

OTHERS TNB DIVESTS 100% STAKE IN TNB POWER DAHARKI LTD TO ACCELERATE RENEWABLE ENERGY GROWTH IN FOCUS MARKETS

TENAGA NASIONAL BHD

Type	Announcement
Subject	OTHERS
Description	TNB DIVESTS 100% STAKE IN TNB POWER DAHARKI LTD TO ACCELERATE RENEWABLE ENERGY GROWTH IN FOCUS MARKETS

Tenaga Nasional Berhad ("TNB") wishes to announce that it has completed the divestment of the entire issued share capital of its wholly owned subsidiary, TNB Power Daharki Ltd ("TPD") (which in turn owns 100% stake in TNB Liberty Power Limited ("LPL")) to AsiaPak Investments Limited ("AsiaPak"), a private investment company based in Pakistan and Hong Kong for a total consideration of USD54.5 million (herein after referred to as the "Divestment").

TPD is the holding company of LPL which owns and operates a 235MW combined-cycle gas turbine power plant that was commissioned in 2001. The asset located in Sindh province, Pakistan, was one of TNB's first international ventures.

Please refer to the attachment and press release for further details of the Divestment.

This announcement is dated 30 November 2021.

Please refer attachment below.

Attachments



[Details of the Divestment.pdf](#)
141.2 kB



[Press Release.pdf](#)
240.4 kB



Announcement Info

Company Name	TENAGA NASIONAL BHD
Stock Name	TENAGA
Date Announced	30 Nov 2021
Category	General Announcement for PLC
Reference Number	GA1-30112021-00025

TNB DIVESTS 100% STAKE IN TNB POWER DAHARKI LTD TO ACCELERATE RENEWABLE ENERGY GROWTH IN FOCUS MARKETS

1. INTRODUCTION

Tenaga Nasional Berhad ("TNB") wishes to announce that it has completed the divestment of the whole of the issued share capital of its wholly owned subsidiary, TNB Power Daharki Ltd ("TPD") (which in turn owns 100% stake in TNB Liberty Power Limited ("LPL")) to AsiaPak Investments Limited ("AsiaPak"), a private investment company based in Pakistan and Hong Kong for a total consideration of USD54.5 million (herein after referred to as the "Divestment").

TPD is the holding company of LPL which owns and operates a 235MW combined-cycle gas turbine power plant that was commissioned in 2001. The asset located in Sindh province, Pakistan, was one of TNB's first international ventures.

2. INFORMATION ON ENTITIES

2.1. Information on the TNB Parties

2.1.1. TNB

TNB is a leading Malaysian utility company in Asia with an international presence in the United Kingdom ("UK"), Kuwait, Turkey, Saudi Arabia, Pakistan and India. Within the renewable energy space, as of October 2021, TNB has a total portfolio of 2,766.9MW in Malaysia (including 2,536.1MW of large hydro) and 708.1MW across the UK, Turkey and India comprising mainly solar, wind and hydro energy generation assets.

TNB's core activities are in the generation, transmission, distribution and sales of electricity. In addition to being the nation's primary electricity generation enterprise, TNB also transmits and distributes all the electricity in Peninsular Malaysia, Sabah and Federal Territory of Labuan. As at 30 September 2021, TNB supplies electricity to approximately 10.3 million customers.

TNB, through its subsidiaries, is also involved in the manufacturing of transformers, high voltage switchgears and cables; the provider of professional consultancy services, construction and operating and maintenance of district cooling facilities, generation equipment, repair and maintenance, fuel supply services; services related to renewable energy, energy efficiency and power quality; higher education and skill training and undertakes research and development.

As an integrated electricity provider, TNB has and will continue to meet its crucial role in powering the nation's progress.

2.1.2. LPL

LPL is wholly owned by TPD of Mauritius. LPL owns and operates a 235MW combined-cycle gas turbine power plant located in Sindh province, Pakistan. LPL's 25-year Power Purchase Agreement with the Water and Power Development Authority of Pakistan started from its commercial operation date on 10 September 2001.

