

**MINUTES OF THE COURT CONVENED MEETING (CCM) OF TENAGA NASIONAL BERHAD (TNB) HELD ON TUESDAY, 11 FEBRUARY 2020 AT 10.00 A.M. AT DEWAN SERBAGUNA KOMPLEKS SUKAN TNB, JALAN PANTAI BARU, 59200 KUALA LUMPUR, MALAYSIA**

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**PRESENT:-**

YBhg. Tan Sri Leo Moggie	- Chairman
YBhg. Datuk Seri Amir Hamzah bin Azizan	- President/Chief Executive Officer
Encik Amran Hafiz bin Affifudin	
Puan Noraini binti Che Dan	
Puan Gee Siew Yoong	
Puan Juniwati Rahmat Hussin	
Encik Gopala Krishnan K.Sundaram	
Puan Ong Ai Lin	
YBhg. Dato' Roslina binti Zainal	

**SHAREHOLDERS AND PROXIES:-**

A total of 1,665 shareholders and proxies registered for TNB's CCM as per the Attendance Record.

**IN ATTENDANCE:-**

Puan Norazni binti Mohd Isa	- Company Secretary
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**TNB KEY MANAGEMENT:-**

Encik Nazmi bin Othman  
(Chief Financial Officer)  
YBhg. Datuk Fazlur Rahman bin Zainuddin  
(Chief Strategy & Regulatory Officer)  
Ir. Roslan bin Abd Rahman  
(Chief Generation Officer)  
YBhg. Datuk Ir. Husaini bin Husin  
(Chief Grid Officer)  
YBhg. Datuk Ir. Baharin bin Din  
(Chief Distribution Network Officer)  
Ir. Megat Jalaluddin bin Megat Hassan  
(Chief Retail Officer)  
YBhg. Dato' Nor Azman bin Mufti  
(Chief Ventures Officer)  
YBhg. Dato' Muhammad Razif bin Abdul Rahman  
(Chief People Officer)  
YBhg. Datuk Wira Roslan bin Ab Rahman  
(Chief Corporate Officer)  
Encik Fazil bin Ibrahim  
(Chief Information Officer)  
Encik Amir Mahmod bin Abdullah  
(Chief Procurement Officer)  
Encik Mohd Shahazwan bin Mohd Harris  
(Chief International Officer)  
Encik Mohamad Ariff bin Zainol  
(Chief Global Business Solutions)

**ABSENT WITH APOLOGY:-**

YBhg. Tan Sri Ahmad Badri Mohd Zahir

Meeting convened at 10.00 a.m.

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CCM 1/2020      **OPENING ADDRESS**

YBhg. Tan Sri Chairman welcomed the shareholders and proxies of Tenaga Nasional Berhad (“TNB” or “the Company”) present at the TNB’s Court Convened Meeting.

CCM 2/2020      **INTRODUCTION OF TNB BOARD OF DIRECTORS AND KEY MANAGEMENT**

- (1) YBhg. Tan Sri Chairman proceeded to introduce TNB’s Board of Directors (Board) and Key Management to the shareholders and proxies.
- (2) The Meeting was informed that YBhg. Tan Sri Ahmad Badri Mohd Zahir apologised for not able to attend this Meeting due to an unavoidable official engagement.

CCM 3/2020      **QUORUM OF MEETING**

The Company Secretary confirmed that there was sufficient quorum in accordance with Clause 46(3) of the Company’s Constitution to commence the Meeting.

CCM 4/2020      **NOTICE OF MEETING**

- (1) As agreed by all shareholders and proxies in attendance, the Notice of CCM as enclosed in the Explanatory Statement To Shareholders pursuant to Section 369 of Companies Act 2016 in relation to the Proposed Internal Reorganisation by way of a Members’ Scheme of Arrangement under Section 366 of Companies Act 2016 (the Scheme), dated 13 January 2020 which had been circulated earlier to all shareholders and Bursa Malaysia Securities Berhad (BMSB) in accordance with the Company’s Constitution, was taken as read.
- (2) YBhg. Tan Sri Chairman encouraged all shareholders and proxies present to ask questions or seek clarifications relevant to the proposed resolution as set out in the Notice of CCM. In doing so, the shareholders and proxies were also requested to state clearly their full name, I/C number and declare whether they are shareholders or proxies, for record purpose.

