
Other comprehensive (expense)/income				
Items that will not be reclassified subsequently to profit or loss:				
Defined benefit plan actuarial (losses)/gains	(3,905.5)	441.7	(112.1)	(27.1)
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	46.5	31.0	(268.7)	(65.1)
Fair value of available-for-sale financial assets	0.2	0.1	0.2	0.0
Total other comprehensive (expense)/income for the financial year	(3,858.8)	472.8	(380.6)	(92.2)
Total comprehensive income for the financial year	1,524.0	6,899.6	5,680.3	1,375.7
Attributable to:				
Owners of the Company	1,497.4	6,939.8	5,737.8	1,389.6
Non-controlling interests	26.6	(40.2)	(57.5)	(13.9)
Total comprehensive income for the financial year	1,524.0	6,899.6	5,680.3	1,375.7

- (1) Operating expenses include depreciation expenses allocated among energy, transmission and distribution costs, administrative expenses and other operating expenses aggregating RM4,539.0 million in FY2013, RM4,872.5 million in FY2014 and RM5,294.0 million in FY2015.
- (2) With the adoption in FY2014 of MFRS 10 “Consolidated Financial Statements” with effect from FY2014 and a restatement of a lease obligation due to revision to the calculation of the estimated present value of the lease payments for the leased asset, an adjustment of the FY2013 financial data was necessary. The amount as reflected in the audited consolidated financial statements of TNB was RM31,862.3 million for FY2013.
- (3) With the adoption in FY2014 of MFRS 10 “Consolidated Financial Statements”, with effect from FY2014, an adjustment of the FY2013 financial data was necessary. The amount as reflected in the audited consolidated financial statements of TNB was RM620.8 million for FY2013.
- (4) Without the above adjustments, operating profit as reflected in the audited consolidated financial statements of TNB was RM5,889.2 million for FY2013.
- (5) With the adoption in FY2014 of MFRS 10 “Consolidated Financial Statements”, with effect from FY2014, an adjustment of the FY2013 financial data was necessary. The amount as reflected in the audited consolidated financial statements of TNB was RM(0.1) million for FY2013.
- (6) Without the above adjustments, profit before finance cost as reflected in the audited consolidated financial statements of TNB was RM6,566.7 million for FY2013.
- (7) With the adoption in FY2014 of MFRS 10 “Consolidated Financial Statements” with effect from FY2014 and a restatement of a lease obligation due to revision to the calculation of the estimated present value of the lease payments for the leased asset, an adjustment of the FY2013 financial data was necessary. The amount as reflected in the audited consolidated financial statements of TNB was RM936.3 million for FY2013.
- (8) Without the above adjustments, profit before taxation and zakat as reflected in the audited consolidated financial statements of TNB was RM5,855.6 million for FY2013.
- (9) In FY2014, based on the criteria for the eligibility for reinvestment allowance claims and the tax authority’s acceptance of prior year’s revised assessment in FY2013, TNB recognised the tax benefit arising in previous years. As a result, an adjustment of the FY2013 financial data was necessary. The amount as reflected in the audited consolidated financial statements of TNB was RM1,224.9 million for FY2013.
- (10) Without the above adjustments, profit for the financial year as reflected in the audited consolidated financial statements of TNB was RM4,630.7 million in FY2013.
- (11) Without the above adjustments, profit attributable to non-controlling interests as reflected in the audited consolidated financial statements of TNB was RM16.5 million in FY2013.

The effects of the change in accounting policies and restatements on TNB’s audited consolidated financial statements, as described in notes (2) through (11) above, are summarised as follows:

	For the year ended 31 August 2013			
	Previously reported as at 31 August 2013	Effect of adoption of MFRS 10	Prior year adjustments	Restated as at 31 August 2013
	RM	RM	RM	RM
	(Amount in millions)			
Reconciliation of consolidated statement of profit or loss				
Operating expenses	(31,862.3)	(23.8)	38.9	(31,847.2)
Other operating income	620.8	2.6	0.0	623.4
Operating profit	5,889.2	(21.2)	38.9	5,906.9
Share of results of joint ventures.	(0.1)	9.7	0.0	9.6
Profit before finance cost	6,566.7	(11.5)	38.9	6,594.1
Finance cost	(936.3)	9.2	32.9	(894.2)
Profit before taxation and zakat	5,855.6	(2.3)	71.8	5,925.1
Taxation and zakat	(1,224.9)	2.9	679.7	(542.3)
Profit for the financial year	4,630.7	0.6	751.5	5,382.8
Non-controlling interests.	16.5	(2.1)	12.2	26.6

As at 31 August

	2013 (Restated)	2014	2015	2015
	RM	RM	RM	U.S.\$
(Amounts in millions)				
	Unaudited	Audited	Audited	Unaudited
Consolidated Balance Sheet Information:				
Non-current assets				
Property, plant and equipment ⁽¹⁾	75,460.5	83,045.1	90,300.3	21,869.8
Subsidiaries	0.0	0.0	0.0	0.0
Joint ventures ⁽²⁾	83.7	103.3	122.9	29.8
Associates	483.2	508.8	634.7	153.7
Goodwill on consolidation ⁽³⁾	0.0	0.0	124.7	30.2
Investments in unquoted debt security	163.7	163.1	24.3	5.9
Tax recoverable ⁽⁴⁾	1,693.2	1,693.2	1,693.2	410.1
Deferred tax assets	4.9	15.2	23.1	5.6
Long term receivables	314.8	270.6	253.5	61.4
Finance lease receivable	15.4	13.4	13.2	3.2
Prepaid operating leases ⁽⁵⁾	4,167.4	4,763.8	5,111.6	1,238.0
Derivative financial instruments ⁽⁶⁾	61.9	42.7	0.0	0.0
Available-for-sale financial assets	38.2	38.3	38.5	9.3
	<u>82,486.9</u>	<u>90,657.5</u>	<u>98,340.0</u>	<u>23,816.9</u>
Current assets				
Non-current assets held-for-sale ⁽⁷⁾	9.8	0.0	0.0	0.0
Inventories	616.9	887.3	843.8	204.4
Receivables, deposits and prepayments ⁽⁸⁾⁽⁹⁾	7,179.3	7,132.3	8,639.4	2,092.4
Tax recoverable	21.6	35.5	45.5	11.0
Finance lease receivable	1.4	0.7	0.6	0.1
Prepaid operating leases ⁽⁵⁾	21.7	92.2	152.6	37.0
Amounts due from subsidiaries	0	0	0	0
Amounts due from joint ventures ⁽¹⁰⁾	21.9	22.1	25.9	6.3
Amounts due from associates	87.5	79.2	177.7	43.0
Financial assets at fair value through profit or loss	9.7	3,646.1	6,438.2	1,559.3
Deposits, bank and cash balances ⁽¹¹⁾	9,542.6	8,112.5	2,471.3	598.5
	<u>17,512.4</u>	<u>20,007.9</u>	<u>18,795.0</u>	<u>4,551.9</u>

	As at 31 August			
	2013 (Restated)	2014	2015	2015
	RM	RM	RM	U.S.\$
	(Amounts in millions)			
	Unaudited	Audited	Audited	Unaudited
Current liabilities				
Payables ⁽¹²⁾	6,613.4	7,973.5	10,411.5	2,521.6
Finance lease payables ⁽¹³⁾	604.4	651.6	678.6	164.3
Deferred income	1,062.1	1,158.5	1,200.6	290.8
Amounts due to subsidiaries	0.0	0.0	0.0	0.0
Amounts due to associates	615.6	575.5	531.4	128.7
Current tax liabilities	100.9	56.1	72.5	17.6
Derivative financial instruments ⁽²⁾	0.3	0.0	0.0	0.0
Employee benefits	668.8	568.3	711.8	172.4
Short term borrowings ⁽¹⁴⁾	1,148.8	2,480.4	1,985.8	480.9
	<u>10,814.3</u>	<u>13,463.9</u>	<u>15,592.2</u>	<u>3,776.3</u>
Net current assets ⁽⁷⁾	<u>6,698.1</u>	<u>6,544.0</u>	<u>3,202.8</u>	<u>775.7</u>
Total assets less current liabilities ⁽⁸⁾	<u>89,185.0</u>	<u>97,201.5</u>	<u>101,542.8</u>	<u>24,592.6</u>
Non-current liabilities				
Borrowings ⁽¹⁴⁾	21,739.6	22,975.6	22,713.1	5,500.9
Consumer deposits	3,478.5	3,824.3	4,187.3	1,014.1
Finance lease payables ⁽¹³⁾	5,030.6	6,137.4	6,028.6	1,460.1
Deferred income ⁽¹⁵⁾	2,062.8	1,642.5	1,425.1	345.1
Amounts due to subsidiaries	0	0	0	0.0
Derivative financial instruments ⁽⁵⁾	12.8	4.9	0	0.0
Other liabilities	905.0	1,156.7	1,428.0	345.8
Deferred tax liabilities ⁽¹⁶⁾	6,427.9	6,716.1	7,054.1	1,708.4
Employee benefits	10,775.4	10,263.2	10,230.0	2,477.6
Government development grants	781.7	1,021.6	1,009.7	244.5
	<u>51,214.3</u>	<u>53,742.3</u>	<u>54,075.9</u>	<u>13,096.6</u>
Total net assets	<u>37,970.7</u>	<u>43,459.2</u>	<u>47,466.9</u>	<u>11,496.0</u>
Equity				
Share capital	5,643.6	5,643.6	5,643.6	1,366.8
Share premium	5,382.2	5,382.2	5,382.2	1,303.5
Other reserves	(5,509.1)	(5,036.3)	(5,416.9)	(1,311.9)
Retained profits ⁽¹⁷⁾	32,176.4	37,232.5	41,599.1	10,074.9
	<u>37,970.7</u>	<u>43,459.2</u>	<u>47,466.9</u>	<u>11,496.0</u>
Capital and reserves attributable to owners				
of the company ⁽¹⁴⁾	37,693.1	43,222.0	47,208.0	11,433.3
Non-controlling interests ⁽¹⁸⁾	277.6	237.2	258.9	62.7
Total equity	<u>37,970.7</u>	<u>43,459.2</u>	<u>47,466.9</u>	<u>11,496.0</u>
Net assets per share attributable to owners				
of the company (Sen)	667.9	765.9	836.5	202.6

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- (1) With the adoption in FY2014 of MFRS 10 “Consolidated Financial Statements” and amendments to MFRS 116 “Property, Plant and Equipment”, with effect from FY2014, an adjustment of the FY2013 data was necessary. The amount as reflected in the audited consolidated financial statements of TNB was RM73,973.6 million for FY2013.
 - (2) With the adoption in FY2014 of MFRS 10 “Consolidated Financial Statements”, with effect from FY2014, an adjustment of the FY2013 data was necessary. The amount as reflected in the audited consolidated financial statements of TNB was RM0.3 million for FY2013.
 - (3) The amount for Goodwill on consolidation for FY2015 was a result of the Group’s acquisition of its subsidiaries, Integrex Berhad on 30 March 2015 and JEP on 9 July 2015.
 - (4) In FY2014, based on the criteria for the eligibility for reinvestment allowance claims and the tax authority’s acceptance in prior year’s revised assessment in FY2013, TNB had recognised the tax benefit arising in previous years. As a result, an adjustment of the FY2013 financial data was necessary. The amount as reflected in the audited consolidated financial statements of TNB was nil for FY2013.
 - (5) In FY2014, TNB had revised its calculation of the estimated present value of the lease payments for the leased asset. As a result, an adjustment of the FY2013 financial data was necessary. The amount as reflected in the audited consolidated financial statements of TNB was RM663.8 million (current) and RM3,525.3 million (non-current) for FY2013.
 - (6) There were no derivative financial instruments as at 31 August 2015.
 - (7) With the adoption in FY2014 of the amendments to MFRS 116 “Property, Plant and Equipment”, with effect from FY2014, an adjustment of the FY2013 data was necessary. The amount as reflected in the audited consolidated financial statements of TNB was RM2,877.7 million for FY2013.
 - (8) With the adoption in FY2014 of MFRS 10 “Consolidated Financial Statements”, with effect from FY2014, an adjustment of the FY2013 data was necessary. The amount as reflected in the audited consolidated financial statements of TNB was RM7,239.0 million for FY2013.
 - (9) Receivables include trade receivables (RM5,796.0 million in FY2013, RM5,706.0 million in FY2014 and RM6,170.0 million in FY2015) and other receivables (RM1,384.0 million in FY2013, RM1,426.0 million in FY2014 and RM2,470.0 million in FY2015).
 - (10) With the adoption in FY2014 of MFRS 10 “Consolidated Financial Statements”, with effect from FY2014, an adjustment of the FY2013 data was necessary. The amount as reflected in the audited consolidated financial statements of TNB was RM17.1 million for FY2013.
 - (11) With the adoption in FY2014 of MFRS 10 “Consolidated Financial Statements”, with effect from FY2014, an adjustment of the FY2013 data was necessary. The amount as reflected in the audited consolidated financial statements of TNB was RM9,531.1 million for FY2013.
 - (12) Payables include trade payables (RM4,981.0 million in FY2013, RM5,747.0 million in FY2014 and RM7,965.0 million in FY2015) and other payables (RM1,632.0 million in FY2013, RM2,227.0 million in FY2014 and RM2,446.0 million in FY2015).
 - (13) In FY2014, TNB had revised its calculation of the estimated present value of the lease payments for the leased asset. As a result, an adjustment of the FY2013 financial data was necessary. The amount as reflected in the audited consolidated financial statements of TNB was RM630.9 million (current) and RM5,634.5 million (non-current) for FY2013.
 - (14) With the adoption in FY2014 of MFRS 10 “Consolidated Financial Statements”, with effect from FY2014, an adjustment of the FY2013 data was necessary. The amount as reflected in the audited consolidated financial statements of TNB was RM1,175.9 million (current) and RM22,013.7 million (non-current) for FY2013.
 - (15) With the adoption in FY2014 of MFRS 10 “Consolidated Financial Statements”, with effect from FY2014, an adjustment of the FY2013 data was necessary. The amount as reflected in the audited consolidated financial statements of TNB was RM2,059.9 million for FY2013.
 - (16) With the adoption in FY2014 of MFRS 10 “Consolidated Financial Statements”, with effect from FY2014, an adjustment of the FY2013 data was necessary. The amount as reflected in the audited consolidated financial statements of TNB was RM6,430.8 million for FY2013.
 - (17) With the adoption in FY2014 of MFRS 10 “Consolidated Financial Statements”, with effect from FY2014, an adjustment of the FY2013 data was necessary. The amount as reflected in the audited consolidated financial statements of TNB was RM29,600.6 million for FY2013.
 - (18) With the adoption in FY2014 of MFRS 10 “Consolidated Financial Statements”, with effect from FY2014, an adjustment of the FY2013 data was necessary. The amount as reflected in the audited consolidated financial statements of TNB was RM273.6 million for FY2013.

The effects of the change in accounting policies and restatements on TNB's audited consolidated financial statements, as described in notes (1) through (18) above, are summarised and explained as follows:

Balance as at 31 August 2013					
Previously reported as at 31 August 2013	Effect of adoption of MFRS 10	Effect of adoption of MFRS 116	Prior year adjustments	Restated as at 31 August 2013	
RM	RM	RM	RM	RM	
(Amount in millions)					
Reconciliation of consolidated statement of financial position					
Group					
Non-current assets					
Property, plant and equipment	73,973.6	(309.4)	2,260.8	(464.5)	75,460.5
Joint ventures	0.3	83.4	0.0	0.0	83.7
Investments in unquoted debt securities	163.9	0.0	0.0	(0.2)	163.7
Tax recoverable	0.0	0.0	0.0	1,693.2	1,693.2
Long term receivables	305.1	9.7	0.0	0.0	314.8
Prepaid operating lease	3,525.3	0.0	0.0	642.1	4,167.4
Available-for-sale financial assets	38.0	0.0	0.0	0.2	38.2
	<u>73,973.6</u>	<u>(309.4)</u>	<u>2,260.8</u>	<u>(464.5)</u>	<u>75,460.5</u>
Current assets					
Inventories	2,877.7	0.0	(2,260.8)	0.0	616.9
Receivables, deposits and prepayments	7,239.0	(59.7)	0.0	0.0	7,179.3
Tax recoverable	21.9	(0.3)	0.0	0.0	21.6
Prepaid operating lease	663.8	0.0	0.0	(642.1)	21.7
Amount due from joint ventures	17.1	4.8	0.0	0.0	21.9
Deposits, bank and cash balances	9,531.1	11.5	0.0	0.0	9,542.6
	<u>20,950.5</u>	<u>16.0</u>	<u>(2,260.8)</u>	<u>(4.0)</u>	<u>18,695.7</u>
Current liabilities					
Payables	(6,614.4)	0.5	0.0	0.5	(6,613.4)
Finance lease payables	(630.9)	0.0	0.0	26.5	(604.4)
Current tax liabilities	(780.6)	0.0	0.0	679.7	(100.9)
Employee benefit	0.0	0.0	0.0	(668.8)	(668.8)
Short term borrowings	(1,175.9)	27.1	0.0	0.0	(1,148.8)
	<u>(9,201.8)</u>	<u>27.6</u>	<u>0.0</u>	<u>(362.6)</u>	<u>(9,236.8)</u>
Non-current liabilities					
Borrowings	(22,013.7)	274.1	0.0	0.0	(21,739.6)
Finance lease payables	(5,634.5)	0.0	0.0	603.9	(5,030.6)
Deferred income	(2,059.9)	(2.9)	0.0	0.0	(2,062.8)
Other liabilities	(903.8)	(0.7)	0.0	(0.5)	(905.0)
Deferred tax liabilities	(6,430.8)	2.9	0.0	0.0	(6,427.9)
Employee benefit	(11,444.2)	0.0	0.0	668.8	(10,775.4)
	<u>(48,486.9)</u>	<u>271.4</u>	<u>0.0</u>	<u>672.2</u>	<u>(47,813.3)</u>
Equity					
Retained profits	29,600.6	65.3	0.0	2,510.5	32,176.4
Non-controlling interests	273.6	(24.2)	0.0	28.2	277.6
	<u>29,874.2</u>	<u>41.1</u>	<u>0.0</u>	<u>2,538.7</u>	<u>32,454.0</u>

Changes in accounting policies

(a) *New MFRS 10 “Consolidated Financial Statements” (“MFRS 10”)*

Upon adoption of new MFRS 10, TNB had reassessed the classification of the investment in entities where they do not hold 100.0 per cent. interest. This had resulted in the retrospective reclassification of these investments, and has been accounted for in accordance to MFRS 108 “Accounting Policies, Changes in Accounting Estimates and Errors” (“MFRS 108”).