2.1.3. TPD

TPD is an investment holding company incorporated in Mauritius which was formed by TNB for the purpose of holding the investment of LPL.

2.2. Information on the Party involved

2.2.1. AsiaPak

AsiaPak is a private investment company based in Lahore, Pakistan and Hong Kong. AsiaPak has extensive experience in identifying, acquiring and operating businesses in Pakistan, with a focus on the energy and infrastructure sectors. AsiaPak, through itself and its portfolio companies, has over 9,000 employees in Pakistan and a proven track record of successfully managing relations with the government, regulators, international financing partners, employees and unions, as well as other key stakeholders. As at 2020, it has raised over USD3.1 billion of capital for its projects and assets in Pakistan.

3. DETAILS OF THE DIVESTMENT

3.1. Transaction scope

TNB has fully divested its 100% stake in TPD to AsiaPak for USD54.5 million (approximately RM228.4 million).

3.2. Divestment consideration

The total Divestment consideration has been received by TNB as of 29 November 2021.

3.3. Estimated gain on Divestment

The estimated gain on the Divestment as at Q3 2021 based on the total Divestment consideration above is around USD5.3 million (approximately RM22 million).

Note:

The exchange rate translation above is based on Bank Negara Malaysia's exchange rate of RM1.00: USD4.19 as at 30 September 2021.

4. RATIONALE OF THE DIVESTMENT

Following the divestment of TNB's compulsorily convertible debentures in India as per the announcement made on 24 August 2021, this Divestment marks another significant step in TNB's strategy to streamline its international portfolio by prioritising growth of renewable energy in TNB's focus markets, mainly in the UK, Europe and Southeast Asia. Furthermore, the Divestment is consistent with TNB's initiatives to seek monetisation options for its assets in non-focus markets.

5. FINANCIAL EFFECTS OF THE DIVESTMENT

5.1. Issued and Paid-Up Share Capital

The Divestment will not have any effect on the issued and paid-up share capital of TNB.

5.2. Substantial Shareholders' Shareholdings

The Divestment will not have any effect on the substantial shareholders' shareholdings of TNB.

5.3. Net Assets and Gearing

Based on the latest audited consolidated financial statements of TNB for the Financial Year ended 31 December 2020, the Divestment is not expected to have a material effect on the net assets and gearing of TNB.

5.4. Earnings per share ("EPS")

Based on the latest audited consolidated financial statements of TNB for the Financial Year ended 31 December 2020, the Divestment is not expected to have a material effect on the EPS of TNB.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED WITH THEM

None of the Directors or Major Shareholders of TNB and/or persons connected with them has any interest, direct or indirect, in relation to the Divestment.

7. DIRECTORS' STATEMENT

After having considered all aspects of the Divestment, the Board of Directors of TNB is of the view that the Divestment is in the best interest of TNB, fair, reasonable and on normal commercial terms and not detrimental to the interest of minority shareholders.

8. HIGHEST PERCENTAGE RATIO PURSUANT TO PARAGRAPH 10.02(G) OF THE MAIN MARKET LISTING REQUIREMENTS OF BMSB (MMLR)

The highest percentage ratio applicable for the Divestment pursuant to paragraph 10.02(g) of the MMLR is 1.03% based on the latest audited consolidated financial statements of TNB for the Financial Year ended 31 December 2020.



PRESS RELEASE

S.A. 2021/11/137 (HQ)

TNB DIVESTS 100% STAKE IN TNB POWER DAHARKI LTD TO ACCELERATE RENEWABLE ENERGY GROWTH IN FOCUS MARKETS

Tenaga Nasional Berhad (TNB) has successfully completed the divestment of 100% stake in its wholly owned subsidiary, TNB Power Daharki Ltd (TPD) (which in turn owns 100% stake in TNB Liberty Power Limited (LPL)) to AsiaPak Investments Limited (AsiaPak), a private investment company based in Pakistan and Hong Kong, for a total consideration of USD54.5 million.