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CCM 5/2020      **OPENING REMARKS BY YBHG. TAN SRI CHAIRMAN**

(1) YBhg. Tan Sri Chairman briefed the Meeting that, the Board on 29 July 2019 had approved the Proposed Internal Reorganisation, involving the transfer by TNB of its domestic power generation business and electricity retail business to its two (2) new wholly owned subsidiaries. TNB on 6 November 2019 entered into Share Purchase Agreements and Asset Purchase Agreements with TNB Power Generation Sdn. Bhd. (TPGSB) and TNB Retail Sdn. Bhd. (TRSB) respectively to facilitate the Proposed Internal Reorganisation.

(2) YBhg. Tan Sri Chairman further informed the Meeting that TNB has embarked on the Proposed Internal Reorganisation in anticipation of market reforms in Malaysia's electricity market, as announced by Ministry of Energy, Science, Technology, Environment & Climate Change (MESTECC) in MESI 2.0, with the aim of setting up TNB for a more competitive market and to unlock more value for the shareholders.

(3) YBhg. Tan Sri Chairman also informed the Meeting that the High Court on 28 November 2019 granted an order for the convening of CCM to seek the shareholders' approval on the Scheme which involves the Proposed TPGSB Transfer and Proposed TRSB Transfer, of which the salient terms are set out in Sections 2.1.3 and 2.2.3 of the Explanatory Statement.

CCM 6/2020      **PRESENTATION      ON      PROPOSED      INTERNAL**  
**REORGANISATION OF TNB GROUP**

(1) Subsequently, YBhg. Tan Sri Chairman invited the President/ Chief Executive Officer (P/CEO) to present on the Company's Proposed Internal Reorganisation.

(2) The Meeting took note of the said presentation that covered among others, its focus, the rationale and targets completion of the Proposed Internal Reorganisation. The presentation is attached as **Appendix A**.

(3) With that, YBhg. Tan Sri Chairman thanked the P/CEO and hoped with the explanation given by the P/CEO, the Meeting would have clear and better understanding on the Proposed Internal Reorganisation of TNB Group.

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CCM 7/2020            **PROCEEDING FOR VOTING BY POLL**

(1) YBhg. Tan Sri Chairman briefed the Meeting regarding procedures for voting on the resolution as set out in the Notice of CCM.

(2) YBhg. Tan Sri Chairman informed the Meeting that in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR), the voting at this CCM would be conducted via electronic poll voting method (e-polling).

(3) YBhg. Tan Sri Chairman further informed the Meeting that TNB had appointed Boardroom Corporate Services Sdn. Bhd. as Scrutineer to verify the poll results and Boardroom Share Registrars Sdn. Bhd. as the Poll Administrator to conduct the e-polling process.

(4) YBhg. Tan Sri Chairman also declared that the voting would be conducted upon completion of deliberation for the resolution to be transacted at this CCM and in order to facilitate the voting process, the registration for this Meeting will be closed at 11.00 a.m. or at any time as determined, whichever earlier.

CCM 8/2020            **RESOLUTION            1            -            PROPOSED            INTERNAL**  
**REORGANISATION BY WAY OF A MEMBERS' SCHEME OF**  
**ARRANGEMENT UNDER SECTION 366 OF THE COMPANIES**  
**ACT 2016 (PROPOSED INTERNAL REORGANISATION)**

(1) YBhg. Tan Sri Chairman clarified that the Proposed Internal Reorganisation is undertaken to reorganise TNB's domestic power generation and electricity retail businesses under new holding companies. Each business entity shall be under the purview of a separate board and management team, is in line with the Company's strategic transformation plan, Reimagining TNB, which aims to prepare the Company for the upcoming reforms in the electricity supply industry in Malaysia.

