

Media Statement

Kuala Lumpur

Tuesday, 15 November 2005

Khazanah signs Project Agreement in relation to the Shuaibah Phase 3 Independent Water and Power Project in the Kingdom of Saudi Arabia

Khazanah Nasional Berhad (“Khazanah”) is pleased to announce that on 15 November 2005, Khazanah and its wholly owned subsidiary, Desaru Investments (Cayman Island) Limited (“Desaru”) as part of a Saudi-Malaysian consortium has signed the Power and Water Purchase Agreement and Land Lease Agreement relating to Shuaibah Phase 3 Independent Water and Power Project (“the Project”) with The Kingdom of Saudi Arabia’s Water and Electricity Company LLC (“WEC”) and Saline Water Conversion Corporation (“SWCC”) respectively.

The consortium, the Saudi-Malaysia Water & Electricity Company Limited (“SAMAWEC”) is jointly owned by a consortium of Malaysian and Saudi companies respectively, with both holding 50% of the equity. The ownership of the Malaysian consortium in turn consists of Khazanah and Malakoff Berhad which holds a 40% stake respectively, while Tenaga Nasional Berhad owns the remaining 20%. SAMAWEC will hold 60% interest in the Project Company with the balance 40% interest in the Project Company to be held by Government of Saudi Arabia related entities. Tenaga Nasional is the technical investor for the project, as designated by the Saudi authorities.

Khazanah’s participation in this historic transaction marks its first direct investment by the state investment arm of Malaysia in Saudi Arabia and the Middle East, and reflects the strong links between the governments of the two countries. Khazanah’s Managing Director, Dato’ Azman Mokhtar says “Khazanah is pleased to be part of this landmark transaction, being the first ever privatisation of a water and power project in Saudi Arabia and views this project as being both highly strategic as well as financially attractive.”

Dato’ Azman further adds, “Khazanah views the Shuaibah 3 project as being a significant win-win transaction for both the consortium members and The Kingdom of Saudi Arabia as it reflects the efficiently managed bid process which resulted in a robust project economics and believes that it will serve as a working template for similar transactions in the future.”

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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 Shuaibah Phase 3 Independent Water and Power Project

The Project, to be developed at a cost of SR 9.1 billion (approximately US\$ 2.5 billion) on a Build Own and Operate basis, will be located adjacent to the existing Shuaibah generation and desalination complex 110 km south of Jeddah, on the western coast of Saudi Arabia. The Shuaibah Phase 3 Plant will supply 880,000 cubic meter of water per day and 900 megawatt of power to Makkah, Jeddah, Al-Taif and Al-Baha and is expected to begin commercial operations in 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 indicative Project timetable is for Construction of the Plant to begin around January 2006 with Project Commercial Operation Date scheduled for January 2009. The Government has indicated that there will be another three similar project opportunities available in the future following this Project.

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