(b) *Amendments to MFRS 116 “Property, Plant and Equipment” (“MFRS 116”)*

Amendments to MFRS 116 clarifies that items such as spare parts, stand-by equipment and servicing equipment shall be recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Previously, MFRS 116 states that spare parts, stand-by equipment and servicing equipment are usually carried as inventory and recognised in profit or loss as consumed.

Upon adoption of amendments to MFRS 116, TNB had performed an assessment on its inventory balances. This has resulted in the retrospective reclassification of spare parts, stand-by equipment and servicing equipment previously accounted for under inventories to property, plant and equipment, when these are expected to be used for more than one period in accordance to MFRS 108.

Prior year adjustments

(c) *Leased assets and finance lease*

In FY2014, TNB changed the measurement for a certain lease obligation due to revision to the calculation of the estimated present value of the lease payments for the leased asset and the corresponding lease obligation. The adjustments to the FY2013 results were non-cash in nature and had no impact on the TNB’s cash position.

(d) *Reinvestment allowance*

Based on the criteria for the eligibility for reinvestment allowance claims and the tax authority’s acceptance of prior year’s revised assessment in FY2013, TNB had recognised the tax benefit arising in previous years.

	For the nine months ended		
	31 May 2015	31 May 2016	31 May 2016
	RM	RM	U.S.\$
	(Amounts in millions)		
	Unaudited	Unaudited	Unaudited
Consolidated Income Statement Information:			
Revenue	31,542.8	33,294.8	8,063.6
Operating expenses	(25,727.1)	(26,816.4)	(6,494.6)
Other operating income	593.0	508.2	123.1
Operating profit	6,408.7	6,986.6	1,692.1
Foreign exchange			
Translation(loss)/gain	(85.8)	(275.2)	(66.7)
Transaction gain/(loss)	(87.1)	24.6	6.0
Share of results of joint ventures	19.4	19.8	4.8
Share results of associates	37.2	48.9	11.8
Profit before finance cost	6,292.4	6,804.7	1,648.0
Finance income	148.1	148.7	36.0
Finance cost	(719.3)	(758.9)	(183.8)
Profit before taxation and zakat	5,721.2	6,194.5	1,500.2
Taxation and Zakat			
Company and subsidiaries	(680.3)	(536.3)	(129.9)
Deferred taxation	210.4	(73.8)	(17.9)
Profit for the period	5,251.3	5,584.4	1,352.5
Attributable to:			
Owners of the Company	5,297.5	5,605.4	1,357.6
Non-controlling interests	(46.2)	(21.0)	(5.1)
Profit for the period	5,251.3	5,584.4	1,352.5
Earnings per share attributable to the owners of the Company (Sen)			
Basic	93.9	99.3	24.0
Diluted	93.9	99.0	24.0
Profit for the period	5,251.3	5,584.4	1,352.5
Other comprehensive (expense)/income			
Items that will not be reclassified subsequently to profit or loss			
Defined benefit plan actuarial loss	—	(229.0)	(55.5)
Items that may be classified subsequently to profit or loss			
Foreign currency translation differences	(38.5)	42.5	10.3
Total other comprehensive expense for the period	(38.5)	(186.5)	(45.2)
Total comprehensive income for the period	5,212.8	5,397.9	1,307.3
Attributable to:			
Owners of the company	5,259.0	5,418.9	1,312.4
Non-controlling interests	(46.2)	(21.0)	(5.1)
Total comprehensive income for the period	5,212.8	5,397.9	1,307.3

	As at		
	31 August 2015	31 May 2016	31 May 2016
	RM	RM	U.S.\$
	(Amounts in millions)		
	Audited	Unaudited	Unaudited
Consolidated Balance Sheet Information:			
Non-current assets:			
Property, Plant and Equipment	90,300.3	94,214.7	22,817.8
Joint ventures	122.9	142.7	34.6
Associates	634.7	1,658.0	401.6
Goodwill on consolidation	124.7	124.7	30.2
Investments in unquoted debt security	24.3	19.2	4.7
Tax recoverable	1,693.2	1,693.2	410.1
Deferred tax assets	23.1	13.6	3.3
Long term receivables	253.5	531.3	128.7
Finance lease receivable	13.2	13.1	3.2
Prepaid operating leases	5,111.6	5,418.2	1,312.2
Available-for-sale financial assets	38.5	38.5	9.3
	<u>98,340.0</u>	<u>103,867.2</u>	<u>25,155.5</u>
Current assets			
Inventories	843.8	814.8	197.3
Receivables, deposits and repayments	8,639.4	7,791.5	1,887.0
Tax recoverable	45.5	91.8	22.2
Finance lease receivable	0.6	0.6	0.1
Prepaid operating leases	152.6	152.6	37.0
Amounts due from joint ventures	25.9	26.8	6.5
Amounts due from associates	177.7	203.4	49.3
Derivative financial instruments	—	0.6	0.1
Financial assets at fair value through profit or loss . .	6,438.2	13,882.4	3,362.2
Deposits, bank and cash balances	2,471.3	3,206.5	776.6
	<u>18,795.0</u>	<u>26,171.0</u>	<u>6,338.3</u>
Current liabilities			
Payables	(10,411.5)	(10,245.3)	(2,481.3)
Finance lease payables	(678.6)	(685.5)	(166.0)
Deferred income	(1,200.6)	(1,151.5)	(278.9)
Amounts due to associates	(531.4)	(468.5)	(113.5)
Current tax liabilities	(72.5)	(28.3)	(6.9)
Employee benefits	(711.8)	(711.9)	(172.4)
Short term borrowings	(1,985.8)	(867.1)	(210.0)
	<u>(15,592.2)</u>	<u>(14,158.1)</u>	<u>(3,428.9)</u>

	As at		
	31 August 2015	31 May 2016	31 May 2016
	RM	RM	U.S.\$
(Amounts in millions)			
	Audited	Unaudited	Unaudited
Net current assets	3,202.8	12,012.9	2,909.4
Non-current liabilities			
Borrowings.....	(22,713.1)	(33,152.2)	(8,029.1)
Consumer deposits.....	(4,187.3)	(4,480.2)	(1,085.1)
Finance lease payables.....	(6,028.6)	(5,517.8)	(1,336.4)
Deferred income.....	(1,425.1)	(1,325.2)	(320.9)
Other liabilities.....	(1,428.0)	(1,433.1)	(347.1)
Deferred tax liabilities.....	(7,054.1)	(7,046.8)	(1,706.7)
Employee benefits.....	(10,230.0)	(10,571.7)	(2,560.4)
Government development grants.....	(1,009.7)	(1,036.2)	(251.0)
	<u>(54,075.9)</u>	<u>(64,563.2)</u>	<u>(15,636.5)</u>
Total net assets	<u>47,466.9</u>	<u>51,316.9</u>	<u>12,428.4</u>
Equity			
Share capital.....	5,643.6	5,643.6	1,366.8
Share premium.....	5,382.2	5,382.2	1,303.5
Other reserves.....	(5,416.9)	(5,514.5)	(1,335.6)
Retained profits.....	41,599.1	45,567.9	11,036.1
Capital and reserves attributable to owners of the company	47,208.0	51,079.2	12,370.8
Non-controlling interests	258.9	237.7	57.6
Total equity	<u>47,466.9</u>	<u>51,316.9</u>	<u>12,428.4</u>
Net assets per share attributable to owners of the company (Sen)	836.5	905.1	219.2

	As at and for the nine months ended	
	31 May 2015	31 May 2016
	Unaudited	Unaudited
Selected Operational Data:		
Installed Capacity (MW) ⁽¹⁾	11,708.0	12,718.0
Combined Installed Capacity ⁽²⁾	21,954.0	22,749.0
Peak Demand (MW) ⁽³⁾	16,822.0	17,788.0
Units of Electricity Sold (GWh) ⁽⁴⁾	82,122.0	86,018.0
Average Tariff (Sen per kWh) ⁽⁵⁾	38.5	38.5
Selected Credit Ratios:		
Interest Coverage ⁽⁶⁾	14.2x	14.7x
Total Debt to Total Capitalisation ⁽⁷⁾	33.9 per cent.	39.9 per cent.
Total Debt to Shareholders' Funds ⁽⁸⁾	51.2 per cent.	66.3 per cent.

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- (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 31 May 2016, TNB is the largest electricity utility company in Malaysia in terms of assets, with total assets of RM130.0 billion (U.S.\$31.5 billion). As at 31 May 2016, TNB had a market capitalisation of approximately RM78.9 billion (U.S.\$19.1 billion), making it the second largest company listed on the Main Market of Bursa Securities. As at 31 May 2016, the Government directly or indirectly, owned approximately 60.2 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 31 May 2016, TNB’s portfolio of power generating assets in Malaysia comprises six thermal power stations and three major hydroelectric power generating schemes and it supports the operations and maintenance of five IPPs. As at 31 May 2016, TNB accounted for approximately 55.9 per cent. of the total installed capacity in Peninsular Malaysia, with an aggregate installed capacity of 12,718.0 megawatts (“MW”). TNB is currently the largest distributor of electricity in Malaysia through the National Grid, being the 132kV, 275kV and 500kV transmission 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 transmission 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 31 May 2016, TNB’s distribution system supplied electricity to approximately 9.2 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. In 2012, TNB established a new division, the Energy Ventures Division, with the mandate to explore opportunities for investment within Southeast Asia, the Middle East, Africa, Indian sub-continent, Australia and Turkey, including, in April 2016, the acquisition of ordinary shares representing a 30.0 per cent. equity interest in GAMA Enerji A.S. (“GAMA Enerji”), an electricity company based in Turkey and a 30.0 per cent. equity interest in GMR Energy Limited (“GEL”), an infrastructure development company based in India. See “- *Non-Core Business Operations, International Investments*”.

The Group recorded revenue of RM43,286.8 million (U.S.\$10,483.6 million) for FY2015 and RM42,792.4 million (U.S.\$10,363.9 million) for FY2014; operating profit of RM8,627.6 million (U.S.\$2,089.5 million) for FY2015 and RM7,181.0 million (U.S.\$1,739.2 million) for FY2014; and net profit of RM6,060.9 million (U.S.\$1,467.9 million) for FY2015 and RM6,426.8 million (U.S.\$1,556.5 million) for FY2014. The Group had total assets less current liabilities of RM101,542.8 million (U.S.\$24,592.6 million) as at 31 August 2015 and RM97,201.5 million (U.S.\$23,541.2 million) as at 31 August 2014; borrowings of RM24,698.9 million (U.S.\$5,981.8 million) as at 31 August 2015 and RM25,456.0 million (U.S.\$6,165.2 million) as at 31 August 2014; and shareholders’ funds of RM47,208.0 million (U.S.\$11,433.3 million) as at 31 August 2015 and RM43,222.0 million (U.S.\$10,467.9 million) as at 31 August 2014.

For the nine months ended 31 May 2016 and the nine months ended 31 May 2015, the Group recorded revenue of RM33,294.8 million (U.S.\$8,063.6 million) and RM31,542.8 million (U.S.\$7,639.3 million), respectively; operating profit of RM6,986.6 million (U.S.\$1,692.1 million) and RM6,408.7 million (U.S.\$1,552.1 million), respectively; and net profit of RM5,584.4 million (U.S.\$1,352.5 million) and RM5,251.3 million (U.S.\$1,271.8 million), respectively. As at 31 May 2016 and 31

August 2015, the Group had total assets less current liabilities of RM115,880.1 million (U.S.\$28,064.9 million) and RM101,542.8 million (U.S.\$24,592.6 million), respectively; long-term debt (excluding the current portion thereof) of RM33,152.2 million (U.S.\$8,029.1 million) and RM22,713.1 million (U.S.\$5,500.9 million), respectively; and shareholders' funds of RM51,079.2 million (U.S.\$12,370.8 million) and RM47,208.0 million (U.S.\$ 11,433.3 million), respectively.

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 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 uncontrollable variations in generation-specific costs. The IBR also contains a revenue component that provides TNB with a market-based rate of return which is currently set at 7.5 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.

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 55.9 per cent. of the total installed capacity in Peninsular Malaysia as at 31 May 2016. 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 23 IPPs and all of these PPAs are for a period of 21 years in the case of gas power plants and 25 years in the case of coal and the solar power plant of Edra Global Energy Bhd. ("Edra").

Strong Government Support

TNB has played a critical role in Malaysia's electricity industry and being the largest power company in Malaysia as at 31 May 2016 in terms of total assets, TNB is of strategic importance to the Malaysian economy. As at 31 May 2016, the Government and its related entities, directly or indirectly, owned approximately 60.2 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 has assisted the Government with some of its achievements under the Tenth Malaysia Plan, 2011-2015, for example, by helping to

increase the electricity coverage in rural areas to 98.2 per cent. in 2015 from 92.5 per cent. in 2010 by expanding the transmission and distribution systems to improve the quality of services, meet growing demand and to reach new development areas and through improving the productivity and efficiency of its electricity supply services.

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 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 has implemented an organisational renewal programme that will help to increase the efficiency of its support functions and administration leading to a more optimised workforce. 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. TNB has also developed 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 TNB's reputation as an industry leader and in sustaining its growth.

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 the nine-month period ending 31 May 2016 ("Q3 2016"). TNB's electricity sales, in terms of Giga-watts hours ("GWh"), have increased by 2.5 per cent. from FY2013 to FY2014 and by 2.2 per cent. from FY2014 to FY2015, and in terms of revenue sales (in Malaysian Ringgit), have increased by 12.3 per cent. from FY2013 to FY2014 and by 8.4 per cent. from FY2014 to FY2015. For Q3 2016, TNB's electricity sales (in terms of GWh) were 89,149.7GWh and RM32,126.9 million. In terms of TNB's operational performance, TNB's system minutes for the recent three financial years and for Q3 2016 came below its upper target of 1.5 minutes and its SAIDI minutes was 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 and India, with a mandate to also explore investment opportunities in those countries, Africa and Australia 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. TNB aims to generate 30.0 per cent. of its business from overseas by 2020. 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 which is the “best in class” in the electricity generation, transmission or distribution sector but also offering a suitable cultural fit with TNB. TNB believes that its prudent and effective investment strategies have led to a successful expansion of its portfolio of power plants outside Malaysia in countries such as Pakistan, Turkey, the Middle East and India.

Strategy

The Group’s strategy of achieving its aim of becoming one of the leading corporations in the energy sector regionally focuses on five key areas:

- enhanced profitability through international expansion;
- stable regulatory environment;
- improved quality of service;
- operational excellence and cost efficiencies; and
- development of management.

Enhanced Profitability Through International Expansion

In order to achieve its aspiration to be a domestic and regional champion (a “DRC”) by remaining a leading player in Malaysia and capitalising on growth opportunities in the region, TNB aims to outperform market growth and enhance its profitability. TNB will focus on strengthening its position in its core market whilst growing its service offerings to cater to customers in emerging markets. Acquisitions will form an integral part of its growth strategy. As part of its expansion into unregulated business, TNB, via its Energy Ventures Division, continues to seek potential power projects in Southeast Asia, the Middle East, Africa, the Indian sub-continent, Australia and Turkey by way of strategic mergers and acquisitions. TNB, through its subsidiaries, aims to invest in countries which are experiencing a surge in power demand as a result of rapid socio-economic development. TNB will also focus on developing its RE portfolio and energy-related services, both domestically and in global emerging markets, and plans to utilise its subsidiaries to increase its revenue from such segments.

Stable Regulatory Environment

As one of the largest stakeholders of MESI, TNB aims to promote a fair regulatory environment for all stakeholders. TNB believes that the implementation of the IBR and the ICPT mechanism are in line with the creation of such an environment. The IBR framework has enabled utility companies to achieve an equitable return on their assets, provided they meet both the performance and efficiency targets set by regulators. As such, following the introduction of the IBR framework on 1 January 2014, TNB made the transition towards this new mechanism. TNB will continue to work together with KeTTHA and the Energy Commission by acting as an information channel to provide feedback to KeTTHA and the Energy Commission on the impact of the regulatory environment on its operations, as TNB continues to systematically monitor, review and enhance the approach it has implemented to meet the requirements of the IBR framework.

Improved Service Quality

TNB aims to provide quality, reliable and efficient electricity services to its customers at fair and reasonable costs. TNB plans to improve its service quality and create a seamless customer experience through three main focus areas: implementation of end-to-end digitalisation, providing value-added services and collections transformation.

TNB is implementing end-to-end digitalisation to increase efficiency through paperless billing; expanding its range of online services; and providing multi-service kiosks to enable its customers to carry out transactions during and outside usual business hours. TNB also plans to provide value-added services relating to, and consultation on, RE and energy efficient solutions to its customers to help them achieve efficient energy consumption.

As part of its efforts to better understand its customers, TNB is exploring the development of an analytics engine which would improve its revenue collection through a method that will be able to reduce non-technical losses and the cost of collection. As high-risk clients contribute to TNB's non-technical losses, TNB aims to identify high-risk customers before they default and initiate appropriate preventive measures based on the type of customer identified through the analytics engine.