(2) Further details of the Proposed Internal Reorganisation are elaborated in the Explanatory Statement dated 13 January 2020.

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(3) YBhg. Tan Sri Chairman then opened the Meeting for questions/comments. Thereafter YBhg. Tan Sri Chairman invited the P/CEO and Chief Strategy & Regulatory Officer (CSRO) to respond to the questions raised.

(4) In summary, the questions/comments raised by the Meeting and the responses provided by P/CEO and CSRO respectively are as follows:-

(i) Mr. Ramachandran a/l Raman, a shareholder, enquired on safeguards to be taken by TNB to ensure that both subsidiaries, TPGSB and TRSB are independent and do not adversely affect the existing shareholders.

The P/CEO responded that among the measures which will be taken is on the structure whereby the respective Boards shall be chaired by himself, to ensure that the Companies direction is does not deviate from TNB core global strategy. Several Independent Directors with their respective expertise/capabilities/skills matrix shall be appointed on the boards of the new entities while maintaining shared energy in the management and oversight structure. Apart from that the Limits of Authority (LOA) shall allow the authorities to be embedded properly with good governance.

(ii) Mr. Tan Kwong Meng, a shareholder, enquired whether both wholly owned companies will increase Operating Expenditure (OPEX) of TNB, will these companies be listed in Bursa Malaysia and would the Proposed Internal Reorganisation improve the shareholders' value.

By creating two (2) wholly owned subsidiaries of TNB, the generation and retail business will be centralised and functional business thus will deliver better output to the Company. TPGSB will carry the generation-related project financing that is currently in place, while TRSB will be in charge of customers collection and payments to the grid operations and single buyer for the purchase of electricity. TNB will continue to manage treasury functions centrally, as it currently does.

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The P/CEO reiterated that the new companies will not give significant changes to TNB OPEX. The new entities will unlock values, create ownership and set their performance goals through transparency. The respective subsidiaries of generation and retail businesses will be centralised operated where the power plants and retailers may focus on operation excellence to bring the best opportunities. As such, this approach improves shareholders' value.

The newly incorporated companies may be considered in the future for listing upon the opportunity and readiness. TNB shall remain its listing in Bursa Malaysia. Both companies are merely wholly owned subsidiaries within TNB Group of Companies.

- (iii) Another question raised by Mr. Tan Kwong Meng is on the differences between Annual General Meeting (AGM) and CCM.

The CSRO responded that Section 366 of the Companies Act 2016 allows the Court to order a meeting via a members' scheme of arrangement for shareholders' approval in order to effect the Proposed Internal Reorganisation. Through the CCM, all identified asset and liabilities may now be transferred to different entities including contracts, arrangements with vendors etc in a single exercise. Whilst an AGM is, a general meeting annually held by public companies within six (6) months of the Company's financial year end to transact the businesses specified under Section 340(1) of the Companies Act 2016.

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- (iv) Mr. Abdul Rahim bin Bidin, a shareholder, queried on the staffing of the two (2) new entities whether to hire TNB staff or elsewhere.

The P/CEO responded that the staffing will be conducted according to TNB's current human resource policy where TNB has the right to assign its employees to these subsidiaries. Moving forward, should the new entities wish to hire external candidates based on the expertise required, the companies, may do so, subject to the relevant approval.

- (v) Mr. Leow Yeow Ming, a shareholder, enquired on the total cost involved for the Proposed Internal Reorganisation and the consultant/analyst for the exercise, their opinion and assessment of TNB moving forward in terms of value creation and efficiency.

