

TENAGA NASIONAL BERHAD (“TNB” OR “COMPANY”)

PROPOSED ACQUISITION OF 100% EQUITY INTEREST IN SETIA HARUMAN TECHNOLOGY SDN. BHD. (“SHTech”) FOR A CASH CONSIDERATION OF RM28.0 MILLION (“PROPOSED ACQUISITION”)

1. **INTRODUCTION**

Tenaga Nasional Berhad (“**TNB**”) wishes to announce that it has today entered into a Conditional Sale and Purchase Agreement (“**SPA**”) with Setia Haruman Sdn. Bhd. (“**SHSB**” or “**Vendor**”) for the proposed acquisition of 1,000,002 ordinary shares of SHTech (“**Sale Shares**”), representing 100% equity interest of SHTech held by SHSB for a cash consideration of RM28.0 million (“**Purchase Consideration**”) (“**Proposed Acquisition**”).

Further details on the Proposed Acquisition are set out in the ensuing sections of this announcement.

2. **PROPOSED ACQUISITION**

2.1 **Details of the Proposed Acquisition**

The Proposed Acquisition entails the acquisition of the Sale Shares by TNB from SHSB free from encumbrances at the Purchase Consideration, subject to the terms and subject to the conditions in the SPA.

Upon the completion of the Proposed Acquisition, SHTech will become a wholly-owned subsidiary of TNB and thereafter will continue to carry out the existing business of SHTech as an information technology related services provider.

2.2 **Information on the Entities**

(i) **TNB**

TNB was incorporated in Malaysia on 12 July 1990 as a public company under the name of Tenaga Nasional Berhad, of which was listed on the Main Board (now known as the Main Market) of Bursa Malaysia Securities Berhad on 28 May 1992.

The issued share capital of TNB as at 23 November 2017 is RM5,848,796,520.00 divided into 5,665,986,271 ordinary shares and One (1) Special Rights Redeemable Preference Share.

TNB is primarily involved in the business of generation, transmission, distribution and sales of electricity. Through its subsidiaries, TNB is involved, among others, in the manufacture of transformers; high voltage switchgears and cables; the provision of consultancy services; the provision of education and training services; the provision of repair and maintenance services and research and development.

(ii) SHTech

SHTech was incorporated in Malaysia on 11 December 1999 and it is principally involved in the information technology related services. The issued share capital of SHTech is RM1,000,002.00 comprising of 1,000,002 ordinary shares. SHTech is a wholly-owned subsidiary of SHSB.

(iii) SHSB

SHSB was incorporated in Malaysia on 28 March 1997 and is principally engaged in township development, project development and sale of land. The issued share capital of SHSB is RM6,000,000.00 comprising of 6,000,000 ordinary shares.

3. SALIENT TERMS OF THE SPA

The salient terms and conditions of the SPA inter-alia include the following:

- (i) TNB acquires 100% of the entire interest in SHTech from SHSB at the Purchase Consideration;
- (ii) The Purchase Consideration shall be paid by TNB to SHSB upon satisfaction of all conditions precedent in the SPA;
- (iii) SHSB has provided customary representations and warranties in relation to financial and business affairs of SHTech; and
- (iv) All key decisions relating to the business and operations of SHTech must be conducted with the consent of TNB pending fulfilment of all the conditions precedent as stipulated in the SPA.

4. BASIS AND JUSTIFICATION IN ARRIVING AT THE PURCHASE CONSIDERATION

The Purchase Consideration was arrived at on a willing buyer willing seller basis after taking into consideration, the valuation of the entire equity interest of SHTech derived from the net present value of the free cash flow to the firm for SHTech, as well as due diligence conducted by TNB and its appointed consultants and advisers on all technical, legal, commercial and financial aspects.

5. SOURCE OF FUNDING

The Proposed Acquisition will be funded via internally generated funds of TNB.

6. LIABILITIES TO BE ASSUMED

Asides from the liabilities in the statement of financial position of SHTech, there are no other additional liabilities, contingent liabilities or guarantees to be assumed by TNB arising from the Proposed Acquisition.

7. RATIONALE AND PROSPECTS FOR THE PROPOSED ACQUISITION

Reimagining TNB is a strategic initiative introduced to empower TNB to pursue further growth in complementary and strategic service offerings. Under this initiative, TNB plans to venture into various services such as Smart Meters, Smart Homes, Smart Building, Smart Industries and Smart Cities.

8. RISK FACTORS RELATING TO THE PROPOSED ACQUISITION

TNB together with its appointed advisors have carried out comprehensive due diligence and risk assessment on the Proposed Acquisition. The identified risks associated to the Proposed Acquisition have been assessed and mitigated appropriately.

9. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

9.1 Share Capital

The Proposed Acquisition will not have any effect on the share capital of TNB as it does not involve any issuance of TNB Shares.

9.2 Substantial Shareholders' Shareholdings

The Proposed Acquisition will not have any effect on the substantial shareholders' shareholdings of TNB as it does not involve any issuance of TNB Shares.

9.3 Earnings And Earnings Per TNB Share, Net Assets Per TNB Share And Gearing

The Proposed Acquisition is not expected to have material effect on the net assets per TNB Share, gearing, earnings and earnings per TNB Share of TNB and its subsidiaries for the financial year ending 31 December 2018.

10. APPROVALS REQUIRED

The Proposed Acquisition is not subject to the approval of the shareholders of TNB or any other relevant authorities.

11. INTEREST OF DIRECTORS AND/OR MAJOR SHAREHOLDERS OF TNB AND/OR PERSONS CONNECTED WITH THEM

None of the Directors and/or major shareholders of TNB and/or persons connected with them have any interest, direct or indirect, in the Proposed Acquisition.

12. DIRECTORS' STATEMENT

After having considered all aspects of the Proposed Acquisition, the Board is of the opinion that the Proposed Acquisition is in the best interest of TNB.

13. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable for the Proposed Acquisition pursuant to Paragraph 10.02 (g) of the Main Market Listing Requirements is approximately 0.05% based on the audited consolidated financial statements of TNB for the financial year ended 31 August 2017.

14. ESTIMATED TIMEFRAME FOR COMPLETION OF THE PROPOSED ACQUISITION

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed by the first quarter of 2018.

15. ADVISER

Affin Hwang Investment Bank Berhad has been appointed by TNB as the Lead and Principal Adviser for the Proposed Acquisition.

This announcement is dated 8 December 2017.