Operational Excellence and Cost Efficiencies

TNB focuses on the key value chains within the generation, transmission and distribution sectors, but it has also added a fourth focus area: optimisation of support functions. TNB believes that optimisation of certain key support corporate functions will increase the amount of resources available for investment in growing new markets and service improvements.

For the power generation business, TNB has embarked on a performance improvement programme designed to significantly enhance the technical and financial performance of its plants against the McKinsey Power Gauge, a global benchmarking tool which uses data from 600 coal and gas fired power stations to develop insights into operational best practices and improvements. The performance improvement programme covers three main areas: accelerating business performance improvement through improving the operational cost efficiency; establishing an Engineering Centre of Excellence; and sustainability through formation of a Generation Academy. Such programme has proven to be successful and by the end of FY2015, the revenue gap (actual versus expected gain) from each SLA was reduced from 8.0 per cent. (in FY2014) to 6.0 per cent. and subsequently to 2.0 per cent. in May 2016. TNB expects to complete the roll-out of this programme to all its plants by 2016. This will assist TNB to maximise the gains from its existing PPAs and SLAs. In terms of TNB's transmission and distribution activities, TNB plans to reduce both its capital and operational costs and to improve its operational performance in line with the figures set under the IBR by the Energy Commission for the trial regulatory period in 2014 and the first regulatory period from January 2014 to December 2017 (the "Trial and First Regulatory Period"). TNB also intends to continue to improve the network performance of its transmission business by implementing asset assessment and diagnostic initiatives in addition to enhancing automation of the transmission grid.

TNB has commenced efforts to optimise its capital expenditure, especially those activities that come under the IBR, namely transmission and distribution activities. In addition to transmission and distribution division-led measures to streamline and optimise capital expenditure, TNB's other business areas are also striving to optimise capital expenditure so as to release resources for investment in new growth activities. TNB aims to attain such optimisation by transforming the way it plans and implements capital expenditures on its projects, re-prioritising projects based on its importance and finding alternative solutions for its projects wherever possible, adopting best practices in managing its projects, conducting end-to-end redesign of its operations, using technology and automation to further improve process efficiency and generating more savings from its procurement spend.

To improve its performance and productivity, TNB is implementing certain digitalisation and automation initiatives throughout its business, such as developing intelligent predictive and diagnostic monitoring systems. See “- *Core Business Operations — Digitalisation*”.

Development of Management

Critical in sustaining growth is the ability to attract and develop high quality leaders. In order to reach its goal of becoming a DRC, 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.

In addition to improving the performance of its core businesses, TNB aims to increase the efficiency of its support functions and administration through an organisation renewal programme, the Value Unlocking Programme (“VUP”), which commenced in 2015 and will be introduced in stages with the first phase expected to be completed by 2018. The VUP aims to identify and reposition critical roles and functions whilst optimising the current workforce. TNB is committed to developing its employees through investment in their learning and development. 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 (“ILSAS”) and University Tenaga Nasional. 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.

History

TNB traces its origin 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. 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 35,975 employees as at FY2015.

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 for the Trial and First Regulatory Period to set tariffs payable by customers for the use of electricity and currently applies to Peninsular Malaysia.

Recent Developments

In January 2016, Moody's changed TNB's credit rating from "positive" to "stable". This was prompted by the change in the outlook of Malaysia's sovereign rating to "stable" from "positive" and reflects Moody's view of TNB's close operational and financial links with the Government and its dependence on the domestic macro-economic environment. The "stable" outlook reflects Moody's expectation that TNB will maintain its position in Malaysia's power sector and that there will be no material adverse changes in the regulatory environment in the near medium term.

For other recent developments, see "*— International Investments*" for details of TNB's equity investment in GAMA Enerji and GEL.

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 ("GDP") 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 as well as rapid industrialisation and diversification of economic activities had led to significant growth in power demand in Malaysia.

The following table highlights Malaysia's real GDP growth and population, as well as TNB's electricity sales and sales growth from 2013 to 2015 in Peninsular Malaysia and Sabah.

	2013	2014	2015
Real GDP Growth Rate ¹	4.7 per cent.	6.0 per cent.	5.0 per cent.
Population (in millions) ²	30.2	30.6	31.0
GDP per capita (at current prices, RM million) ³	33,724.7	36,162.8	37,318.7
Units of Electricity Sold GWh ^{4, 5}	105,475.2	108,071.5	110,832.4
Electricity Growth Rate ^{4, 6}	3.8 per cent.	2.5 per cent.	2.2 per cent.

In 2009, the Government has encouraged investment in the services sector through certain liberalisation policies and 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 been changes in consumption due to increased energy efficiency by industry and households, including 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, development of large-scale solar projects, NEM schemes and the National Energy Efficiency Action Plan. More people in Malaysia are

¹ Real GDP growth rates figures are based on calendar years, source: Department of Statistics Malaysia, Official Portal.

² Population data based on calendar years, source: Department of Statistics Malaysia, Official Portal.

³ Data based on GDP at current prices (RM million) and population, both in calendar years, source: Department of Statistics Malaysia, Official Portal.

⁴ Figures include units of electricity sold by SESB and TNB Liberty Power Limited.

⁵ Figures are based on TNB's fiscal year end information.

⁶ Electricity sales growth rates are for Peninsular Malaysia only and based on TNB's fiscal year-end information.

generating their own electricity and there is increasing penetration of RE, such as solar power. On 20 April 2016, TNB recorded peak demand of 17,788.0MW. The previous peak was recorded in June 2014 at 16,901.0MW. The main reason for the 2016 peak was attributed to the effect of El Nino which led to an unseasonably hot and dry period.

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 renewables in 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 KETTHA 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 Energy, Green Technology and Water (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 of power and energy, and to plan and design its transmission system capacity and distribution system in accordance with the regulations for transmission 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 and Distribution Code, published by the Energy Commission and launched by KeTTHA on 21 December 2010, is a regulatory instrument 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 Malaysian Grid Code (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 Malaysian Distribution Code (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 to oversee 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 and First 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 2017. It is designed to provide benefits to TNB through a fair return on investment and incentives to operate efficiently; 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.

An IBR framework, also known as performance-based regulation, has been widely adopted in Europe, Australia and New Zealand and, in Southeast Asia, it has been introduced in the Philippines.

The IBR framework offers greater transparency of how the electricity tariff is determined. Under the IBR framework, the Energy Commission adopted the "market managed model" in which TNB's businesses are categorised into five 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; Transmission, which manages, maintains and develops the system for transmission of electricity; System Operations 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.

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 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 1.52sen/kWh from January 2016 until December 2016.

Under the IBR framework, the forecast revenue requirement provides TNB with a market-based 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

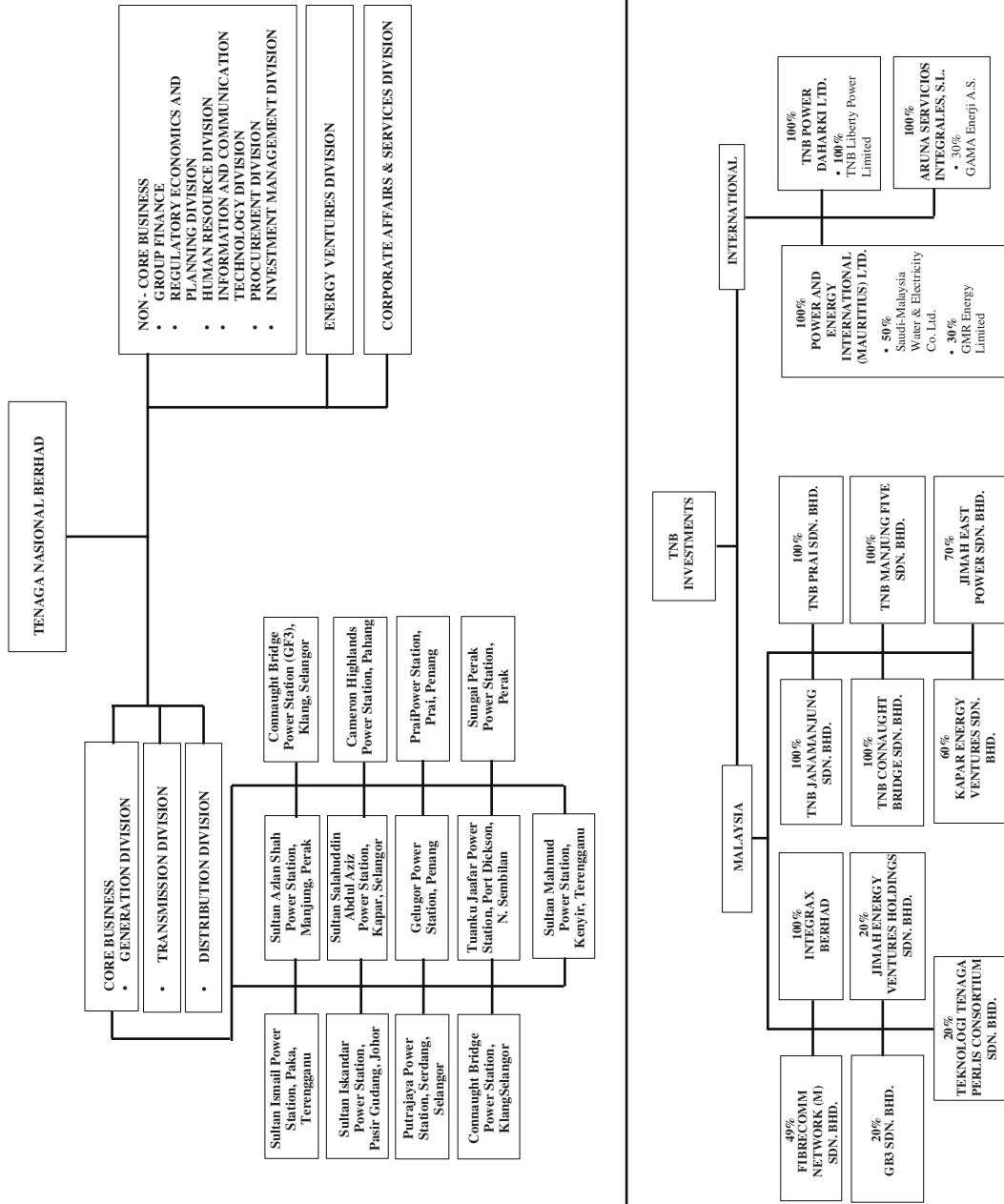
base), the operating costs, the depreciation of assets, tax payments and the efficiency carry over amount. For the Trial and First Regulatory Period, the Energy Commission has set the rate of return at 7.5 per cent. This is in line with the rate of return approved by other emerging market countries' regulators which have current rates of return of between 7.0 per cent. and 10.0 per cent.

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 a percentage of the cost efficiency during that last regulatory period to the forecast annual revenue requirement for the next regulatory period.

In the first quarter of 2016, the Government introduced the NEDA to enhance competition and cost efficiency in the electricity generation sector. 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 PPA/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.

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, transmission and distribution.

The Generation System

As at 31 May 2016, TNB's electricity generating system in Peninsular Malaysia consisted of 14 power generating stations, which contributed 55.9 per cent. of Peninsular Malaysia's total installed capacity. TNB's Generation Division operates and maintains six thermal power stations and three major hydroelectric power generating schemes in addition to supporting the operations and maintenance of five IPPs. As at 31 May 2016, TNB had an aggregate installed capacity of 12,718.0MW. 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 Turbines") or gas-fired combined cycle plant ("Combined Cycle Gas Turbines"). 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 forth, for each of TNB's power stations, the total installed capacity, plant type and the gross and net units generated as at 31 May 2016.

No.	Power Station	Total installed capacity (MW)	Plant Type	Gross units generated (GWh)	Net units generated (GWh)
1.	Sultan Ismail Power Station, Paka, Terengganu	1,029.0	3 x 257.0MW Combined Cycle Gas Turbine 1 x 258.0MW Combined Cycle Gas Turbine	4,340.0	4,274.5
2.	Sultan Iskandar Power Station, Pasir Gudang, Johor	485.0	2 x 105.0MW Open Cycle Gas Turbine 1 x 275.0MW Combined Cycle Gas Turbine	1,256.8	1,161.3
3.	Putrajaya Power Station, Serdang, Selangor	474.0	2 x 110.5MW Open Cycle Gas Turbine 2 x 126.5MW Open Cycle Gas Turbine	328.1	324.7
4.	Connaught Bridge Power Station, Klang Selangor	662.0	1 x 300.0MW Combined Cycle Gas Turbine 3 x 120.0MW Open Cycle Gas Turbine	1,153.5	1,126.3
5.	Gelugor Power Station, Gelugor, Penang	310.0	1 x 310.0MW Combined Cycle	1,770.6	1,737.2
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	8,118.1	7,973.7

No.	Power Station	Total installed capacity (MW)	Plant Type	Gross units generated (GWh)	Net units generated (GWh)
7.	Sultan Azlan Shah Power Station, Manjung, Perak ⁷	3,080.0	3 x 690.0MW Steam Turbine (Coal) 1 x 1,010.0MW Steam Turbine (Coal)	16,759.2	15,571.3
8.	Sultan Salahuddin Abdul Aziz Power Station, Kapar, Selangor ⁸	1,353.0	1.Steam Turbine (Oil/Gas) 2.Steam Turbine (Oil/Gas/Coal) 3.Steam Turbine (Coal/Gas) 4.Open Cycle Gas Turbine	9,920.0	9,265.2
9.	Prai Power Station, Prai, Penang	1,071.0	2 x 535.5MW Combined Cycle Gas Turbine	649.8	632.7
10.	Connaught Bridge Power Station (GF3), Klang, Selangor	375.0	1 x 375.0MW Combined Cycle Gas Turbine	1,822.6	1,776.8
11.	Sungai Perak Power Station, Perak ⁹	1,249.0	Hydroelectric	1,823.2	1,816.2
12.	Cameron Highlands Power Station, Pahang	250.0	Hydroelectric	472.9	469.1
13.	Sultan Mahmud Power Station, Kenyir, Terengganu ¹⁰	400.0	Hydroelectric	989.0	983.7

All of TNB's power generating stations have received ISO 9001 and ISO 55001/PAS 55 certification, which signify 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 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.

⁷ 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 and are therefore considered to be two different IPPs.

⁸ TNB's equity interest is equal to 60.0 per cent.

⁹ Stesen Janakuasa Pergau is part of this power station, which is governed under a separate SLA.

¹⁰ Stesen Janakuasa Hulu Terengganu is part of major hydroelectric power generating schemes and is governed under a separate SLA.

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 forth the generation mix in Peninsular Malaysia for electricity generated by TNB and purchased by TNB from IPPs for each of FY2013, FY2014 and FY2015 and Q3 2016.

Fuel Type	FY2013	FY2014	FY2015	Q3 2016
	GWh			
Gas and LNG	52,284.9	62,088.2	56,424.3	38,245.4
Coal	49,182.0	45,355.6	52,070.6	45,215.2
Distillate	2,358.7	979.5	228.0	59.0
Oil	2,127.5	1,147.3	352.6	298.0
Hydro	4,693.6	4,375.4	5,115.9	3,294.7
TNB Generation	52,733.4	53,607.2	54,462.2	44,697.3
Purchased from IPPs	57,913.3	60,338.8	59,729.2	42,415.0
Total Units Generated	110,646.7	113,946.0	114,191.4	87,112.3

Peak Load and Capacity

The chart below shows the installed generation capacity, peak demand, reserve capacity and the reserve margin capacity of TNB and the IPPs for each of FY2013, FY2014 and FY2015 and Q3 2016.

	FY2013	FY2014	FY2015	Q3 2016
	MW, except percentages			
Installed Capacity — TNB ¹¹	11,462.0	10,814.0	11,708.0	12,718.0
Installed Capacity — IPPs ¹²	10,287.0	10,246.0	10,246.0	10,031.0
Total Installed Capacity	21,749.0	21,060.0	21,954.0	22,749.0
Peak Demand ¹³	16,562.0	16,901.0	16,822.0	17,788.0
Reserve Capacity	5,187.0	4,159.0	5,132.0	4,961.0
Reserve Margin ¹⁴	31.3 per cent.	24.6 per cent.	30.5 per cent.	27.9 per cent.

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. In FY2014, TNB's fuel generation mix (expressed in terms of the percentage of total GWh generated by each fuel source) was 45.2 per cent. natural gas, 44.1 per cent. coal, 8.2 per cent. hydroelectric, 0.5 per cent. distillate and 2.0 per

¹¹ Figures include TNB's thermal plants, hydroelectric and IPPs.

¹² Figures include third party IPPs.

¹³ Peak demand, excluding Sabah Electricity Sdn. Bhd. and TNB Liberty Power Limited, represents the actual peak demand on TNB's system at any single point in time during the period.

¹⁴ The reserve margin is equal to the difference between installed capacity and peak demand as a percentage of peak demand.

cent. oil. In FY2015, TNB's fuel generation mix was 40.4 per cent. natural gas, 49.5 per cent. coal, 9.4 per cent. hydroelectric, 0.1 per cent. distillate and 0.6 per cent. oil. For Q3 2016, TNB's fuel generation mix was 39.3 per cent. natural gas, 52.6 per cent. coal, 7.5 per cent. hydroelectric and 0.6 per cent. 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. TNB anticipates that the same amount of energy will be generated by coal as by natural gas by 2019. The Atomic Energy Licensing Act 1984, which governs the development and utilisation of nuclear energy in Malaysia, is currently being reviewed and updated to allow for the use of nuclear power in electricity generation in Malaysia.