The P/CEO reiterated that the scheme is a complex exercise and that the Board had considered and deliberated on all aspects of the Proposed Internal Reorganisation, and is of the opinion that the Proposed Internal Reorganisation is in the best interest of the Company. The cost involved is stated in the Explanatory Statement and is not expected to have a material effect on the earnings and Earning per share (EPS) of TNB Group for the financial year ending 31 December 2020. The Management will try at its best to manage the cost below the approved budget.

The P/CEO further responded that the fundamental of TNB remains robust notwithstanding with the Proposed Internal Reorganisation, which is to drive greater transparency in term of business performance while facilitating improvement to business efficiency and resource allocation according to growth opportunities. The scheme was announced last year and since then the feedback received was positive, the analysts are looking forward for opportunities as TNB is becoming more agile as an organization and allow TNB to participate in space where previously unavailable.



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- (vi) Mr. Ooi Cheng Kooi, a shareholder, raised on disadvantages of TNB Proposed Internal Reorganisation, after taking into consideration the unsatisfactory performance by other Government Linked Company that had exercised their internal reorganisation.

The P/CEO replied that every change comes with risk, and further reiterated that the Board had considered and deliberated on all aspects of the Proposed Internal Reorganisation of which among the key challenges to be addressed are the readiness of respective system and clear understanding of TNB employees on the changes to be taken place to encounter the change of industry landscape in future. The completion target of TNB Proposed Internal Reorganisation is with effect 1 July 2020 thus giving TNB more time to manage the risk accordingly.

- (vii) Encik Mohamad Hafridz bin Ramzuzzaman, a proxy, enquired whether TNB plan to build a large battery storage facility as built by Tesla in South Australia.

The P/CEO responded that TNB is exploring opportunities via demonstration projects for Battery Energy Storage System (BESS). Recently, TNB via TNB Renewables Sdn. Bhd. and TNB Research Sdn. Bhd. has inked Research Collaboration Agreement (RCA) with Korean Consortium to demonstrate Virtual Power Plant (VPP) functions through the implementation of BESS demonstration projects.

In view of the rapid development for BESS and the flexibility that this technology can offer to the power system, TNB is keeping abreast with the technology development and understanding the business model which could enable the implementation of the technology.

The consortium is collaborating with TNB to integrate and tests an energy storage system with solar technology over a period of 30 months. The project is valued at approximately \$7 million and will be financed through entities directly affiliated with both the Malaysian and South Korean governments.

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- (viii) Another question raised by Mohamad Hafidz is whether TNB in this 2 to 3 years, has any plan to do a direct investment or joint venture with other companies (local or foreign) that specialized in data center and mining cryptocurrency especially in areas where electricity generated in power plants are not fully utilised mostly in renewable energy power plant.

The P/CEO responded that based on the current projection by TNB Renewables Sdn. Bhd., expected Earnings Before Interest and Taxes (EBIT) by 2025 is RM500.0 million (1700MW capacity) from local and international.

- (ix) Mr. Karnail Singh a/l Puran Singh, a shareholder, enquired on the need to obtain a court order instead of prior approval from the shareholders.

The P/CEO responded that the CCM is held pursuant to Section 366 of the Companies Act 2016 for the purpose of considering and approving the scheme of arrangement (Proposed Internal Reorganisation) by the shareholders.

The scheme will facilitate a blanket transfer of a large amount of assets, liabilities and business undertakings (e.g. land, machinery, buildings etc.) to TPGSB and TRSB as opposed through multiple individual transfers. In addition, it will also facilitate the novation of relevant contracts, both with vendors and customers, to TPGSB and TRSB. Once approved by the shareholder, an application will be made to High Court for the scheme of arrangement and for a vesting order. TNB is targeting to submit the application by end of 1<sup>st</sup> Quarter 2020.

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- (x) Another question raised by Mr. Karnail Singh is whether the Board has referred with the consultant, their opinions on moving forward and is it better for the company in terms of efficiency.

