

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (A) NON-U.S. PERSONS OR ADDRESSEES OUTSIDE OF THE UNITED STATES OR (B) QUALIFIED INSTITUTIONAL BUYERS (“QIB”) PURSUANT TO RULE 144A OF THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”).

IMPORTANT: You must read the following before continuing. The following applies to the offering circular following this page (the “**Offering Circular**”), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES REFERRED TO IN THE OFFERING CIRCULAR HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES.

THE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY PERSON IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

CONFIRMATION OF YOUR REPRESENTATION: IN ORDER TO BE ELIGIBLE TO VIEW THE OFFERING CIRCULAR, INVESTORS MUST COMPLY WITH THE FOLLOWING PROVISIONS. YOU HAVE BEEN SENT THIS DOCUMENT AT YOUR REQUEST AND ON THE BASIS THAT YOU HAVE CONFIRMED TO THE DEALERS NAMED IN THE OFFERING CIRCULAR THAT YOU (1) EITHER ARE A NON-U.S. PERSON OUTSIDE THE UNITED STATES (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (“**REGULATION S**”)) OR YOU ARE A QIB PURSUANT TO RULE 144A OF THE SECURITIES ACT AND, TO THE EXTENT THAT YOU PURCHASE THE SECURITIES DESCRIBED IN THE OFFERING CIRCULAR, YOU WILL BE DOING SO EITHER IN AN OFFSHORE TRANSACTION (AS DEFINED IN REGULATION S) IN COMPLIANCE WITH REGULATION S OR PURSUANT TO RULE 144A OF THE SECURITIES ACT; AND (2) CONSENT TO DELIVERY OF THE OFFERING CIRCULAR AND ANY AMENDMENTS OR SUPPLEMENTS THERETO BY ELECTRONIC TRANSMISSION.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver the Offering Circular to any other person. If this is not the case, you must return the Offering Circular to us immediately. You may not, nor are you authorized to, deliver or disclose the contents of the Offering Circular to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any of their respective affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Dealers or such affiliate on behalf of PETRONAS Capital Limited (the “**Labuan Issuer**”) or PETRONAS Energy Canada Ltd. (the “**Canadian Issuer**”, together with the Labuan Issuer, the “**Issuers**”) or Petroliaam Nasional Berhad (PETRONAS) (the “**Guarantor**”).

The Offering Circular has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuers, Guarantor, Dealers or any person who controls any of them or any of their respective commissioners, directors, officers, employees, agents or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the Offering Circular distributed to you in electronic format and the hard copy version is available to you on request from the Dealers.



PETRONAS

PETRONAS Capital Limited
(incorporated in Labuan, Malaysia with limited liability)

PETRONAS Energy Canada Ltd.
(incorporated in Alberta, Canada with limited liability)

U.S.\$30,000,000,000
Global Medium Term Note Program
unconditionally and irrevocably guaranteed by
Petroleum Nasional Berhad (PETRONAS)
(incorporated in Malaysia with limited liability)

This Offering Circular replaces and supersedes the Offering Circular dated February 26, 2021 describing the Program (as defined below). Any Notes (as defined below) issued under this Program on or after the date of this Offering Circular are issued subject to the provisions described herein. This does not affect any Notes issued prior to the date of this Offering Circular.

Under this U.S.\$30,000,000,000 Global Medium Term Note Program (the “**Program**”), PETRONAS Capital Limited (“**PETRONAS Capital Limited**” or the “**Labuan Issuer**”), PETRONAS Energy Canada Ltd. (“**PETRONAS Energy Canada Ltd.**” or the “**Canadian Issuer**”) or any subsidiary of Petroleum Nasional Berhad (PETRONAS) (“**PETRONAS**” or the “**Guarantor**”) which accedes to the Program by executing an accession agreement pursuant to the terms of the Agency Agreement (as defined below) (each such subsidiary, together with the Labuan Issuer and the Canadian Issuer, an “**Issuer**” in relation to the Notes issued by it), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the “**Notes**”) denominated in any currency agreed between the Issuer and the Relevant Dealer (as defined below) other than the Malaysian ringgit. The Notes will be issued on a senior basis and may be issued in bearer or registered form (“**Bearer Notes**” and “**Registered Notes**”, respectively).