In respect of the changes in the Group's fuel generation mix in Peninsular Malaysia, the table below sets forth the total units consumed and the average cost per unit of fuel consumed in FY2013, FY2014 and FY2015 and for Q3 2016:

Fuel Type	FY2013			FY2014			FY2015			Q3 2016		
	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		RM	RM		RM	RM		RM	RM		RM
	millions	(GWh)	sen/kWh	millions	(GWh)	sen/kWh	millions	(GWh)	sen/KWh	millions	(GWh)	sen/kWh
Gas	2,533.7	18,968.4	13.4	6,491.1	24,239.4	26.8	5,398.9	21,998.8	24.5	3,731.6	17,583.3	21.2
Coal	2,996.4	26,372.7	11.4	2,517.5	23,626.5	10.7	2,882.9	26,964.6	10.7	2,478.7	23,529.4	10.5
Oil.	994.5	1,910.9	52.0	580.7	1,120.8	51.8	168.2	345.2	48.7	109.5	289.9	37.8
Distillate	560.8	7,87.8	71.2	274.4	245.1	112.0	76.5	37.7	202.9	7.3	—	—
Hydro	—	4,693.6	—	—	4,375.4	—	—	5,115.9	—	—	3,294.7	—
Total.	7,085.4	52,733.4	—	9,863.7	53,607.2	—	8,526.5	54,462.2	—	6,327.1	44,697.3	—

In FY2015, 33.8 per cent. of TNB's fuel costs were denominated in currencies other than Ringgit, compared to 25.5 per cent. in FY2014 and 39.2 per cent. for Q3 2016. Given that the majority of TNB's revenue is denominated in Ringgit, such fuel costs increase if the Ringgit weakens against the relevant currency or decrease if the 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, sometimes buying it from as far away as Russia.

Coal-fired generation is expected to provide over 60.0 per cent. of Malaysia's electricity generation by 2017. It is planned that this will be accomplished by an aggressive expansion programme whereby coal-fired installed capacity will increase from 7,200.0MW in 2013 to 12,200.0MW by 2019. Once all the new coal fire power plants become operational, TNB will require approximately 40 million metric tonnes per annum of coal. 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 a second tier of 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 had a disruption of 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.

The gas sales agreement (“GSA”) entered into on 21 October 1994 for 21 years between TNB and PETRONAS expired on 31 December 2014. The first extension of the GSA was approved by PETRONAS on 10 February 2015 for a period of one year from 1 January 2015 until 31 December 2015. The second extension of the GSA was approved by PETRONAS on 6 January 2016 for a period of six months until 30 June 2016 with a further extension of another month until 31 July 2016.

TNB and PETRONAS are currently negotiating a gas framework agreement (“GFA”) and a second GSA which once finalised and executed will take effect from 1 August 2016. The GFA is an overarching agreement between PETRONAS and TNB that recognises a Single Buyer and GSO as the central body managing and allocating pipeline gas to the whole of the power sector. The GFA also respects the determination of the gas price as directed by the Government. Pending the finalisation of both agreements, TNB and PETRONAS will continue to perform their respective obligations under the current GSA.

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 Transmission System

The Transmission Division manages and operates the National Grid, being the 132kV, 275kV and 500kV transmission network of TNB. The main activities of the Transmission Division include strategy formulation, system 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. TNB owns the 22,353.4kms of transmission lines and the 417 switching substations through which it delivers electricity to its customers. The Transmission 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 the Electricity Generating Authority of Thailand (“EGAT”) in the north via a high-voltage direct current (“HVDC”) interconnection with a transmission capacity of 300.0MW and a 132kV high voltage alternating current (“HVAC”) overhead line with maximum transmission capacity of 80.0MW. The arrangements with EGAT were formalised in 2002, when an HVDC system interconnection agreement was signed with EGAT. Pursuant to this 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 transmission system at Senoko in the south of Peninsular Malaysia via two 230kV submarine cables and an overhead line with a firm transmission 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 transmission grid as at 31 May 2016.

Voltage	Overhead Lines	Underground Cables	Total
kV	Circuit-kms	Circuit-kms	Circuit-kms
500kV	721.5	0.0	721.5
275kV	9,448.8	68.7	9,517.5
132kV	11,264.8	849.6	12,114.4

The Distribution System

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. 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.

The following table provides certain details relating to TNB's distribution system, as at 31 August 2015:

Voltage	Overhead Lines	Underground Cables	Total
kV	Circuit-kms	Circuit-kms	Circuit-kms
Medium Voltage (33kV, 22kV, 11kV, 6.6kV) . .	40,069.0	398,266.0	438,335.0
Low Voltage (0.4kV) . .	492,334.0	298,893.0	791,227.0

Power Interruption and System Loss on the Transmission and Distribution Network

TNB closely monitors key operational statistics to ensure that its transmission and distribution network is highly efficient and reliable. Two principal measures of system reliability and security used by TNB are the system and SAIDI minutes. System minutes measures the transmission system average interruption duration (expressed in minutes at times of annual system peak) over the relevant comparison period. SAIDI measures 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 1.1 minutes and a lower target of 2.0 minutes for each of FY2013 and FY2014 and an upper target of 1.5 minutes and a lower target of 2.0 minutes for FY2015 and Q3 2016. Since 2014, TNB's internal KPIs for its system minutes have been set based on 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 and SAIDI minutes for FY2013, FY2014 and FY2015 and Q3 2016.

	FY2013	FY2014	FY2015	Q3 2016
System minutes	0.4	0.1	0.8	0.4
SAIDI minutes per customer	64.2	55.0	49.7	38.9

Transmission and distribution loss as a percentage of net electricity generation (gross generation less auxiliary use) was 7.7 per cent. in FY2015 compared to 8.2 per cent. in FY2014, of which distribution loss as a percentage of net electricity generation (gross generation less auxiliary use) was 6.2 per cent. in FY2015, compared to 6.5 per cent. in FY2014. For Q3 2016, transmission and distribution loss as a percentage of net electricity generation (gross generation less auxiliary use) was 8.1 per cent., of which distribution loss as a percentage of net electricity generation (gross generation less auxiliary use) was 6.7 per cent.

There are several potential causes of power interruption which result in not all the electricity generated reaching customers. One cause of power interruption at transmission level is environmental disaster. For example, there was an unexpected flood in Kelantan, the east coast area of Peninsular Malaysia in December 2014, which resulted in a total shutdown at the Tanah Merah, Gua Musang and Kuala Krai substations, including a 132kV transmission line from Kuala Krai to Gua Musang that interrupted the electricity supply to a wide area. In Terengganu the flood caused a total shutdown at Kemaman substation that interrupted supply to Kemaman area.

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 still have to be 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 is also employed to further monitor unlawful activities, such as the use of the remote metering system. 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”). One part of this project is the 500kV transmission network connecting the southern and central region to the major power generation hub in Perak. APG connectivity is an ambition of the ASEAN member countries. TNB and the Government, with the support of KeTTHA, view the APG as a means of diversifying energy sources and increasing energy security in the region. The 500kV network is due to be completed in 2019 and will become TNB’s backbone in the preparation for ASEAN interconnection. TNB also has a reinforcement project to ensure supply reliability with respect to its 275kV systems in the various states consisting of 22 substations and an estimated 520km of cabling.

Over the past 10 years, reliability of TNB’s transmission system has improved significantly. The improvements are the result of TNB’s initiatives of concentrating on targets which have been easy to attain. 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 (ITOMS) to upgrade its practices towards cost and performance efficiencies, in line with the requirements of the Energy Commission and the IBR. All of TNB’s generating stations have received ISO 55001

certification with regard to prudent asset management practices. Learning from past major incidents, several special protection schemes have been put in place to safeguard the transmission system. In light of new technology, TNB is pursuing the development of a flexible and intelligent grid allowing for predictive, adaptive and corrective grid operations.

The Transmission Division has also taken various initiatives to protect the network from serious network fault and/or outage by upgrading the parameters of substation perimeter fencing (anti-climb or electric fencing) and installing CCTV 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. To mitigate the risk of flood disaster, several initiatives such as raising transmission tower heights, installing floodgates at all substation building doors and earth bunding around substation perimeters are being executed. In order to help ensure the reliability of power supply, the Transmission Division implemented condition monitoring in the late 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, 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. Apart from revising 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 9.2 million customers in Peninsular Malaysia, Sabah and Labuan as at 31 May 2016, an increase from approximately 8.9 million customers as at 31 August 2015, 8.6 million customers as at 31 August 2014, and approximately 8.4 million customers as at 31 August 2013. Approximately 96.4 per cent. of the Group's total revenue in FY2015 came from electricity sales and the remaining 3.6 per cent. was derived from goods and services, accrued revenue, deferred income and other minor revenue streams. In comparison, for FY2014, 95.5 per cent. of the Group's total revenue came from electricity sales and the remaining 4.5 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 forth the consumption of electricity in Peninsular Malaysia by category of customer for each of FY2013, FY2014 and FY2015 and for Q3 2016.

Customer Classification	FY2013		FY2014		FY2015		Q3 2016	
	GWh	Per cent.	GWh	Per cent.	GWh	Per cent.	GWh	Per cent.
		of Total		of Total		of Total		of Total
Industrial	42,464.4	42.5	43,026.3	42.0	43,718.0	41.8	32,523.5	40.1
Commercial	34,379.4	34.4	35,353.6	34.5	36,228.5	34.6	28,576.4	35.2
Domestic	21,320.8	21.3	22,124.0	21.6	22,773.0	21.8	18,566.8	22.9
Others	1,756.0	1.8	1,878.9	1.9	1,933.4	1.8	1,483.0	1.8
Total	99,920.6	100	102,382.8	100	104,652.9	100	81,149.7	100

The following table sets forth TNB's total electricity sales in Peninsular Malaysia by type of customer for each of FY2013, FY2014 and FY2015 and for Q3 2016.

Customer Classification	FY2013		FY2014		FY2015		Q3 2016	
	RM million	Per cent.	RM million	Per cent.	RM million	Per cent.	RM million	Per cent.
		of Total		of Total		of Total		of Total
Industrial	13,147.4	38.8	14,701.0	38.7	15,953.1	38.7	11,877.7	37.0
Commercial	14,047.7	41.5	15,885.0	41.8	17,278.6	41.9	13,598.3	42.3
Domestic	6,220.6	18.4	6,908.5	18.2	7,404.8	18.0	6,196.7	19.3
Others	441.3	1.3	523.5	1.3	583.0	1.4	454.2	1.4
Total	33,857.0	100	38,018.0	100	41,219.5	100	32,126.9	100

TNB's 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 2.5 per cent. from 99,920.6GWh in FY2013 to 102,382.8GWh in FY2014, and by 2.2 per cent. to 104,653.0GWh in FY2015. Total electricity sales (measured in Malaysian Ringgit) increased by 12.3 per cent. from RM33,857.0 million in FY2013 to RM38,018.0 million in FY2014 and by 8.4 per cent. from RM38,018.0 million in FY2014 to RM41,219.5 million in FY2015. Total electricity sales for Q3 2016 was 81,149.7GWh and if measured in Ringgit, was RM32,126.9 million.

There has been a slowdown in the growth of the manufacturing sector in Malaysia in recent years and this has been reflected in the low growth in sales to the industrial customers in the last three years. Electricity sales to industrial customers (measured in GWh) increased by 1.3 per cent. from FY2013 to FY2014 and by 1.6 per cent. from FY2014 to FY2015. Electricity sales to industrial customers (measured in GWh) for Q3 2016 was 40.1 per cent.

By revenue, commercial customers have grown to become the largest group of electricity consumers in Malaysia. Previously industrial customers were the largest group by revenue. Due to the growing services sector, electricity sales to commercial customers (measured in GWh) increased by 2.8 per cent. from FY2013 to FY2014 and by 2.5 per cent. from FY2014 to FY2015. Electricity sales to commercial customers (measured in GWh) was 35.2 per cent. for Q3 2016.

The continued rising levels of affluence among domestic customers and increased urbanisation contributed to an increase in electricity sales to domestic customers in Malaysia in recent years. Electricity sales to domestic customers (measured in GWh) increased by 3.8 per cent. from FY2013 to FY2014 and by 2.9 per cent. from FY2014 to FY2015. Electricity sales to domestic customers (measured in GWh) was 22.9 per cent. for Q3 2016. As at 31 August 2015, 99.8 per cent. of households in Peninsular Malaysia and 95.0 per cent. in Sabah had access to electricity.

The unit sales for other customers have been increasing from FY2013 to FY2015. However, the unit sales for mining decreased in FY2015 by 17.0 per cent., mostly as a result of the decrease in the natural gas index and crude oil index. The unit sales for other customers for Q3 2016 was RM454.2 million.

TNB's PRIME customers, who are TNB's top 1,000 customers, accounted for unit sales of 35,200.0GWh in FY2015, 34,200.0GWh in FY2014 and 26,500.0GWh for Q3 2016, which was equivalent to 33.6 per cent., 33.4 per cent. and 32.6 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, it is implementing certain digitalisation 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 RM246.9 million for FY2015 and RM122.4 million for Q3 2016. The book value of TNB's investment in these subsidiaries as at 31 August 2015 was RM6,802.0 million and as at 31 May 2016 was RM6,966.5 million.

TNB Investments

Other Malaysian Investments

IPPs

TNB has investments in nine IPPs currently producing electricity for consumption in the form of ordinary shares, preference shares and advances (two of which have yet to commence commercial operations). As at 31 August 2015, TNB's cost of investments in these IPPs (at TNB company level) was RM4,108.1 million and as at 31 May 2016 was RM4,273.1 million.

The following table shows certain information regarding TNB's cost of investments in these IPPs (at TNB company level) as at 31 August 2015 and as at 31 May 2016:

IPP	As at			
	31 August 2015		31 May 2016	
	Investment in RM million	Equity Interest (per cent.)	Investment in RM million	Equity Interest (per cent.)
TNB Janamanjung Sdn. Bhd.	2,632.5	100	2,632.5	100
Kapar Energy Ventures Sdn. Bhd.	1.2	60.0	1.2	60.0
TNB Prai Sdn. Bhd.	789.4	100	789.4	100
TNB Connaught Bridge Sdn. Bhd.	607.3	100	772.3	100
TNB Manjung Five Sdn. Bhd. ¹⁵	50.0	100	50.0	100
Jimah East Power Sdn. Bhd. ¹⁶	—	70.0	—	70.0
Teknologi Tenaga Perlis Consortium Sdn.Bhd.	26.5	20.0	26.5	20.0
GB3 Sdn. Bhd.	0.2	20.0	0.2	20.0
Jimah Energy Ventures Sdn. Bhd. ¹⁷	1.0	20	1.0	20

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 and became operational in 2004 ("Manjung 1, 2 and 3") and one 1,000.0MW unit which achieved its commercial operation date ("COD") in 2015 ("Manjung 4").

Kapar Energy Ventures Sdn. Bhd. ("KEV") has been in operation as an IPP 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.

¹⁵ As at 31 May 2016, TNB's investment in TNB Manjung Five Sdn. Bhd. in the form of advances amounting to RM708.7 million have yet to be converted into an equity interest in such IPP.

¹⁶ As at 31 May 2016, TNB's investment in JEP was RM2.0 comprising one ordinary share with value of RM1.00 and one redeemable preference share with value of RM1.00, giving rise to a 70.0 per cent. equity interest in JEP. TNB's investment in JEP in the form of advances amounting to RM386.1 million have yet to be converted into an equity interest in JEP.

¹⁷ TNB's investment in Jimah Energy Ventures Sdn Bhd is through its 20.0 per cent. stake in Jimah Energy Ventures Holding Sdn Bhd, an investment holding company which holds a 100.0 per cent. stake in Jimah Energy Ventures Sdn Bhd. The remaining 80.0 per cent stake in Jimah Energy Ventures Holding Sdn Bhd is held by Jimah Teknik Sdn Bhd (65.0 per cent.), Jimah O&M Sdn Bhd (10.0 per cent.) and Negeri Sembilan State Government (5.0 per cent.).

On 20 February 2016, the 1,071.0MW combined-cycle gas-fired 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 Remaco 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 gas-fired combined cycle generating facility which has a total nominal capacity of 375.0MW. The plant is located in Klang, Selangor, and achieved its 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, as the IPP, 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 Manjung, Perak, the same location for Manjung 1, 2 and 3 and 4. COD for Manjung 5 is expected to be 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. (“1MDB”). JEP is a special purpose vehicle incorporated by 1MDB and Mitsui Corporation Ltd to execute the financing agreements for the development of 2x1,000.0MW coal-fired power plant in Jimah, Negeri Sembilan (“Project 3B”). Mitsui Corporation Ltd owns the remaining 30.0 per cent. in JEP. 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 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.

Teknologi Tenaga Perlis Consortium Sdn Bhd (“TTPC”) has been in operation as an IPP 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, which is 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 (“GB3”) has been in operation as an IPP 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 gas-fired combined cycle generating facility 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 as an IPP since 1 January 2009. JEV owns, operates and maintains a 2x700MW coal-fired power plant which is 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 for a cash offer price of RM3.25 per share. The acquisition of Integrax makes strategic sense for TNB given that 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. TNBJ’s power plants

generate almost 10.0 per cent. of the national electricity supply and that percentage is expected to increase to approximately 18.4 per cent. by 2017 with the commissioning of Manjung 5 in 2017. The power plants together are forecast to consume 14 million tonnes of coal annually to have a combined capacity of 4,100.0MW. 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 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 as 49.0 per cent.

International Investments

TNB's international investments, focussed in Southeast Asia, the Middle-East, Africa, Indian sub-continent, Australia and Turkey, aim to build on its core business strengths and capabilities in the generation of electricity. TNB has set its international target to deliver an additional 5,000.0MW of generating capacity by 2020 at an estimated cost of approximately U.S.\$10.0 billion. This would bring TNB's overall generation capacity to 20,000.0MW by 2020. TNB has also set a target of generating 30.0 per cent. of the Group's revenues from businesses outside Malaysia by 2020. The focus is currently on greenfield projects to grow its electricity generating capacity overseas, with 3,000.0MW anticipated to come from greenfield projects (organic growth) and 2,000.0MW from increasing the capacity through the assets in which it already has an interest.