The P/CEO responded that the fundamentals of TNB remains robust notwithstanding with the Proposed Internal Reorganisation, which is meant to drive greater transparency in terms of business performance while facilitating improvements to business efficiency and resource allocation according to growth opportunities. Area of focus will be procurement savings and operational excellence across the group. TPGSB will heavily pursue cost saving initiatives to enhance the efficiency of existing conventional operations and TRSB through initiatives related to advancement of technology. As such, TNB's ratings will remain strong and the ratings post the Proposed Internal Reorganisation have been reaffirmed by the rating agencies.

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- (xi) Encik Rien Hashim, a proxy, enquired on the benefit of fuel prices fall to the customers.

The P/CEO responded that the reduction in fuel costs will affect electricity tariff through the Imbalance Cost Pass-Through (ICPT) mechanism. At present, coal is the cheapest source of fuel in Malaysia that supplies the basic load for electricity. Historically, coal prices can be expected in the long term, however few uncertainties such as market fluctuates over the season, political issues and supply/demand imbalances may affect in the short term,

In minimising the impact of the market movement, supply has been diversified in various countries such as Indonesia, Australia, Russia and South Africa, suppliers, shipping ports and types of contracts, whether long-term or on the spot.

In January 2019, TNB introduced blended coal at the Sultan Azlan Shah Power Station as part of its continuously effort to ensure a sustainable supply of coal and to obtain the lowest fuel for electricity generation.

- (xii) Another question raised by Encik Rien Hashim is whether the internal reorganisation will deliver results in spite of lower operating costs but no reduction in tariff.

The P/CEO responded that there are three (3) main drivers for the restructuring as follows:

- a. Value and focus
  - Focus on efficiency, agility and performance
  - Separate Board and Management for TPGSB and TRSB
  - Flexibility in capital management
- b. Transparency
  - Clarity on business performance of each value chain segment
  - Separation of regulated and major non-regulated businesses

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- c. Preparedness for disruption
- Adaptation to expected changes to the electricity supply industry
  - Preparation for increased competition
  - Pursuit of new growth opportunities
  - We do not expect any changes to tariff-setting framework that TNB has been operating under since year 2015

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- (1) With that, the Resolution as set out in the Explanatory Statement was tabled and discussed.
- (2) Mr. P. Manoharan a/l Packiam Pillai proposed that Resolution 1 be put to motion and Encik Rien Hashim seconded the motion.
- (3) YBhg. Tan Sri Chairman informed the Meeting that Resolution 1 would be put to vote.

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**e-POLLING PROCESS**

- (1) YBhg. Tan Sri Chairman briefed the Meeting on the e-polling process and informed that he was also appointed as proxy for a number of shareholders and would vote in accordance with the instructions given.
- (2) Subsequently, YBhg. Tan Sri Chairman adjourned the CCM for approximately 15 minutes for the casting and verification of votes.

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CCM 11/2020      **ANNOUNCEMENT OF POLL RESULT**

(1) The CCM re-convened at 11.15 a.m. and YBhg. Tan Sri Chairman called the Meeting to order. The Company Secretary confirmed that there was sufficient quorum to reconvene the Meeting.

(2) YBhg. Tan Sri Chairman then resumed the Meeting for the deliverance of the poll result. The poll result was compiled and verified by Boardroom Corporate Services Sdn. Bhd. and was also projected to the Meeting.

(3) Tan Sri Chairman announced the poll result of CCM as follows:-

**e-POLLING RESULT OF CCM HELD ON TUESDAY, 11 FEBRUARY 2020  
RESOLVED:-**

Resolution	For			Against			Total		
	REC	Shares	%	REC	Shares	%	REC	Shares	%
Proposed Internal Reorganisation	1066	4,699,895,961	99.991839	8	383,578	0.008161	1074	4,700,279,539	100

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CCM 12/2020      **CLOSURE OF MEETING**

TNB's CCM ended at 11.30 a.m. with the Chairman thanked all shareholders and proxies of the Company present at the Meeting.