

**OTHERS PROPOSED ACQUISITION OF 289,485,000 ORDINARY SHARES OF TURKISH LIRA 1.00 EACH ("SALE SHARES") IN GAMA Enerji A.S. ("GAMA Enerji") FROM GAMA HOLDING A.S. ("GAMA"), INTERNATIONAL FINANCE CORPORATION ("IFC") and IFC GLOBAL INFRASTRUCTURE FUND HOLDING I COöPERATIEF UA ("GIF") (COLLECTIVELY REFERRED TO AS THE "VENDORS") FOR USD243.0 MILLION ("PROPOSED ACQUISITION")**

**TENAGA NASIONAL BHD**

<b>Type</b>	Announcement
<b>Subject</b>	OTHERS
<b>Description</b>	PROPOSED ACQUISITION OF 289,485,000 ORDINARY SHARES OF TURKISH LIRA 1.00 EACH ("SALE SHARES") IN GAMA Enerji A.S. ("GAMA Enerji") FROM GAMA HOLDING A.S. ("GAMA"), INTERNATIONAL FINANCE CORPORATION ("IFC") and IFC GLOBAL INFRASTRUCTURE FUND HOLDING I COöPERATIEF UA ("GIF") (COLLECTIVELY REFERRED TO AS THE "VENDORS") FOR USD243.0 MILLION ("PROPOSED ACQUISITION")

Tenaga Nasional Berhad ("TNB" or "The Purchaser") wishes to announce that it has today entered into a conditional Share Sale Agreement to purchase 289,485,000 Sale Shares in GAMA Enerji A.Ş. ("GAMA Enerji") representing approximately 30.0% equity interest from GAMA Holding A.Ş. ("GAMA"), International Finance Corporation ("IFC") and IFC Global Infrastructure Fund Holding I COöPERATIEF UA ("GIF") (Collectively referred to as the "Vendors") for a total cash consideration of USD243.0 million.


In furtherance to the execution of the Share Sale Agreement between TNB and the Vendors for the Proposed Acquisition, TNB also wishes to announce that it has today signed a Shareholders' Agreement between the Vendors.

Please refer to the attachment for details of the Proposed Acquisition.

This announcement is dated 14 December 2015.

Please refer attachment below.

**Attachments**

 Full Announcement TNB.pdf  
265.7 kB

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**Announcement Info**

<b>Company Name</b>	TENAGA NASIONAL BHD
<b>Stock Name</b>	TENAGA
<b>Date Announced</b>	14 Dec 2015
<b>Category</b>	General Announcement for PLC
<b>Reference Number</b>	GA1-11122015-00056

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## TENAGA NASIONAL BERHAD

### PROPOSED ACQUISITION OF 289,485,000 ORDINARY SHARES OF TURKISH LIRA 1.00 EACH ("SALE SHARES") IN GAMA Enerji A.Ş. ("GAMA Enerji") FROM GAMA HOLDING A.Ş. ("GAMA"), INTERNATIONAL FINANCE CORPORATION ("IFC") and IFC GLOBAL INFRASTRUCTURE FUND HOLDING I COÖPERATIEF UA ("GIF") (COLLECTIVELY REFERRED TO AS THE "VENDORS") FOR USD243.0 MILLION ("PROPOSED ACQUISITION")

#### 1. INTRODUCTION

Tenaga Nasional Berhad ("TNB" or "The Purchaser") wishes to announce that it has today entered into a conditional Share Sale Agreement to purchase 289,485,000 Sale Shares in GAMA Enerji A.Ş. ("GAMA Enerji") representing approximately 30.0% equity interest from GAMA Holding A.Ş. ("GAMA"), International Finance Corporation ("IFC") and IFC Global Infrastructure Fund Holding I COÖPERATIEF UA ("GIF") (Collectively referred to as the "Vendors") for a total cash consideration of USD243.0 million.

The Proposed Acquisition will be made through a Special Purpose Vehicle ("SPV") which will be incorporated later.

In furtherance to the execution of the Share Sale Agreement between TNB and the Vendors for the Proposed Acquisition, TNB also wishes to announce that it has today signed a Shareholders' Agreement between the Vendors.

#### 2. INFORMATION ON ENTITIES

##### 2.1. 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 authorised share capital of TNB is RM10,000,001,501 divided into 10,000,000,000 ordinary shares of RM1.00 each, One (1) Special Rights Redeemable Preference Share of RM1.00, 1,000 Class A Redeemable Preference Shares of RM1.00 each and 500 Class B Redeemable Preference Shares of RM1.00 each, of which RM5,643,611,172 divided into 5,643,611,171 ordinary shares of RM1.00 each and One (1) Special Rights Redeemable Preference Share of RM1.00 have been issued and fully paid up.

TNB is primarily involved in the business of generation, transmission, distribution and sale 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.