Amongst the drivers for the expansion of the Group's international business are revenue growth and business diversification (e.g. tariffs facing increased competition and bids) on 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 the "best in class" in the relevant generation sector and has a good understanding of the transmission and distribution sectors but also offering a suitable cultural fit with TNB.

TNB's corporate transaction group leads the research into potential international investments and conducts the risk and financial assessments as well as the assessment of cultural fit between TNB and the target in terms of good corporate governance and growth aspirations. TNB as a strategic investor aims to be part of the management of its target to further grow and create value for the target. Therefore, TNB aims to obtain a significant minority stake in each company in which it invests.

TNB has established a series of due diligence steps, known as “gates”, which must be completed before a prospective acquisition can be approved to reach financial close. There are six gates, ranging from market scan and idea generation to financial close, which are completed in close collaboration with TNB’s financial investment committee which is called upon to approve certain gates.

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 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 gas-fired combined cycle power 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 RM618.0 million to the Group’s revenue for FY2013, approximately RM629.0 million for FY2014 and approximately RM551.0 million for FY2015. TLPL is currently operating at full capacity.

Equity investment in 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, increasing wealth 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. TNB selected GAMA Enerji on the basis that it is an energy company which 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.

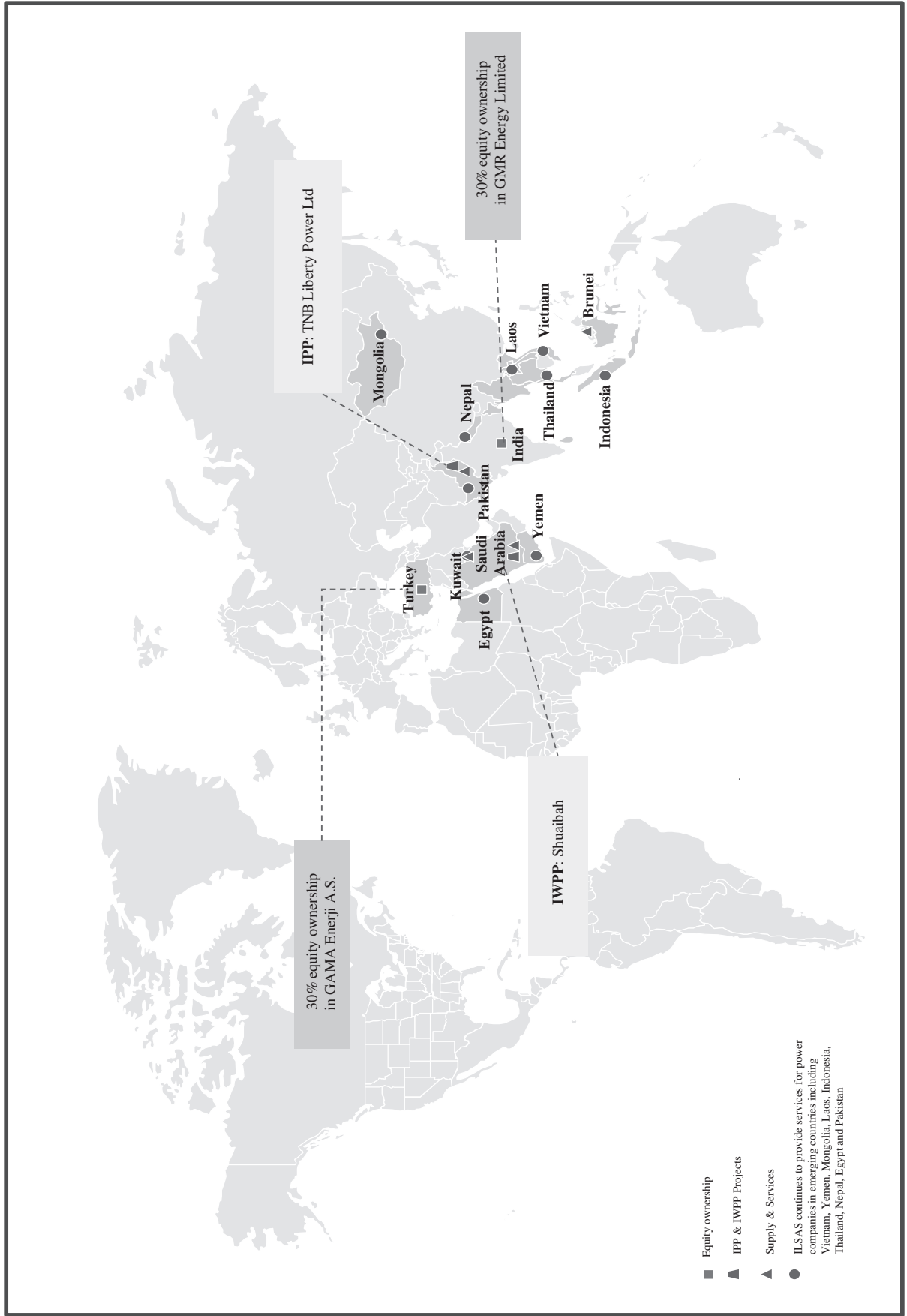
Shuaibah Independent Water and Power Project, Saudi Arabia

A consortium comprising TNB, Khazanah Nasional Berhad, Malakoff 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 a 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 Berhad.

GEL

TNB has entered into a Subscription Agreement and Shareholders’ Agreement to invest in 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 May 2016. GEL is part of GMR Infrastructure Limited (“GIL”), which is one of the largest infrastructure developments companies in India with interests in airports (including 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 will acquire a stake in GIL’s portfolio of “best in class”, de-risked power generation assets which comprise five operational (c. 2,650.0MW) and three under construction or development (c. 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.

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 31 May 2016, TNB contributed 55.9 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 31 May 2016, Malakoff Corporation Berhad and China General Nuclear Power Group contributed 25.6 per cent. and 15.6 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. Also in the medium term, the NEDA being introduced under the IBR will enable IPPs whose PPA or SLA with TNB has expired, to bid into a mini "power pool" and sell energy to TNB. While it is thought this will create downward pressure on generation costs by reducing the electricity generated by IPPs with PPA or SLA that are less efficient, the full impact of the introduction of this mini "power pool" has yet to be modelled. See "- *Industry Restructuring*".

Capital Expenditure Programme

The following table sets forth the Group's capital expenditure in respect of generation, transmission, distribution and support services projects for each of FY2013, FY2014 and FY2015.

Function	FY2013	FY2014	FY2015
	RM million		
Generation	3,379.0	4,925.7	5,138.9
Transmission	1,274.3	1,400.4	1,732.0
Distribution	3,103.6	3,002.4	3,205.7
Support Services	699.7	669.5	697.8
Total Capital Expenditure.	8,456.6	9,998.0	10,774.4

Power Generation Capital Expenditure

Capital expenditure for generation projects totalled RM3,379.0 million in FY2013, RM4,925.7 million in FY2014 and RM5,138.9 million for FY2015. Total capital expenditure for all committed generation projects as at 31 August 2015, during the period from FY2016 to FY2018, is expected to be RM15,942.1 million, of which RM6,663.6 million, RM5,611.8 million and RM3,666.7 million are expected to be spent in FY2016, FY2017 and FY2018 respectively. As at 31 May 2016, total utilisation of the capital expenditure budgeted for FY2016 was RM4,198.5 million.

Transmission and Distribution System Capital Expenditure

Capital expenditure for transmission projects totalled RM1,274.3 million in FY2013, RM1,400.4 million in FY2014 and RM1,732.0 million in FY2015. Total capital expenditure forecast for all transmission projects as at 31 August 2015 for FY2016, FY2017 and FY2018 is expected to be RM1,717.0 million, RM2,265.0 million and RM1,854.0 million, respectively. As at 31 May 2016, total utilisation of the capital expenditure for FY2016 was RM853.9 million.

TNB continues to expand its distribution system to meet the demands of new and existing customers. The Group spent RM3,103.6 million on capital expenditure for system improvements and supply to its distribution system in FY2013, RM3,002.4 million in FY2014, and RM3,205.7 million in FY2015. Total capital expenditures forecast for all distribution projects as at 31 August 2015 for FY2016, FY2017 and FY2018 is expected to be RM3,891.1 million, RM4,129.0 million and RM5,069.0 million, respectively. As at 31 May 2016, total utilisation of the capital expenditure budgeted for FY2016 was RM2,063.0 million.

Support Services Capital Expenditure

Capital expenditures on support services totalled RM699.7 million in FY2013, RM669.5 million in FY2014 and RM697.8 million in FY2015. The Group expects to spend RM2,671.7 million on support services, including Energy Ventures, Corporate Affairs, Human Resources (“HR”) Department, Procurement, 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 31 May 2016, total utilisation of the capital expenditure budgeted for FY2016 was RM535.8 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 2x1,000.0MW 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 via its subsidiary 3B Power Sdn. Bhd. See “- *Other Malaysian Investments*”.

TNB’s subsidiary, Manjung Five Sdn. Bhd. is involved in the construction of a 1,000.0MW coal-fired power plant. The scheduled COD of the power plant is 1 October 2017. See “- *Other Malaysian Investments*”.

The other key electricity generating plants which are currently under construction are the Ulu Jelai hydroelectric project (372.0MW) in Malaysia, wholly-owned by TNB, and currently undergoing construction with an expected COD of October 2016, and the Tembat hydroelectric project (15.0MW) in Malaysia, wholly-owned by TNB, and currently undergoing construction with an expected COD of October 2016. The Tembat hydroelectric project is an annex to the recently commissioned Hulu Terengganu hydroelectric project).

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 forth, 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 FY2015.

No	IPP	Parent	Plant Type	Year of commercial operation	Contracted generating capacity (MW)	Units generated for FY2015 (GWh)
1.	Kuala Langat Power Plant Sdn. Bhd. (formerly known as Genting Sanyen Power Sdn. Bhd.)	Edra Power Holdings Berhad	Combined Cycle	1995	720.0 (675.0 from 23 February 2016)	4,476.6
2.	Segari Energy Ventures Sdn. Bhd.	Malakoff Corporation Berhad	Combined Cycle	1996	1,303.0	7,089.3
3.	Pahlawan Power Sdn. Bhd.	Edra Power Holdings Berhad	Combined Cycle	1999	322.0	1,925.6
4.	GB3 Sdn. Bhd.	Malakoff Corporation Berhad	Combined Cycle	2001	640.0	2,103.8
5.	Panglima Power Sdn. Bhd.	Edra Power Holdings Berhad	Combined Cycle	2002	720.0	4,448.4
6.	Teknologi Tenaga Perlis Consortium Sdn. Bhd.	Teknologi Tenaga Perlis Consortium Sdn. Bhd.	Combined Cycle	2003	650.0	3,857.9
7.	Prai Power Sdn. Bhd.	Malakoff Corporation Berhad	Combined Cycle	2003	350.0	1,659.0
8.	Kapar Energy Ventures Sdn. Bhd.	TNB & Malakoff Corporation Berhad	Oil/Coal/Gas Turbines	2004	2,420.0	10,517.8
9.	TNB Janamanjung Sdn. Bhd.	TNB	Coal	2005	2,070.0	15,572.8
10.	Tanjung Bin Power Sdn. Bhd.	Malakoff Corporation Berhad	Coal	2006	2,100.0	15,621.9
11.	Jimah Energy Ventures Sdn. Bhd.	Edra Power Holdings Berhad	Coal	2009	1,400.0	9,484.1
12.	TNB Janamanjung Sdn. Bhd. (Manjung 4)	TNB	Coal	2015	1,010.0	N/A
13.	Powertek Sdn. Bhd.	Edra Power Holdings Berhad	Gas Turbine	2016	434.0	360.8
14.	Port Dickson Power Sdn. Bhd.	Malakoff Corporation Berhad	Gas Turbine	2016	436.4	468.7

No	IPP	Parent	Plant Type	Year of commercial operation	Contracted generating capacity (MW)	Units generated for
						FY2015 (GWh)
15.	TNB Connaught Bridge Sdn. Bhd.	TNB	Combined Cycle	2016	375.0	N/A
16.	TNB Prai Sdn. Bhd.	TNB	Combined Cycle	2016	1,071.0	N/A
17.	Tanjung Bin Energy Sdn. Bhd.	Malakoff Corporation Berhad	Coal	2016	1,000.0	N/A
18.	TNB Manjung Five Sdn. Bhd.	TNB	Coal	2017	1,000.0	N/A
19.	TNB Pasir Gudang Energy Sdn. Bhd.	TNB	Combined Cycle	2017	275.0	N/A
20.	Edra Solar Sdn. Bhd.	Edra Power Holdings Berhad	Solar	2017	50.0	N/A
21.	Pengerang Power Sdn. Bhd.	Petronas	Co-Gen	2018	600.0	N/A
22.	Jimah East Power Sdn. Bhd.	TNB	Coal	2019	2,000.0	N/A
23.	Southern Power Generation Sdn. Bhd.	SIPP Energy Sdn. Bhd.	Combined Cycle	2020	1,440	N/A

As at 31 May 2016, there are 22 IPPs (excluding Southern Power Generation Sdn. Bhd.) that have a PPA with TNB, five of which have yet to commence commercial operations. All of these PPAs are for a period of 21 years in the case of gas power plants, and 25 years in the case of coal and Edra's solar power plant. The PPA relating to Kuala Langat Power Plant Sdn. Bhd. was renewed in February 2016 for a further 10 years and the PPA relating to Segari Energy Ventures Sdn. Bhd. will be renewed for a further 10 years upon its expiry in July 2017. On 5 September 2016, TNB entered into a 21-year PPA with Southern Power Generation Sdn. Bhd., which has yet to commence commercial operations. Subject to the terms of the relevant PPA, TNB shall purchase declared capacity at a fixed price (capacity charge) and purchase the electricity despatched at variable prices pegged to operating, maintenance and fuel costs (energy charge).

TNB introduced demand risk sharing ("DRS") clauses in its PPAs signed with Tanjung Bin Power Sdn. Bhd. and Jimah Energy Ventures Sdn. Bhd. 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 despatched by such IPP.

DRS clauses have not been included in PPAs after 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. 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 is expected to supply 400.0MW of generating capacity and electrical energy to TNB from the first scheduled COD of 1 June 2017, and an additional 200.0MW from the final scheduled COD of 1 January 2019. The PPA will be for a period of 21 years from the COD. This PPA for the sale of electricity from a co-generation facility is the first of its kind in Malaysia.

On 5 September 2016, TNB entered into a PPA with Southern Power Generation Sdn. Bhd. ("Southern Power Generation"), a wholly-owned subsidiary of SIPP Energy Sdn. Bhd., under which Southern Power Generation will own, construct, operate and maintain a gas-fired combined cycle electricity 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 has invested in nine of the IPPs currently producing electricity for consumption in Peninsular Malaysia (two of which have yet to commence commercial operations) in the form of ordinary shares, preference shares and advances. As at 31 August 2015, TNB's cost of investments in these IPPs (at TNB company level) was RM4,108.1 million and as at 31 May 2016 was RM4,273.1 million. See "*Other Malaysian Investments*".

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 transmission 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 to reduce carbon emissions by up to 40.0 per cent. by 2020 and the Government has set the target of generating 1,250.0MW of electricity in Peninsular Malaysia and 250.0MW of electricity in Sabah from RE for the next five years through large scale solar projects and NEM schemes. The current FiT scheme has resulted in the successful generation of 330.0MW 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 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.

TNBJ, the wholly-owned subsidiary of TNB which manages the Sultan Azlan Shah Power Station in Manjung, Perak, has won awards for clean technologies 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 April 2016. 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 transmission infrastructure with a new seedling. Under the "Tree for a Tree" programme, in FY2015 TNB planted more than 1,000 seedlings in its efforts to preserve the natural environment. To date, more than 4,500 trees have been planted under this programme. 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 preserve 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 Sdn. Bhd. ("TNB Research"), TNB's research arm. 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.

The following are some other environmental projects undertaken by TNB in Malaysia.

Integrated Community-Based Disaster Management for Hydroelectric Stations

Dams are usually integrated in close proximity to the community. Despite efforts in the design, construction, operation and maintenance of dams to improve safety, failures may still occur and there is a risk that lives and property will be lost. To minimise this risk, an emergency response system is

required and TNB has introduced the Integrated Community-Based Disaster Management to link TNB, the community and authorities, enabling the co-ordination of the management of potential dam-related disasters to optimise public safety. This project aims to model evacuation and emergency planning for three hydroelectric dam schemes: Cameron Highlands-Batang Padang, Kenyir and Sungai Perak.

The community will benefit from this project through the installation of a warning system for dam-related disasters, and will be trained to react within an appropriate time frame. All stakeholders will be provided with handbooks and standard operating procedure documents to guide them in the event of a dam related disaster.

Integrated Lake Basin Management and its Importance for the Sustainability of Ringlelet, Jor and Mahang Lakes

TNB is involved in the Cameron Highlands conservation efforts, both in the planning stage and as an end-user. It is important for TNB to undertake the necessary monitoring programme to identify the current issues and allow the formulation of remedial measures and a management programme. In doing so, TNB has formulated a study to develop the Integrated Lake Basin Management Programme (“ILBM”) for lakes in the Cameron Highlands to manage the degradation of all three lakes, namely Ringlelet, Jor and Mahang. As the operator and manager of the three lakes, TNB is working closely with the Government and private agencies, as well as research institutions such as the National Hydraulic Research Institute of Malaysia to develop the ILBM plan for the lakes.