TPD is the holding company of LPL which owns and operates a 235MW combined-cycle gas turbine power plant that was commissioned 20 years ago in 2001, with a power purchase agreement expiring in September 2026. The asset, located in Sindh province, Pakistan, was one of TNB's first international ventures.

TPD's divestment, right after the divestment of TNB's compulsorily convertible debentures in India last August, marks another significant step in TNB's strategy to streamline its international portfolio by prioritising growth of renewable energy (RE) in TNB's focus markets such as the United Kingdom (UK), Europe and Southeast Asia (SEA). It also stems from TNB's initiatives to seek monetisation options for its assets in non-focus markets and redeploy the proceeds into growing TNB's overall RE portfolio. This strengthens TNB's shift to widen and deepen its sustainability initiatives by accelerating international RE business growth which in turn serves as the pathfinder for green technologies that TNB can adopt in Malaysia.

"The divestment of TPD and LPL manifests one of the planned strategic initiatives for TNB to focus on its growth markets while delivering on its global Environmental, Social and Governance (ESG) vision," said TNB's President and Chief Executive Officer (CEO), Datuk Ir. Baharin Din. "We have recently announced our Sustainability Pathway, a blueprint with an aspiration to achieve net zero emissions by 2050. The Pathway is underpinned by our commitment to reduce 35% of TNB's emissions intensity as well as 50% of our coal generation capacity by 2035."

Baharin stated that the divestment, amid a challenging economic environment aggravated by Covid-19, is a clear demonstration of TNB's resilience and drive to preserve the value of the company's investments. In addition, it will move TNB a step closer to transitioning towards a new energy future of low-carbon generation consistent with its Sustainability Pathway and overall ESG vision.

Acknowledging the learnings accumulated from the investment and subsequent divestment of TPD and LPL, he said, “Throughout the process, we have gained extensive and valuable experience in developing and operating a greenfield asset in an emerging country. The on-the-ground experience has indeed provided us with substantial in-house expertise, backed by a clear understanding on what it takes to pursue greenfield development and operate assets in foreign markets and challenging environments. We intend to draw upon these learnings for our future greenfield developments in other focus markets.”

Shaheryar Chishty, AsiaPak’s Chief Executive Officer meanwhile said, “It was a privilege to have partnered with TNB on this transaction. Our shared goal in completing this divestment played a significant role in ensuring the success of this transaction. Furthermore, we are confident that TNB’s stewardship of LPL over the years has preserved the quality of LPL’s operational performance and benefited all of LPL’s stakeholders.”

Released in Kuala Lumpur on 30 November 2021

*Kindly forward all press enquiries to Norfadzilah Shaary at 019-3369681/
Grace Tan at 016-6626229 or email us at media@tnb.com.my*

About Tenaga Nasional Berhad

Tenaga Nasional Berhad (TNB) (www.tnb.com.my) is a leading Malaysian utility company in Asia with an international presence in the United Kingdom, Kuwait, Turkey, Saudi Arabia, Pakistan and India. Within the renewable energy space, as of October 2021, TNB has a total portfolio of 2,766.9MW in Malaysia (including 2,536.1MW of large hydro) and 708.1MW across the UK, Turkey and India comprising mainly solar, wind and hydro energy generation assets.

About AsiaPak Investments Limited

AsiaPak Investments Limited (AsiaPak) is a private investment company based in Lahore, Pakistan and Hong Kong. AsiaPak has extensive experience in identifying, acquiring and operating businesses in Pakistan, with a focus on the energy and infrastructure sectors. AsiaPak, through itself and its portfolio companies, has over 9,000 employees in Pakistan and a proven track record of successfully managing relations with the government, regulators, international financing partners, employees and unions, as well as other key stakeholders. As at 2020, it has raised over USD3.1 billion of capital for its projects and assets in Pakistan.