## 2.2. VENDORS' INFORMATION:

### 2.2.1 GAMA

GAMA is a joint stock company organised and existing under the laws of Turkey (registered number 46021) whose registered office is at Nergis Sokak No: 9 Sogutozu 06520 Ankara, Turkey. GAMA is a globally recognized and reputable company, listed among the 100 largest construction companies worldwide. Initially founded in 1959, GAMA established Fenni and GAMA Construction Group Ltd. in order to expand its project activities to include mechanical, electrical, instrumentation and erection works. In 1964, GAMA became the first Turkish company to act as the lead contractor for an energy project with the construction of a Thermal Power Plant. In 2003 GAMA was formed, providing a holding structure for its businesses, which includes power generation, power engineering, procurement, construction ("EPC") and industrial plant construction and installation.

### 2.2.2 IFC

IFC is an international organisation established by articles of agreement among World Bank member countries whose headquarters is at 2121 Pennsylvania Avenue, NW, Washington, D.C. 20433, USA. Established in 1956, IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector in developing countries.

### 2.2.3 GIF

GIF is a cooperative under the laws of the Netherlands (trade register number: 62664786), with its registered office at 1101 CM Amsterdam, Herikerbergweg 238 Luna ArenA, Amsterdam. The IFC Global Infrastructure Fund makes equity and equity-related investments in green-field and brown-field assets in infrastructure sectors such as power, transportation, utilities, telecoms and urban infrastructure.

### 2.3. GAMA Enerji

GAMA Enerji was established on 31 October 2002 to engage in generation, distribution and sales of power, as well as water conveyance and treatment projects. In 2014, GAMA Enerji was jointly controlled under a joint venture agreement by EFS-L Inc ("EFS"), a company controlled by General Electric Energy Financial Services incorporated in Connecticut, United States and GAMA. On 23 June 2015, GAMA Enerji became a wholly owned subsidiary of GAMA upon the acquisition of 50% of its shares from EFS. GAMA subsequently sold 20.25% shares in Gama Enerji to IFC and 6.75% shares to GIF on 30 June 2015.

GAMA Enerji is currently controlled by GAMA. Its registered address is Nergis Sokak No. 9 Söğütözü 06520 Ankara, Turkey. As of 30 June 2015, the share capital of GAMA Enerji is 964,950,000 Ordinary Shares with a face value of Turkish Lira 1.00 each.

## 3. SALIENT TERMS OF SHARE SALE AGREEMENT

The salient terms of Share Sale Agreement inter alia include the following:

### 3.1 Encumbrances

The Vendors shall sell and the Purchaser shall purchase the Sale Shares free from encumbrances together with all rights, interests and entitlements as at the completion of the Share Sale Agreement.

### 3.2 Proposed Purchase Consideration ("Purchase Consideration")

TNB shall acquire the Sale Shares from the Vendors for a total cash consideration of USD243million. The Purchase Consideration shall be paid by TNB upon satisfaction of all conditions precedents to the Share Sale Agreement ("Completion"). Completion is expected to occur three (3) business days after fulfillment of conditions precedents.

### 3.3 Completion

The Share Sale Agreement is conditional and completion of the Share Sale Agreement is expected to take place, upon all conditions being satisfied. Settlement of the Purchase Consideration and Completion shall take place at the office of GAMA Enerji in Ankara, Turkey.

### 3.4 Shareholders' Agreement

There is a Shareholders' Agreement entered into between TNB and the Vendors and which will govern their rights in relation to GAMA Enerji at Completion.

## 4. SALIENT TERMS OF THE SHAREHOLDERS' AGREEMENT

The salient terms of Shareholders' Agreement inter alia include the following:

### 4.1 Shareholding Composition After The Completion

The shareholding composition upon the Completion will be as follows:

<b>Holder</b>	<b>Shares</b>	<b>Equity Proportion</b>
GAMA	487,299,750 Ordinary Shares of Turkish Lira 1.00 each	50.5%
IFC	139,917,750 Ordinary Shares of Turkish Lira 1.00 each	14.5%
GIF	48,247,500 Ordinary Shares of Turkish Lira 1.00 each	5%
TNB's SPV	289,485,000 Ordinary Shares of Turkish Lira 1.00 each	30%
<b>TOTAL:</b>	<b>964,950,000 Ordinary Shares of Turkish Lira 1.00 each</b>	<b>100%</b>

### 4.2 Project Sourcing

GAMA and TNB's SPV have agreed to introduce potential power generation projects that are similar to those carried out by the GAMA Enerji business to GAMA Enerji while they remain Shareholders.

### 4.3 Pre-emption rights

No Shareholder shall sell, transfer or dispose of any Shares unless it is first offered to each other Shareholder and it is otherwise in accordance with the transfer procedures set out in the Shareholders' Agreement.