Sedimentation Study for Kenyir Hydropower Station

TNB has taken a proactive approach to tackle sedimentation issues in hydropower reservoirs. At Kenyir Hydropower Station, it has initiated research into the sediment dynamics in Kenyir Lake focusing on identifying the potential sources of sediment using the GIS-based erosion risk map, followed by intensive sediment sampling on rivers feeding into Kenyir Lake, as well as 2D sediment dispersion modelling in Kenyir Lake using a numerical modelling approach. Extensive data collection has been performed to create a complete sedimentation database for Kenyir, covering soil investigation, underwater intake investigation, bathymetry survey (a study of the underwater topography and depth of the lake) and measurement of discharge and sediment concentrations at main feeder rivers flowing into the lake. Based on the lake bathymetry profiles and sediment transport modelling, TNB has found no significant level of sedimentation at the Kenyir Dam and consequently no further action is required to be taken. Nevertheless, TNB continues to monitor the sedimentation conditions at Kenyir Power Station through sampling and reservoir surveys, especially after intense storms have occurred.

Utilisation of Cameron Highlands Reservoir Sediments to Form Prototype of “Green” Bricks

Sedimentation has emerged as a serious concern in maintaining the operation of hydroelectric schemes in the Cameron Highlands. Currently, reservoir sediment is dredged and dumped at landfill sites, without any useful application. In an effort to reduce this waste product and the use of landfill sites, TNB has initiated research into the re-use of sediment. An experimental station has been built at Sg. Jasik for further research into turning sediment into potentially useful products, such as sediment bricks, which are cost-effective and commercially viable.

Water Utilisation and Treatment Technology towards Zero Water Discharge at Thermal Power Plants

TNB has developed a “water footprint” assessment tool to measure the amount of water used by TNB power plants. The assessment tool will ultimately be used to reduce water usage and identify the most appropriate water recycling technology. TNB has constructed a small-scale pilot water reclamation

(treatment) plant, based on current technology, to study its effectiveness and feasibility for future full scale implementation at TNB power plants. The design of the pilot water reclamation (treatment) plant was finalised based on the water audit done at seven of TNB's power stations and SJSI Pasir Gudang was chosen to be its site.

Contaminated Land Management and Control Using Bioremediation Technology

Bioremediation is an environmentally-friendly approach to transforming pollutants into innocuous substances. It uses relatively low-cost, low-technology techniques, which generally have a high public acceptance and can often be carried out on-site. The technology is still fairly new in Malaysia. Previously, bioremediation technology was used at the transformer switchyard at the Perai Power Station in Pulau Pinang and the logistics workshop at TNB Gong Badak, Kuala Terengganu. Pollutant problems caused by an oil spillage from the transformer at both sites have been resolved and the bioremediation works at the Prai Power Station received acknowledgment from the Malaysian Department of Environment for the technologies used to treat oil contaminated soil. TNB is currently undertaking bioremediation studies at TNB PPU LIP Shah Alam, Selangor, which is similarly contaminated by transformer oil spillage. Based on observations from the project, methodologies for on-site treatment have been developed. These include a mechanism to separate oil from soil and an automated integrated system for the washing processes. A methodology to enhance identified local consortia of Effective Microorganisms (“EMs”) by using the potential of EM enzymes to shorten the degradation of oil has also been developed.

Insurance

TNB insures the full value of all its power plants and main substations, and all relevant insurance policies are also extended to cover the subsidiaries. As the risk and insurance are dynamic, the coverage for each of 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, which is in-line with TNB's risk appetite. In addition, TNB's existing insurance arrangements are in line with industry standards.

Employees

The following table sets forth, as at the end of FY2013, FY2014, FY2015 and Q3 2016, the approximate number of the Group's full-time employees serving in the functions indicated.

Function	FY2013	FY2014	FY2015	Q3 2016
	Number of full time employees			
Generation Division	2,242	2,248	1,765	1,672
Transmission Division	3,156	3,209	3,168	3,095
Distribution Division	18,249	18,744	18,365	17,584
Other Division	11,325	11,945	12,677	13,376
Total	34,972	36,146	35,975	35,727

As at 31 August 2013, 2014 and 2015, 23,289, 25,318 and 25,130, respectively, of TNB's employees were members of either the Tenaga Junior Officers Union, the Tenaga Amalgamated Employees Union or the Tenaga Executive Association. TNB considers its relationship with the unions to be good. There have been no employee collective action/disputes or industrial disputes in the last three years.

Long Term Incentive Plan (“LTIP”)

TNB implemented a LTIP on 30 April 2015. The LTIP is a plan through which TNB is able to award shares to selected employees of the Group which will in turn attract, retain, motivate and reward valuable 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 (“RS”) and performance shares (“PS”). RS are offered to the employees of the Group and the executive directors of TNB while PS 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 RS is to attract and retain employees for the development, growth and success of the Group. The aim of the PS 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.

The fines imposed on TNB in connection with safety are mainly from the Social Security Organisation as a result of a few departments failing to report accidents within the specified time frame. Fines are between RM1,000 and RM1,500 each. There was a single fine by the Department of Occupational Safety and Health for failure to comply with the Occupational Safety Act, 1994. However, the total fines were relatively low and have a minimal financial impact on TNB.

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.

TNB 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.

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 Ministry of Finance Incorporated). 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.

Intellectual Property

The intellectual property held by TNB, including patents in TNB, are mostly kept and maintained by TNB Research. As at 31 May 2016, TNB had 11 patents with eight more currently in the process of being granted and several others which are in the novelty search stage. Besides patents, TNB has four 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 31000:2009 Risk Management — Principles and Guidelines. 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 a 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. TNB does not have overdue investments that have not been impaired. An impairment for investment in unquoted debt securities of RM138.8 million was recognised during FY2015.

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 FY2015, there was no indication that the loans and advances to the subsidiaries were not recoverable other than those which have already been impaired. TNB does not specifically monitor the ageing of current advances to its subsidiaries. Nevertheless, such current advances have been overdue for less than a year.

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 subsidiaries and an associate. The maximum exposure to TNB amounts to RM1,070.6 million (2014: RM3,150.9 million) representing banking facilities utilised by the subsidiaries and an associate as at the end of FY2015.

As at 31 May 2016, 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 euro.

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 ("BRC")

The BRC reviews the effectiveness of enterprise risk management in the Group based on the integration and continual improvement of risk management in the dynamic environment in which the Group operates.

The BRC is assisted by TNB's management through the Heads of Division chaired by the President/Chief Executive Officer, the Group Risk Management Working Committee ("GRMWC") chaired by the Chief Risk Officer and the Risk Management Department to ensure effective implementation of risk management.

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 key risks preventing the achievement of business objectives are identified, mitigated, regularly reviewed and communicated to TNB's board of directors (the "Board"), management and employees.

As a result, TNB's strategic risk profile was developed, reflecting the key risks preventing the Group from achieving its strategic and long-term objectives. These risks were reviewed in FY2015, taking into consideration the changes in the organisation and internal and external environments. As a result of the review, cyber threat has been identified as an additional strategic risk.

Risk assessments are also carried out before resources are committed to new projects and initiatives as well as identifying their impact on current operations and business objectives. These risk assessments for proposed projects or initiatives are reported and tabled to the approving management and Board committees. In line with TNB's Investment Strategy and Policy, the Risk Management Department had reviewed eight investment proposals applying the risk management process and specific investment risk assessment criteria for investment proposals to be tabled to the BRC.

The Risk Management Department is the custodian of TNB's Risk Management Process and plays its role in reviewing risks and communicating the risk management process for group-wide implementation. It also provides training on risk management. An internal circular has been issued, describing the key roles and responsibilities of management, TNB divisions, departments and subsidiaries, the Chief Risk Officer and the Risk Management Department as well as risk owners and risk managers in managing, reviewing and communicating risks in their respective areas of responsibility.

Monitoring, review and reporting

The Group strategic and operational risk profiles are monitored through TNB's Risk Information System ("TRIS"), an online real-time tool and database for risk management in the Group. A TRIS helpdesk is managed by the Risk Management Department, handling queries and requests related to the system.

In FY2015, triggering and "breaking" points of key indicators of several divisions were reported to the BRC. Information for this risk dashboard is collated and reported on a quarterly basis by the Risk Management Department.

The Group's operational risk profiles were reviewed and reported on a half-yearly basis and deliberated at the GRMWC. Emerging issues and risks are also deliberated in the quarterly GRMWC meetings and further action is taken by relevant divisions, departments and subsidiaries.

At the division, department and subsidiary levels, operational risk profiles are deliberated in their respective divisional risk management committees and/or management committees, addressing key operational risks and identifying appropriate mitigating action as well as assessing effectiveness of control measures.

The Risk Management Department assessed the level of development, implementation and integration of the Risk Management Framework of 16 departments across TNB in FY2015. Four areas were assessed for their maturity based on predetermined criteria: risk infrastructure, risk methodology, risk culture and communication, and risk management effectiveness. Through risk management maturity assessments, each department will be made aware as to how effectively it has applied the Risk Management Framework through internal risk management maturity ratings of “Beginner”, “Intermediate”, “Progressive” or “Maturity”. The assessments will also highlight the strengths and opportunities for greater integration of risk management in daily operations. The respective departments and divisional risk managers are responsible to consider the recommended improvements and implement relevant measures to strengthen its risk management and inculcate the risk management culture.

In addition, 15 risk surveys on power stations and main intake substations were carried out to assess the effectiveness of its risk management and controls for continual improvement. The relevant division is responsible for reviewing the recommendations and implementing relevant preventive and/or correction action.

Communication and continual improvement

Each division, department and subsidiary is responsible for communicating clearly and regularly with internal and external stakeholders with accurate risk information utilising cost-effective communication channels and developing and implementing strategies to improve the risk management maturity rating assigned by the Risk Management Department alongside all other aspects of its organisational processes.

In FY2015, information and guidance regarding risk management and internal control was communicated to middle management and subsidiaries through a TNB Risk Conference. In addition, a TNB Fraud Risk Forum was organised to highlight to senior and middle management the relevant global laws regarding corruption and bribery and understand the corporate and personal penalties that may result from non-compliance as well as practical ways to mitigate potential fraud risks.

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 KeTTHA to implement the Rural Electrification Programme (“BELB”) (*Bekalan Elektrik Luar Bandar*). The BELB aims to provide electricity to houses in traditional villages outside the operational areas of the local authorities throughout Peninsular Malaysia. Electricity is provided in these areas by extending TNB’s grid lines to very remote areas not accessible by land. Where extending TNB’s grid lines is too costly, electricity is provided via generator sets, solar hybrid systems or other forms of RE.

TNB has also participated in the Lampu Jalan Kampung (“LJK”) project, which represents one of the Government 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 2016-2020, TNB has once again been mandated to continue the LJK initiative throughout Peninsular Malaysia. Under the contract, which was awarded in August 2015, TNB will install 36,964 units of 150W lanterns throughout the Peninsular from September 2015 until November 2016.

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 also contributes to education through TNB’s wholly-owned Universiti Tenaga Nasional, 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 RM49.0 million in FY2015 to sponsor 2,214 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 believes that work-life balance is vital in 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

Other than in the ordinary course of business, TNB has engaged in one related party transaction with its major shareholder in the last three years.

On 9 July 2015, TNB had fully satisfied and complied with all the conditions precedent applicable to a Share Sale and Purchase Agreement with 1MDB for the acquisition of a 70.0 per cent. shareholding in JEP and thereafter recognised JEP as a subsidiary of the Group. MOF Inc. has a direct and indirect interest in the said transaction through TNB and 1MDB.

To the best of TNB's knowledge, all related party transactions, including the JEP acquisition, were conducted on an "arm's length basis" during the ordinary course of business.

TNB has established appropriate procedures to ensure it complies with the Main Market Listing Requirements of Bursa Securities with regards 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 31 May 2016, 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.

Abdul Aziz bin Awang @ Muhammad and 99 Others — vs 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 RM6,394,843. The case management was held on 25 May 2016 and the claim is being handled by the Legal Service Department of TNB. The trial date has been set for 20-24 February 2017.

Jeffrey b. Hassan and 10 Others — vs TNB

Villagers of Pos Lanai filed a court injunction to stop the proposed Telom Hydroelectric Project which is currently at the feasibility study stage. TNB has received a writ of Summons from 11 "Orang Asli" individuals from a village known as Kg. Pos Lanai, 27200 Kuala Lipis, Pahang claiming, amongst other items, reliefs, aboriginal rights pertaining to native land title rights, ownership rights and usufructuary rights with regard to the village. TNB has been named as the first defendant in the suit, together with the state government of Pahang, Ketua Pengarah Jabatan Kemajuan Orang Asli and the Government. The case management was held on 12 May 2016 for the Plaintiffs to comply with the court direction and trial dates were set for November and December 2016.

TNB and TM Salini Sdn. Bhd. (Dispute Adjudication Board (DAB))

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") 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. The matter was referred to a DAB on 10 August 2015, which decided that TNB should pay TM Salini the sum of €4,930,293.0 and RM54,775,984.0 (less advance paid by TNB). In relation to the DAB's decision, TNB had issued a Notice of Dissatisfaction. The parties are currently negotiating for an amicable settlement, failing which TNB will consider referring the matter to Arbitration to challenge the DAB's decision.

TNB Connaught Bridge Sdn. Bhd. and Sinohydro Corporation Ltd / Sinohydro Corporation (M) Sdn. Bhd.

This Connaught Bridge power station project was delayed for 178 days, whereby the actual commercial operations date was declared on 27 February 2016. The delay is subject to competing claims for an extension of time and/or costs incurred by the contractor, in addition to a claim for liquidated damages by the employer. The parties are currently negotiating for an amicable settlement.

Inland Revenue Board and Judicial Review of Additional Tax Assessment for the Years of Assessment 2013 and 2014

The Inland Revenue Board of Malaysia (the “IRB”) has disputed the reinvestment allowance claim made by the TNB for the years of assessment 2003 to 2014. 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 Special Commissioner of Income Tax with respect to the reinvestment allowance claims made by TNB for the years of assessment 2003 to 2006 and 2008 to 2012.

TNB has also received notices of additional tax assessment for the years of assessment 2013 and 2014 from the IRB for the sum of RM985,574,533.4 and RM1,082,614,007.1 respectively (the “Notices”). TNB believes that the Notices follow from the IRB’s decision to disallow TNB’s reinvestment allowance claims for the years of assessment 2013 and 2014. TNB had claimed reinvestment allowance for such years subsequent to an approval from the IRB dated 21 January 2013 which in principle approved TNB’s reinvestment allowance 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 reinvestment allowance 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. The High Court also ordered that all further proceedings including the enforcement of the Notices shall be stayed in the interim until the inter-party hearing for a stay application. The inter-parties hearing for the stay application has been fixed on 11 October 2016 and the hearing of the judicial review proceedings has been fixed for 18 January 2017.

Judicial Review of Direction issued by the Energy Commission in relation to PPA with YTL Power Generation Sdn. Bhd.

On 4 July 2016, TNB made an application for leave to commence judicial review proceedings at the Kuala Lumpur High Court against the Energy Commission and the Minister of Energy. This application is in relation to a direction issued by the Energy Commission dated 7 April 2016 to TNB, compelling TNB to remove the incorporation of conditions precedent required by TNB in the proposed new PPA under negotiation between TNB and YTL Power Generation Sdn. Bhd. The Energy Commission made this direction pursuant to a direction of the Minister of Energy on 1 April 2016. The hearing of the judicial review proceedings has been fixed for 7 November 2016.

Under section 50E of the Electricity Supply Act, failure by TNB to comply with the Energy Commission’s direction is an offence which could result in a fine of no more than RM200,000 or imprisonment of not more than two years, or both. Pursuant to the judicial review proceedings, TNB seeks an order of the Court to quash both the Energy Commission’s direction and the Minister of Energy’s direction and a declaration that the directions were made beyond the authority of the Energy Commission and the Minister of Energy under the Electricity Supply Act and the Energy Commission Act.

TNB believes that such judicial review proceedings will have no material financial and operational impact on TNB.

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 Article 5 of TNB's Articles of Association. As at 31 May 2016, TNB's Board consisted of 12 Directors. Three of the Directors were appointed by MOF Inc. All Directors are subject to retirement by rotation. TNB's Articles of Association permit a Director to appoint an alternate Director to act in place of such Director should he 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 31 May 2016 and the year they each became a director:

Name	Position	Age	Year appointed as director
Tan Sri Leo Moggie	Non-Independent Non-Executive Chairman	75	2004 ⁽¹⁾
Datuk Seri Ir. Azman bin Mohd .	President / Chief Executive Officer / Non-Independent Executive Director	59	2010 ⁽¹⁾
Datuk Seri Hashmuddin bin Mohammad	Non-Independent Non-Executive Director	58	2016 ⁽¹⁾
Ahmad Farouk bin Mohamed . . .	Non-Independent Non-Executive Director	43	2014
Dato' Zainal Abidin bin Putih . . .	Senior Independent Non-Executive Director	70	2003
Tan Sri Dato' Seri Siti Norma binti Yaakob	Independent Non-Executive Director	76	2008
Dato' Abd Manaf bin Hashim . . .	Independent Non-Executive Director	60	2010
Sakthivel A/L Alagappan.	Independent Non-Executive Director	46	2014
Datuk Wira Ir. Md Sidek bin Ahmad.	Independent Non-Executive Director	64	2014
Tan Sri Dato' Seri Chor Chee Heung	Independent Non-Executive Director	61	2015
Gee Siew Yoong	Independent Non-Executive Director	67	2016
Noraini binti Che Dan.	Independent Non-Executive Director	60	2016

(1) Appointed by MOF Inc. as holder of the Special Share.

Biographies of Directors

Tan Sri Leo Moggie - Non-Independent Non-Executive Chairman

Tan Sri Leo Moggie, aged 75, 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.A. 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 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.

