

Media Statement

Kuala Lumpur

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Khazanah signs shareholders' agreement in relation to the Shoaiba Phase 3 Independent Water and Power Project in the Kingdom of Saudi Arabia

Khazanah Nasional Berhad ("Khazanah") is pleased to announce that on 28 September 2005, Khazanah and its wholly owned subsidiary, Desaru Investments (Cayman Island) Limited ("Desaru") had entered into a Shareholders' Agreement to regulate the relationship and respective rights and obligations as direct and indirect shareholders of Malaysian Shoaiba Consortium Sdn. Bhd. ("MSCSB") with the following parties:-

- Tenaga Nasional Berhad ("TNB"), and its wholly owned subsidiary Independent Power International (Mauritius) Ltd ("IPIL");
- Malakoff Berhad ("Malakoff") and its wholly owned subsidiary Malakoff Gulf Limited ("MGL"); and
- MSCSB.

TNB, Malakoff and Arabian Company For Water And Power Projects Limited ("ACWA") ("the Consortium") had submitted a bid in respect of a 60% interest in the Shoaiba Phase 3 Independent Water and Power Project in the Kingdom of Saudi Arabia, ("KSA") (the "Project"). Khazanah will join TNB and Malakoff ("Malaysian Consortium") as part of the Malaysian Consortium to invest in the Project.

The Consortium's proposed investment in the Project will be undertaken by a limited liability company to be incorporated in KSA ("the Bidder Company"). The Bidder Co will hold 60% interest in a company to be established to undertake the Project ("Project Company"). The balance 40% interest in the Project Company will be held by Government of KSA related entities, namely the Public Investment Fund ("PIF"), 32% and the Saudi Electricity Company ("SEC"), 8%.

MSCSB has been established on 26 August 2005 for the purpose of representing the Malaysian Consortium's interests in the Bidder Company. MSCSB has been structured as a joint venture with each Khazanah and MB holding 40% interest respectively and TNB the balance 20% interest.

Khazanah believes that the proposed investment in the Project represents an attractive co-investment opportunity with leading Malaysian companies abroad. The Project will place the Malaysian consortium in a strategic position to participate in the Privatisation Program of the Government of KSA and provides an excellent platform to expand into the Middle East market.

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About Khazanah Nasional Berhad

Khazanah is the investment holding arm of the Government of Malaysia entrusted to manage the assets held by the Government and to undertake strategic investments. It has stakes in more than 40 companies with a combined market capitalization of more than RM150 billion (approximately USD40 billion). Khazanah's investments are in various sectors including finance, telecommunications, electric utilities, communication services, information technology and manufacturing.

About Shoaiba 3

The Project, to be developed on a Build Own and Operate Project, will be located adjacent to the existing Shoaiba generation and desalination complex 110 km south of Jeddah, on the western (Red Sea) coast of Saudi Arabia. The indicative Project timetable is for Construction of the Plant to begin around January 2006 with Project Commercial Operation Date scheduled for June 2009.

This will be the first Independent Water and Power Project to be developed in the Kingdom of Saudi Arabia and represents a major development in the country's water and power sector. The Government has indicated that there will be another three similar project opportunities available in the future following this Project.

About Tenaga Nasional Berhad

Tenaga Nasional Berhad is the Malaysian national electricity utility company, which manages and supplies electricity in Peninsular Malaysia. TNB also owns and operates the power company in Sabah (Sabah Electricity Supply Berhad or SESB). TNB's core activities are in the generation, transmission, and distribution of electricity. TNB has more than RM60.0 billion in assets, serving over 6 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, architectural, civil and electrical engineering works and services, repair and maintenance services and fuel; undertakes research and development, property development, and project management services.

Malakoff Berhad

Malakoff Berhad was incorporated on 9 October 1975 as a plantation-based company and listed on the Main Board of the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad) the following year. A shift in its corporate direction resulted in the disposal of its plantation-based assets in October 1993 and subsequent venture into the power sector. From its humble beginnings, Malakoff has grown into the nation's leading independent power producer ("IPP"), with total Group assets exceeding RM12 billion and a market capitalisation of RM5.6 billion as at 31 August 2004. The company's total effective generation capacity is currently 3,130MW, which is approximately 18% of the power generation in Peninsular Malaysia to date. The company also provides operations & maintenance services, electricity distribution activities and project management services.