#### 4.4 Further Funding

The Shareholders will be entitled to partake in any capital increase of GAMA Enerji in proportion to their shareholding. In addition, GAMA Enerji and TNB's SPV each have the obligation to provide equity funding or shareholder loans (which are convertible into shares) in relation to any specific funding requirements set out in the Shareholders' Agreement (to the extent external financing is not available).

#### 5. BASIS AND JUSTIFICATION OF PURCHASE CONSIDERATION

The total Purchase Consideration of USD243 million was arrived at on a willing buyer willing seller basis after taking into consideration the discounted cash flow of GAMA Enerji, as well as detailed due diligence conducted by TNB and its appointed consultants and advisers on all technical, legal and financial aspects.

#### 6. SOURCE OF FUNDING

The Proposed Acquisition will be funded through a combination of internally generated funds and borrowings. The breakdown of the source of funding will be determined later and will depend on, amongst others, TNB's cash reserves and future funding requirement.

#### 7. LIABILITIES TO BE ASSUMED BY TNB

Other than the parent guarantee given by TNB in relation to one (1) of GAMA Enerji's existing development projects, Kirikkale, an 840MW power plant project, there are no other liabilities including contingent liabilities to be assumed by TNB arising from the Proposed Acquisition. TNB will not consolidate the liabilities of GAMA Enerji.

## **8. RATIONALE AND PROSPECTS OF THE PROPOSED ACQUISITION**

The Proposed Acquisition is in line with TNB's 5-Year International Expansion Roadmap, which is targeted to secure new generation capacity internationally.

Turkey has a favorable economic outlook and stable political landscape, coupled with favorable demographics, rapid growing Turkish energy sector and cultural and strategic fit with Malaysia, creating an attractive investment opportunity. The Turkish electricity consumption per capita is still relatively low and TNB will be able to capture the long-term growth of the Turkish electricity market.

GAMA Enerji is identified as a suitable potential strategic partner in Turkey, given its strong cultural fit with TNB, its successful track record of establishing partnerships with international partners (IFC/GIF) and the opportunity to form a strategic partnership with GAMA to develop a regional Operation & Maintenance services business and to explore further thermal capacity expansion in Turkey and/or neighboring countries.

Upon the Completion of the Proposed Acquisition, TNB will have proportionate board representation and management appointments at GAMA Enerji. TNB will also have board representation at key subsidiaries within GAMA Enerji.

## **9. RISK FACTORS RELATING TO THE PROPOSED ACQUISITION**

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

## **10. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION**

### **10.1. Issued and Paid-Up Share Capital**

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

### **10.2. Substantial Shareholders' Shareholdings**

The Proposed Acquisition will not have any effect on the Substantial Shareholders' shareholdings of TNB.

### 10.3. Net Assets and Gearing

Based on the latest audited consolidated financial statements of TNB for the Financial Year ended 31 August 2015, the Proposed Acquisition is not expected to have a material effect on the net assets and gearing of TNB.

### 10.4. Earnings per share ("EPS")

Based on the latest audited consolidated financial statements of TNB for the Financial Year ended 31 August 2015, the Proposed Acquisition is not expected to have a material effect on the EPS of TNB.

## **11. 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 Proposed Acquisition.

## **12. DIRECTORS' STATEMENT**

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

## **13. APPROVALS FOR THE PROPOSED ACQUISITION**

The Proposed Acquisition does not require the approval of TNB's shareholders. However, the Proposed Acquisition is subject to the following approvals from regulatory authorities:

- (a) the obtainment of permission of the Malaysian Controller of Foreign Exchange for TNB to invest in non-MYR assets outside Malaysia;
- (b) the obtainment of permission of Bank Negara Malaysia for the Proposed Acquisition by TNB of the Sale Shares;

- (c) the obtainment of a decision from the Turkish Competition Board (Rekabet Kurulu) approving (or stating that there is no objection to) the transfer of the Sale Shares to the Purchaser pursuant to the applicable provisions of the Competition Law No. 4054 and the relevant secondary legislation or failure to receive a response or other form of communication from the Turkish Competition Board within thirty (30) days after the date of notification of the transfer of the Sale Shares to the Purchaser, in which case the authorization shall be deemed to have been granted;
- (d) the obtainment by the Licence Holding Subsidiaries of the approval of the Energy Market Regulatory Authority ("EMRA") on the transfer of the Sale Shares to the Purchaser; and
- (e) other lenders' consents.

**14. 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 Proposed Acquisition pursuant to paragraph 10.02(g) of the MMLR is 3.28% based on the latest audited consolidated financial statements of TNB for the Financial Year ended 31 August 2015.

**15. ESTIMATED TIMEFRAME FOR COMPLETION**

The Proposed Acquisition is expected to be completed by the first quarter of the calendar year 2016 subject to the fulfillment of all conditions precedents.