Datuk Seri Ir. Azman bin Mohd - Executive Director, President / Chief Executive Officer

Datuk Seri Ir. Azman bin Mohd, aged 59, was appointed as President/Chief Executive Officer of TNB on 1 July 2012. He holds a Master of Business Administration from the University of Malaya, Malaysia and a Bachelor of Engineering (Electrical Engineering) from the University of Liverpool, United Kingdom. He has served TNB in various technical and engineering capacities within the Distribution Division, one of TNB's core business divisions. He was the Executive Director/Chief Operating Officer of TNB from 15 April 2010 to 30 June 2012. Prior to that, he has served as Vice President, Distribution Division from 14 November 2008 until 14 April 2010. He has held various positions in the Division since 1979, including as Senior General Manager, General Manager, Assistant General Manager, Area Manager, District Manager and commenced his career as an Assistant District Engineer. He also holds a number of directorships within the Group. He is currently the Chairman of the Institute of Asset Management (IAM UK) Malaysian Chapter.

Datuk Seri Hashmuddin bin Mohammad - Non-Independent Non-Executive Director

Datuk Seri Hashmuddin bin Mohammad, aged 58, was appointed as Non-Independent Non-Executive Director of TNB on 1 April 2016. He holds a Master of Arts in Procurement and Acquisition Management from Webster University, St. Louis, Missouri, U.S.A. He also holds a Certificate in Purchasing and Supply Management from the Northern Territory University, Australia, a Bachelor of Arts (Hons.) in Anthropology and Sociology from the University of Malaya, Malaysia and a Diploma in Public Administration from the National Institute For Public Administration (INTAN), Malaysia. He has served for more than 30 years in the Malaysian Civil Service, with extensive experience in procurement where he has held various positions in the Ministry of Finance before being appointed as Deputy Secretary General (Management) where he has been serving since 28 December 2015. He is also currently a Director of UDA Holdings Berhad and other several private limited companies.

Ahmad Farouk bin Mohamed - Non-Independent Non-Executive Director

Ahmad Farouk bin Mohamed, aged 43, was appointed as Non-Independent Non-Executive Director of TNB on 26 June 2014. He graduated with a Bachelor of Mathematics (Hons.) and has a Master of Mathematics (Hons.), both from Trinity College, University of Cambridge, United Kingdom. He also holds a Diploma in Actuarial Management and a Diploma in Actuarial Science, both from City University London, United Kingdom. He joined Khazanah Nasional Berhad in 2006 and he was the Executive Director/ Head of Strategic Management Unit in the Managing Director's Office from 2009 to 2012.

He started his career in risk analysis in London and before joining Khazanah Nasional Berhad, he was an Associate Director at Bina Fikir Sdn. Bhd. (2004-2006), and also served as an Actuarial Consultant in Risk, Finance and Insurance Practice at Mercer Zainal Consulting Sdn. Bhd. (1997-2004). He currently sits on the board of Sun Life Malaysia Assurance Berhad, Sun Life Malaysia Takaful Berhad and ACR ReTakaful Berhad.

Dato' Zainal Abidin bin Putih - Senior Independent Non-Executive Director

Dato' Zainal Abidin bin Putih, aged 70, was appointed as Senior Independent Non-Executive Director of TNB on 1 May 2003. He qualified as a Chartered Accountant from the England and Wales Institute and has over 30 years of experience in public accounting and audit practices. He was a Partner, Executive Director, Country Managing Partner and Chairman in the firm of Hanafiah Raslan & Mohamad, which merged with Ernst & Young in 2002. Dato' Zainal Abidin bin Putih was the former Chairman of Mentakab Rubber Company Berhad, Pengurusan Danaharta Nasional Berhad and the Malaysian Accounting Standards Board. He was also the former President of the Malaysian Institute of Certified Public Accountants, a former member of the Malaysian Communications and Multimedia Commission and a former Advisor to Messrs Ernst & Young Malaysia. He currently serves as the Chairman of CIMB Bank Berhad, Dutch Lady Milk Industries Berhad and Land & General Berhad. He also holds directorships in a number of private companies including as Chairman of Mobile Money International Sdn. Bhd. and Touch 'n Go Sdn. Bhd.

Tan Sri Dato' Seri Siti Norma binti Yaakob - Independent Non-Executive Director

Tan Sri Dato' Seri Siti Norma binti Yaakob, aged 76, was appointed as Independent Non-Executive Director of TNB on 12 September 2008. She qualified as a Barrister-at-law at the Honourable Society of Gray's Inn, United Kingdom and holds a Certificate in Public International Law in a Post-Finals Course from the Council of Legal Education, London, United Kingdom. Having served for 43 years for the legal services of Malaysia in various significant positions, Tan Sri Dato' Seri Siti Norma binti Yaakob has had extensive experience in the legal and judicial services. She was the Chief Judge of Malaya from 8 February 2005 until her retirement on 5 January 2007. Other senior positions she held included Judge of the Federal Court, Malaysia (2001-2005), Judge of the Court of Appeal, Malaysia (1994-2000) and Judge of the High Court, Malaya (1983-1994). Between 1963 and 1983, she has also held the positions of Chief Registrar of the Federal Court, President of the Sessions Court, Deputy Public Trustee, Senior Federal Counsel of the Attorney General's Chambers and Senior Assistant Registrar of the High Court. She currently sits on the board of Bank Negara Malaysia ("BNM"), and is also currently the Chairman of the Malaysia Competition Commission.

Dato' Abd Manaf bin Hashim — Independent Non-Executive Director

Dato' Abd Manaf bin Hashim, aged 60, was appointed as Independent Non-Executive Director of TNB on 1 February 2010. He holds a Higher National Diploma (Engineering) from Thames Valley University (Slough Campus), United Kingdom, and an Ordinary National Diploma from the Cambridgeshire College of Arts and Technology, United Kingdom. He has been a member of the Suruhanjaya Perkhidmatan Awam Negeri Perak since 2009 and has been serving as Chairman in several private companies which are currently involved in construction, telecommunications and solar hybrid sectors since 1993. Prior to that, he has held various positions in companies like Shapadu Decloedt Dredging Sdn. Bhd., Industrial Boilers and Allied Equipment (IBAE), Hakasa Sdn. Bhd. and Asie Sdn. Bhd. Dato' Abd Manaf bin Hashim is currently a member of the Perak State Assembly since the Malaysian General Election in 2013.

Sakthivel A/L Alagappan - Independent Non-Executive Director

Sakthivel A/L Alagappan, aged 46, was appointed as Independent Non-Executive Director of TNB on 1 February 2014. He holds a Bachelor of Engineering (Chemical) from the University of Technology, Malaysia. He began his career in 1996 as a Production Engineer in Matsushita Sdn. Bhd. and was

previously a Director of Superindex Leather Sdn. Bhd. and M-Leather Camp Sdn. Bhd. He was also a working partner of Key Founder Limited and Guangzhou Howay Chemical Technology Co. Ltd. before assuming his current position of Director of Abseiling Technologies Sdn. Bhd. and Cerdik Sakti Sdn. Bhd.

Datuk Wira Ir. Md Sidek bin Ahmad — Independent Non-Executive Director

Datuk Wira Ir. Md Sidek bin Ahmad, aged 64, was appointed Independent Non-Executive Director of TNB on 1 March 2014. He graduated with a Master of Business Administration from the University of Ohio, Athens, U.S.A. and holds a Bachelor of Science (Electrical and Electronic Engineering) (Hons.) from the University of Manchester, United Kingdom, and an Ordinary National Diploma in Electrical Engineering from Brighton Technical College, United Kingdom. He served TNB for over 30 years in various key technical and engineering positions. He was appointed as Senior Vice President (Operations and Technical) of TNB from 2007 to 2009. Prior to that, he was the Senior Vice President (Operations) from 2004 to 2007, and Vice President (Corporate Services, Planning and Development) from 2002 to 2004. Other positions he has held during his career in TNB include Managing Director and Vice President (Customer Services Department) of TNB Distribution Sdn. Bhd., Chief Engineer (Planning and Development), Deputy Regional Manager (South) and Regional Manager (North/Penang) of Lembaga Letrik Sabah. He is currently the Chairman of the Engineering Accreditation Council and Engineering Technologist Accreditation Council, Malaysia, a board member of the Board of Engineers Malaysia and Co-Chairman of the National Monitoring Committee for Engineering Services. He also holds several directorships within the Group.

Tan Sri Dato' Seri Chor Chee Heung - Independent Non-Executive Director

Tan Sri Dato' Seri Chor Chee Heung, aged 61, was appointed as Independent Non-Executive Director of TNB on 4 February 2015. He qualified as a Barrister-at-law at the Honourable Society of Lincoln's Inn and also holds a Master of Arts (Business Law) from the London Metropolitan University, United Kingdom. He is also a member of the Chartered Institute of Arbitrators, London. Tan Sri Dato' Seri Chor Chee Heung was a Member of the Malaysian Parliament from 1990 to 2013 and was also the Minister of Housing and Local Government in the Government of Malaysia from 2010 to 2013. Prior to that, he served as the Deputy Minister of Home Affairs and Deputy Finance Minister (2004-2009) as well as the Parliamentary Secretary for Ministry of Transport (1995-2000). He was also the Chairman of the Commonwealth Parliamentary Association, Malaysian Parliament (2000-2002) and a Permanent Member of the ASEAN Inter-Parliamentary Organisation Conference Representing Malaysian Parliament (1990-2000). Tan Sri Dato' Seri Chor Chee Heung practised law between 1981 and 1995. He is currently the Chairman of Maxim Holdings Sdn. Bhd. and also the Advisor of Melati Ehsan Berhad Group of Companies.

Gee Siew Yoong — Independent Non-Executive Director

Gee Siew Yoong, aged 67, was appointed as 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 Price Waterhouse 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 United States as CEO of Senaca Crystal Inc. from 1983 to 1984, a company in 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 BNM as the Executive Director and Chief Executive of Supreme Finance (M) Berhad, a financial institution undergoing rescue and reorganisation under the supervision of the Central Bank 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 SapuraKencana 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 60, was appointed as Independent Non-Executive Director of TNB on 2 January 2016. She holds a Bachelor of Arts (Economics) (Hons.) in Economics from the University of Manchester, United Kingdom, 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 Chief Financial Officer and Vice President of Finance at MISC Berhad from April 2013 until March 2015. Prior to joining MISC Berhad, she served at Pernas International Holdings Berhad for 15 years in various capacities, including 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 and BIMB Holdings 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
Datuk Wira Roslan Ab Rahman . .	Chief Corporate Officer, Corporate Division	2012
Datuk Zainudin Ibrahim	Vice President, Generation	2012
Datuk Ir. Baharin bin Din	Vice President, Distribution	2012
Dato’ Ir. Ho Peng Choong	Vice President, Transmission	2016
Datuk Fazlur Rahman bin Zainuddin	Chief Financial Officer/Vice President, Group Finance	2012
Dato’ Muhammad Razif bin Abdul Rahman	Vice President, Human Resources	2008
Ir. Syed Abu Hanifah bin Syed Alwi	Chief Procurement Officer	2013
Dato’ Roslina binti Zainal	Vice President, Regulatory Economics and Planning	2009
Nazmi bin Othman	Chief Investment Management Officer	2014
Haji Fazil bin Ibrahim	Chief Information Officer	2015
Dato’ Haji Nor Azman Mufti	Vice President, Energy Venture	2014
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*”.

Datuk Wira Roslan Ab Rahman — Chief Corporate Officer

Datuk Wira Roslan 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, United Kingdom. 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. He also 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.

Datuk Zainudin Ibrahim - Vice President, Generation

Datuk Zainudin Ibrahim was appointed Vice President of Generation on 3 September 2012. He holds a Bachelor of Engineering (Mechanical Engineering) from the University of Sheffield, United Kingdom and a Master of Engineering (Management) from University Tenaga Nasional, Malaysia. He joined TNB in 1980 and has held positions including Shift Charge Engineer at the Sultan Ismail Power Station, Paka and Senior Manager at the Tuanku Ja'afar Power Station. From 2007 to 2012, he served as General Manager of the Putrajaya Power Station, and later at the Tuanku Ja'afar Power Station. He has also served as the Senior General Manager of Operations of Generation Division for six months in 2012. Datuk Zainudin Ibrahim's main task as Vice President of Generation is to develop the Generation Division's objectives and strategies based on TNB's overall objectives. This includes formulating the overall divisional strategic plans for the short, medium and long term plan for TNB's electricity generation, to ensure its availability and reliability. He also oversees the development of operational policies and guidelines for the Division. In addition, he chairs Division Management Committee meetings on a regular basis and reports on the Division's progress to the President/Chief Executive Officer and the Group Executive Committee.

Datuk Ir. Baharin bin Din - Vice President, Distribution

Datuk Ir. Baharin bin Din was appointed Vice President of Distribution on 1 January 2012. He holds a Bachelor of Science (Electrical Engineering) from Syracuse University, New York, U.S.A., and a Master of Business Administration from Universiti Tenaga Nasional (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 Vice President of Distribution, 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' Ir. Ho Peng Choong - Vice President, Transmission

Dato' Ir. Ho Peng Choong was appointed Vice President of Transmission on 1 February 2016. He graduated with a Bachelor of Science (Electrical Engineering) from Southern Illinois University, U.S.A. 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 (Value Unlocking Programme — Distribution) in the Group Human Resource Division, before assuming his current position of Vice President, Transmission. 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 Financial Officer/Vice President, Group Finance

Datuk Fazlur Rahman bin Zainuddin was appointed Chief Financial Officer/Vice President, Group Finance in TNB on 1 July 2012. He is a Professional Accountant and a Fellow of the Association of Chartered Certified Accountants, United Kingdom. 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 Price Waterhouse 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. Some of his tasks in his current role as Chief Financial Officer/Vice President, Group Finance of TNB 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 review on key financial areas such as finance policies and procedures, system efficiency and processes, strategic financial risks, and staff competency.

Dato' Muhammad Razif bin Abdul Rahman - Vice President, Human Resources

Dato' Muhammad Razif bin Abdul Rahman was appointed Vice President of Human Resources on 24 December 2008. He pursued his tertiary education in Electrical Engineering at Brighton Technical College and the University of Liverpool, United Kingdom. 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.

Ir. Syed Abu Hanifah bin Syed Alwi - Chief Procurement Officer

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, United Kingdom. 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.

Dato' Roslina binti Zainal - Vice President, Regulatory Economics and Planning

Dato' Roslina binti Zainal was appointed Vice President of Regulatory Economics and Planning of TNB on 1 April 2009. She obtained a degree in Electrical Engineering from the University of Lakehead, Canada and a Master of Business Administration from the University of New England, Australia. She has served TNB for more than 30 years, beginning as an electrical engineer in Johor Bahru when she joined Lembaga Letrik Negara (now TNB) in 1985. She has worked in various divisions in TNB, including Distribution, Planning, Business Strategy, Regulations, Transmission and Corporate Planning. She was also previously seconded to the Economic Planning Unit of the Prime Minister's Office to advise on energy matters. In her current role, Dato' Roslina has a wide range of job responsibilities, which includes devising strategies and long, medium and short-term corporate plans, managing the energy procurement strategy, system planning, regulation and management of stakeholders. She also plans and develops new assets in generation and transmission, while taking into consideration asset rehabilitation, retirement and preservation. In addition, she is also tasked to improve cost productivity and returns to shareholders through investments to achieve sustainable returns while balancing business risks. Dato' Roslina also spearheads the development of the IBR in TNB and leads negotiations with the Government. She sits on various Government committees, including the National Energy Planning Committee, National Nuclear Development Programme and Oversight Panel for the Single Buyer and System Operator. She is a member of the Board of Engineers Malaysia and sits on the boards of TNB Fuel Services Sdn. Bhd. and Universiti Tenaga Nasional (UNITEN), Malaysia.

Nazmi bin Othman — Chief Investment Management Officer

Nazmi bin Othman was appointed Chief Investment Management Officer of TNB on 17 February 2014. 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 Malaysia Institute of Certified Public Accountant (MICPA) and the Australia Society of Certified Practising Accountant. 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 Accountant. As the Chief Investment Management Officer, his primary role is

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 the Chairman of Tenaga Switchgear Sdn. Bhd., Tenaga Cable Industries Sdn. Bhd. and TNB Energy Services Sdn. Bhd. He also holds directorships at GB3 Sdn. Bhd., Teknologi Tenaga Perlis Consortium Sdn. Bhd. and Fibrecomm Network (M) Sdn. Bhd.

Haji Fazil bin Ibrahim — Chief Information Officer

Haji 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.A. 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, Haji Fazil held the position of Senior General Manager of IT and Business Solutions in the Information and Communications Technology ("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.

Dato' Haji Nor Azman Mufti — Vice President, Energy Venture

Dato' Haji Nor Azman Mufti was appointed as TNB's Vice President in the 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, United Kingdom in addition to a Master of Engineering Management from Universiti Tenaga Nasional, Malaysia. 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 Vice President, 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, Middle East and Africa.

Norazni binti Mohd Isa - Company Secretary

Norazni binti Mohd Isa was appointed as Company Secretary of TNB on 1 July 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 25 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 2012 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. During FY2015, the BAC has held 16 meetings to review the reports submitted by TNB's internal audit department. 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 submitted 239 audit reports to the BAC for review in the FY2015. The audits covered generation, transmission, distribution, procurement, engineering, projects, finance, corporate governance, human resources, logistics, ICT, investments in subsidiaries and risk management.

In compliance with the best practices in corporate governance, all BAC members are Independent Non-Executive Directors. The members of BAC are Dato’ Zainal Abidin bin Putih, Dato’ Abd Manaf bin Hashim, Sakthivel a/l Alagappan, Tan Sri Dato’ Seri Chor Chee Heung and Gee Siew Yoong.

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 FY2015, the FIC held 11 meetings to discharge its functions.

The members of FIC are Tan Sri Leo Moggie, Dato’ Zainal Abidin bin Putih, Sakthivel a/l Alagappan, Tan Sri Dato’ Seri Chor Chee Heung, Ahmad Farouk bin Mohamed 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 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 FY2015, the BTC held 12 meetings to discharge its functions.

The members of the BTC are Dato’ Abd Manaf bin Hashim, Ahmad Farouk bin Mohamed, Datuk Wira Ir. Md Sidek bin Ahmad and Dato’ Seri Hashmuddin bin Mohammad.

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 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;
- (iii) 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
- (iv) 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 FY2015, the BNRC held 10 meetings.

The members of the BNRC are Tan Sri Dato' Seri Siti Norma binti Yaakob, Dato' Abd Manaf bin Hashim, Datuk Wira Ir. Md Sidek bin Ahmad and Tan Sri Dato' Seri Chor Chee Heung.

Board Risk Committee ("BRC")

The BRC's key roles and responsibilities are:

- (i) to identify principal risks and ensure the implementation of appropriate systems to manage risks;
- (ii) 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; and
- (iii) 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.

During FY2015, the BRC held 12 meetings.

The members of BRC are Dato' Abd Manaf bin Hashim, Dato' Zainal Abidin bin Putih, Datuk Wira Ir. Md Sidek bin Ahmad, Gee Siew Yoong, Noraini binti Che Dan and Dato' Seri Hashmuddin bin Mohammad.

Board Long Term Incentive Plan Committee (“BLTIP”)

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 FY2015, the BLTIP held one meeting.

The members of the long term incentive plan committee are Tan Sri Dato’ Seri Siti Norma binti Yaakob, Dato’ Abd Manaf bin Hashim, Datuk Wira Ir. Md Sidek bin Ahmad and Tan Sri Dato’ Seri Chor Chee Heung.

Board Integrity Committee (formerly known as Board Disciplinary 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 FY2015, the BIC held two meetings.

The members of the BIC are Tan Sri Dato’ Seri Siti Norma binti Yaakob, Ahmad Farouk bin Mohamed, Sakthivel a/l Alagappan and Tan Sri Dato’ Seri Chor Chee Heung.

SHARE OWNERSHIP OF THE GROUP

As at 31 May 2016, the Government and related entities, directly or indirectly, owned approximately 60.2 per cent. of TNB's outstanding ordinary shares, with Khazanah Nasional Berhad owning approximately 29.7 per cent. of the outstanding ordinary shares of TNB. The sole Special Share of TNB is being 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 policy (See "*Relationship with the Malaysian Government*").

As at 31 May 2016, the Directors and executive officers of TNB as a group owned approximately 3,124 ordinary shares, representing less than 0.1 per cent. of TNB's ordinary share capital.

As at 31 May 2016, 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	1,676,655,861	29.7	—	—	1,676,655,861	29.7
Citigroup Nominees (Tempatan) Sdn. Bhd. — Employees Provident Fund Board	859,540,782	15.2	—	—	859,540,782	15.2
AmanahRaya Trustees Berhad - Amanah Saham Bumiputera	421,826,900	7.5	—	—	421,826,900	7.5

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. 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 31 May 2016, the Government and related entities owned, directly or indirectly, approximately 60.2 per cent. of TNB's outstanding ordinary shares and the sole Special Share of TNB, with Khazanah Nasional Berhad owning approximately 29.7 per cent. of TNB's outstanding ordinary shares.

The Memorandum and Articles of Association of TNB 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 Article 5 of TNB's Articles of Association. 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, three of the current 12 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 industry, including TNB, through KeTTHA and the Energy Commission. The Energy Commission also acts in an advisory capacity to KeTTHA. The Government, through the Energy Commission and KeTTHA, approves tariff rates. The Energy Commission as regulator monitors and ensures compliance with the conditions of the licence granted to TNB. In addition, the Energy Commission Act 2001 prescribes various additional functions of the Energy Commission, which include: (i) advising KeTTHA on all matters concerning the national policy objectives for energy supply activities, as well as all matters relating to 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. In addition to regular contact with the Energy Commission, TNB consults from time to time with various departments of the Government on matters relating to energy, policy and central planning, the regulatory framework for the industry, expansion plans and fuel security and diversification policy. As a result, TNB has enjoyed a cordial working relationship with the Government and its ministries and departments.

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, 17 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 dependable capacity to TNB. Some of these IPPs are wholly-owned by TNB.

The introduction by the Government of the IBR framework to Peninsular Malaysia on 1 January 2014 for a trial period, with full implementation in 2015, has been a significant development for the electricity sector in Malaysia. The IBR framework is part of the Government's power sector transformation programme and is designed to provide benefits to TNB through a fair return on investment and incentives to operate efficiently and well; 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 efficiency costs while providing value for money and a good service.

TNB expects to continue to assist the Government in the implementation of the Government's power sector transformation programme with respect to the MESI, including the enhancement of the IBR framework. In addition to this, TNB expects to continue its co-operation with the Government in the rural electrification programme. The areas for rural electrification in Malaysia are identified by the Government and are financed by the Malaysian Electricity Supply Industries Trust Account. 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 of Peninsular Malaysia. All generation licensees are required by the Government to contribute 1.0 per cent. of their total annual audited generation revenue less fuel costs to the Malaysian Electricity Supply Industries Trust Account for the purpose of funding electricity supply to the remaining rural areas not yet supplied with electricity. The Malaysian Electricity Supply Industries Trust Account is also utilised to promote research and development projects, education and training, renewable sources of energy, energy efficiency and 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 Conditions). 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 will be entered into on 4 October 2016 between the Trustee (in its capacity as “Purchaser”) and the Obligor (in its capacity as “Seller”) and will be 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 will be entered into on 4 October 2016 between the Trustee (in its capacity as “Grantee”) and the Obligor (in its capacity as “Grantor”) and will be 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 will be entered into on 4 October 2016 between the Trustee (in its capacity as “Sub-Grantor”) and the Obligor (in its capacity as “Sub-Grantee”) and will be 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 will be entered into on 4 October 2016 between the Trustee (in its capacity as “Lessor”) and the Obligor (in its capacity as “Lessee”) and will be 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 or 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 the section entitled “— *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* will be entered into on 4 October 2016 between the Trustee and the Obligor (in its capacity as “Wakeel”) and will be 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 United Kingdom or whose shares are registered in a register kept in the United Kingdom) 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 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 will be executed as a deed on 4 October 2016 by the Obligor and will be governed by English law.

The Obligor will, in relation to each Series, provided there has been no Total Loss 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 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 Conditions; 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 Conditions.

In the Purchase Undertaking, the Obligor will undertake to comply with all provisions of the Conditions 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 will be executed as a deed on 4 October 2016 by the Trustee and will be 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 Conditions, 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 will be executed on 4 October 2016 by the Trustee as a deed and will be 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 will be entered into on 4 October 2016 between the Trustee, the Obligor and the Delegate and will be 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).

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 Companies Act, 1965 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 Tenaga Nasional Berhad 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 Early Tax Dissolution Date; 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;

“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 Conditions;

“Optional Redemption Date” means, in relation to any exercise of the Optional Redemption Right, the date(s) specified as such in the Conditions 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 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 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, Green Technology and Water, 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, has the meaning given to it 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;

“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 Conditions 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;

“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 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:

- (i) the relevant Sukuk;
- (ii) the Master Declaration of Trust as supplemented by the Supplemental Declaration of Trust;
- (iii) the Agency Agreement;
- (iv) if applicable to a Series, the Master Asset Sale and Purchase Agreement as supplemented by the applicable Supplemental Asset Sale and Purchase Agreement;
- (v) if applicable to a Series, the Master Lease Agreement as supplemented by the applicable Supplemental Lease Agreement;
- (vi) if applicable to a Series, Master Grant of Rights to Services Agreement as supplemented by the Supplemental Grant of Rights to Services Agreement;
- (vii) 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;
- (viii) the Sale Undertaking (together with each relevant sale agreement or transfer agreement executed upon exercise of the Sale Undertaking);
- (ix) the Purchase Undertaking (together with each relevant sale agreement executed upon exercise of the Purchase Undertaking);
- (x) the Substitution Undertaking (together with each relevant transfer agreement executed upon exercise of the Substitution Undertaking);

(xi) the Wakala Agreement;

(xii) 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

(xiii) 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 Conditions;

“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

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("FATCA") impose a new reporting regime and, potentially, a 30.0 per cent. withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. Whilst the Sukuk are in global form and held within Euroclear or Clearstream, Luxembourg (together, the "ICSDs"), in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the ICSDs. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and should provide each custodian or intermediary with any information, forms, other

documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult with their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Sukuk are discharged once it has paid the common depository for the ICSDs (as registered holder of the Sukuk) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries.

SUBSCRIPTION AND SALE

Subject to the terms and on the conditions contained in a dealer agreement (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, or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Dealer has represented and agreed, and each future Dealer will represent and agree, that it has offered, sold and delivered any Sukuk, and will offer, sell and deliver any Sukuk only in accordance with Rule 903 of Regulation S under the Securities Act.

Each Dealer has further represented and agreed, and each future Dealer will represent and agree, that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Sukuk.

Terms used in this paragraph have the meanings given to them by Regulation S.

United Kingdom

Each Dealer has represented and agreed that and each further Dealer appointed under the Programme will be required to represent and agree:

- (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 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 United Kingdom.

European Economic Area

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, 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 acknowledges 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 such 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 persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), 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 the 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 (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Sukuk pursuant to an offer made under Section 275 of the SFA except:

- (a) 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;
- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law;
- (d) as specified in Section 276(7) of the SFA; or
- (e) as specified in Regulation 32 of the Securities and Futures (Offer of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

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 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 will be required to represent and agree that it has not offered and will not offer the Sukuk to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

- (a) deemed to be an “Exempt Offer” in accordance with the Markets Rule 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

Any investor in Saudi Arabia or who is a Saudi person (a “Saudi Investor”) who acquired any Sukuk pursuant to an offering should note that the offer of Sukuk is a private placement under Article 10 or Article 11 of the “Offer of Securities Regulations” as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008 (the “KSA Regulations”). The Sukuk may thus not be advertised, offered or sold to any person in Saudi Arabia other than to “sophisticated investors” under Article 10 of the KSA Regulations or by way of a limited offer under Article 11 of the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer will represent and agree, that any offer to Sukuk to a Saudi Investor will comply with the KSA Regulations.

The offer of Sukuk shall not therefore constitute a “public offer” pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 17 of the KSA Regulations. Any Saudi Investor who has acquired Sukuk pursuant to a private placement 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 Saudi Arabia Capital Market Authority and:

- (a) the Sukuk are offered or sold to a “sophisticated investor” (as defined in Article 10 of the KSA Regulations);
- (b) the price to be paid for the Sukuk in any one transaction is equal to or exceeds Saudi Riyal 1 million or an equivalent amount; or
- (c) the offer or sale is otherwise in compliance with Article 17 of the KSA Regulations.

Bahrain

Each Dealer has represented and agreed, and each future Dealer will 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 represents and agrees, and each future Dealer will be required to represent and agree that it has not offered or sold, and will not offer or sell, 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.

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

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 Conditions set forth in the Offering Circular dated 4 October 2016 [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 ¹ : | [●] |
| 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]/[●] |

¹ This currency excludes Malaysian Ringgit.

- 9 Scheduled Dissolution Date: *[specify date or (for Floating Rate Sukuk) Periodic Distribution Date falling in or nearest to the relevant month and year/None]*
- 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.*
- 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 Amounts 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)¹)/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]
- (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”*)
- (ii) Periodic Distribution Period: [●] [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*)]

¹ Applicable to Hong Kong Dollar-denominated Fixed Rate Sukuk and Renminbi-denominated Fixed Rate Sukuk.

- (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 Conditions: [●]

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 Conditions, 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 Conditions, 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 Conditions): [●] 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) Stabilising 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 Any clearing system(s) other than Euroclear or Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]

- 36 Delivery: Delivery [against/free of] payment
- 37 Additional Paying Agent(s) (if any): [Not Applicable/give name and address]

General

- 38 Governing Law: English
- 39 [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)]
- 40 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 will be lodged with the SC pursuant to the Guidelines on Unlisted Capital Markets Products under the Lodge and Launch Framework revised and effective from 15 June 2015 as amended from time to time. Save as aforesaid, 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. Application has been made to Bursa Securities for the 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** 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 August 2015.
- 5** Each of the Trustee and the Obligor is not 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 document a significant and material effect on the financial position of either the Trustee or the Obligor.
- 6** The independent auditors of the Obligor are Pricewaterhouse Coopers.
- 7** The financial statements of the Obligor as at and for the years ended 31 August 2014 and 2015, which are included elsewhere or incorporated by reference in this Offering Circular, have been audited by Pricewaterhouse Coopers, independent auditors, as stated in their reports incorporated by reference. The financial statements of the Obligor as at and for the nine months ended 31 May 2015 and 2016, which are included elsewhere or incorporated by reference in this Offering Circular, have been reviewed by Pricewaterhouse Coopers, independent auditors, as stated in their reports incorporated by reference.

- 8 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 (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.

- 9 As at the date hereof and after making enquiries as were reasonable in the circumstances, CIMB Investment Bank Berhad confirms that to the best of its knowledge and belief, there is no existing or potential conflict of interest in its capacity as the principal adviser, Arranger and Dealer in relation to the Programme and CIMB Islamic Bank Berhad confirms that to the best of its knowledge and belief, there is no existing or potential conflict of interest in its capacity as one of the Joint Shari'a Advisers other than as highlighted below.

Dato' Zainal Abidin bin Putih who sits on TNB's Board as Senior Independent Non-Executive Director is also the Chairman and Non-Independent Non-Executive Director of CIMB Bank Berhad. CIMB Investment Bank Berhad, CIMB Bank Berhad and CIMB Islamic Bank Berhad are related corporations.

In order to mitigate or address any such potential conflict of interest, the following measures have been taken:

- (i) the roles of CIMB Investment Bank Berhad as arranger and dealer will be governed by legally binding agreements, specifying the respective functions, responsibilities, rights and duties of such arranger and dealer;
- (ii) the conduct of CIMB Investment Bank Berhad as principal adviser, arranger and dealer and the conduct of CIMB Islamic Bank Berhad as one of the Joint Shari'a Advisers is regulated by its respective internal controls and checks;
- (iii) the due diligence reviews have been conducted by professional and independent advisers; and
- (iv) the potential conflict of interest situation has been brought to the attention of the board of directors of the Trustee and the Obligor. Each of the boards is agreeable to proceed with the implementation of the Programme based on the present arrangement and terms notwithstanding the potential conflict of interest situation.

GLOSSARY

In this Offering Circular, unless the context otherwise requires, the following terms shall have the meanings set forth below.

1MDB	1Malaysia Development Bhd
ACWA Power Projects	Arabian Company for Water and Power Projects
APG	ASEAN power grid
BCRM	Billing and Customer Relation Management
BELB	Rural Electrification Programme
BNM	Bank Negara Malaysia
Board	Board of directors of TNB
Bursa Securities	Bursa Malaysia Securities Berhad
COD	Commercial operation date
CPI	Consumer Price Index
DAB	Dispute Adjudication Board
Distribution Code	Malaysian Distribution Code
Edra	Edra Global Energy Berhad
EGAT	Electricity Generating Authority of Thailand
Electricity Supply Act	Electricity Supply Act 1990 and the Electricity Supply (Amendment) Act 2015
Energy Commission Act	Energy Commission Act 2001
Energy Commission	The Energy Commission of Malaysia (<i>Suruhanjaya Tenaga</i>)
FiT	Feed-in-Tariff
GAMA Enerji	GAMA Enerji A.S.
GDP	Gross domestic product
GEL	GMR Energy Limited
GFA	Gas Framework Agreement
GIL	GMR Infrastructure Limited
Grid Code	The Malaysian Grid Code
GSA	Gas Sales Agreement
GSO	Single Buyer and Grid System Operator
GWh	Giga-watts hours

HVAC	High-voltage alternating current
HVDC	High-voltage direct current
IBR	Incentive Based Regulation
ICPT	Imbalance Cost Pass-Through
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.
KeTTHA	Ministry of Energy, Green Technology and Water
KEV	Kapar Energy Ventures Sdn. Bhd.
KKLW	The Ministry of Rural and Regional Development (<i>Kementerian Kemajuan Luar Bandar dan Wilayah</i>)
kV	Kilovolts
Labuan	The Federal Territory of Labuan
LJK	Lampu Jalan Kampung project
Manjung 1, 2 and 3	3x700.0MW 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
MFRS	Malaysian Financial Reporting Standards
MGCC	The Malaysia Grid Code Committee
Minister of Energy	The Minister of Energy, Green Technology and Water
MOF Inc.	The Minister of Finance (Incorporated)
Moody's	Moody's Investors Service, Inc.
MW	Megawatts
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
Pengerang Power	Pengerang Power Sdn. Bhd.
PETRONAS	Petroleum Nasional Berhad
PPA	Power purchase agreement
Project 3B	2x1,000.0MW coal-fired power plant located in Jimah, Negeri Sembilan
RE	Renewable energy
REJA	The Reciprocal Enforcement of Judgments Act 1958
Sabah	The State of Sabah
SESB	Sabah Electricity Sdn. Bhd.
SLA	Service Level Agreement
S&P	Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc.
Synchrophasors	Synchronised phasors
TCB	TNB Connaught Bridge Sdn. Bhd.
TLPL	TNB Liberty Power Ltd.
TNBJ	TNB Janamanjung Sdn. Bhd.
TNB Research	TNB Research Sdn. Bhd.
WACC	Weighted average cost of capital

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