Notes issued by the Issuer will be unconditionally and irrevocably guaranteed by PETRONAS on a senior basis. The maximum aggregate nominal amount of all Notes from time to time outstanding under the Program will not exceed U.S.\$30,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein. The Notes may be issued on a continuing basis to one or more of the Dealers specified under “Summary of the Program” and any additional Dealer appointed under the Program from time to time by the Issuer (each a “**Dealer**” and together the “**Dealers**”), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the “**Relevant Dealer**” shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

With respect to any Notes that may be issued by the Labuan Issuer pursuant to the Program and which are agreed at or prior to the time of issue thereof to be listed, approval-in-principle has been obtained on March 5, 2015 for (a) listing of such Notes on, and admission to the Official List of, the Labuan International Financial Exchange and (b) for listing of such Notes on, and admission to the Official List of, Bursa Malaysia Securities Berhad (“**Bursa Malaysia**”) under an exempt regime pursuant to which the Notes will be listed but not quoted for trading (“**Bursa Malaysia (Exempt Regime)**”). With respect to any Notes that may be issued by the Canadian Issuer pursuant to the Program and which are agreed at or prior to the time of issue thereof to be listed, approval-in-principle, if applicable, will be obtained for (a) listing of such Notes on, and admission to the Official List of, the Labuan International Financial Exchange and (b) for listing of such Notes on, and admission to the Official List of, Bursa Malaysia under the Bursa Malaysia (Exempt Regime). The Labuan International Financial Exchange and Bursa Malaysia take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

Application has been made to The Stock Exchange of Hong Kong Limited (“**Hong Kong Stock Exchange**”) for the listing of the Program for 12 months after the date of this Offering Circular by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (“**Professional Investors**”) only on the Hong Kong Stock Exchange. If so specified in the applicable Pricing Supplement (as defined below), application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only during the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange. This Offering Circular is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuers and the Guarantor confirm that the Notes to be issued under the Program are intended for purchase by Professional Investors only and the Program and the Notes, to the extent that such Notes are to be listed on the Hong Kong Stock Exchange, will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuers and the Guarantor confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. Listing of the Program or the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Program and the Notes or the Issuers, and the Guarantor or quality of disclosure in this Offering Circular. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular. This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuers and the Guarantor. The Issuers and the Guarantor accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading. Approval-in-principle from, and the listing of the Notes on, the Hong Kong Stock Exchange, Labuan International Financial Exchange and/or Bursa Malaysia (Exempt Regime) is not to be taken as an indication of the merits of the Issuers or the Guarantor, the Program or the Notes. Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, an investor should consult his or her advisors.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under “**Terms and Conditions of the Notes**”) of Notes will be set out in a pricing supplement (the “**Pricing Supplement**”). The Program provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer, the Guarantor and the Relevant Dealer(s). The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

Notes issued under the Program may be rated or unrated. Where an issue of Notes is rated, such rating will be specified in the applicable Pricing Supplement. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Investing in the Notes involves risk. You should read “Risk Factors” beginning on page 109 before investing in the Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached. Bearer Notes will be issued only outside the United States to non-U.S. persons in reliance on the exemption from registration provided by Regulation S under the Securities Act (“**Regulation S**”) and Registered Notes may be issued both outside the United States to non-U.S. persons in reliance on the exemption from registration provided by Regulation S and, if so specified, within the United States or to U.S. persons in private transactions (i) to “qualified institutional buyers” within the meaning of Rule 144A under the Securities Act (“**QIBs**”) or (ii) to “accredited investors” (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that are institutions (“**Institutional Accredited Investors**”) who agree to purchase the Notes for their own account and not with a view to the distribution thereof. Bearer Notes are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered or sold, or in the case of Bearer Notes delivered, in the United States or its possessions or to, or for the benefit of, U.S. persons (as defined in Regulation S under the Securities Act or, in the case of Bearer Notes, the U.S. Internal Revenue Code of 1986, as amended). See “**Form of the Notes**” for more description of the manner in which Notes will be issued. Notes are subject to certain restrictions on transfer. See “**Subscription and Sale and Transfer and Selling Restrictions.**”

Arrangers and Dealers

HSBC

JPM

Maybank

Morgan Stanley

MUFG

Offering Circular dated March 21, 2025

TABLE OF CONTENTS

NOTICE TO INVESTORS	iii
ENFORCEABILITY OF CIVIL LIABILITIES	x
AVAILABLE INFORMATION	xii
PRESENTATION OF FINANCIAL INFORMATION AND OTHER DATA	xiii
SUPPLEMENTAL OFFERING CIRCULAR	xv
FORWARD-LOOKING STATEMENTS AND ASSOCIATED RISKS	xvi
GENERAL DESCRIPTION OF THE PROGRAM	1
SUMMARY OF THE PROGRAM	2
SUMMARY	9
FORM OF THE NOTES	27
TERMS AND CONDITIONS OF THE NOTES	48
USE OF PROCEEDS	104
EXCHANGE RATES	105
GLOSSARY OF OIL AND GAS INDUSTRY TERMS	106
RISK FACTORS	109
CAPITALIZATION	138
SELECTED CONSOLIDATED FINANCIAL DATA	139
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	144
BUSINESS	171
PETRONAS CAPITAL LIMITED	213
PETRONAS ENERGY CANADA LTD.	214
MANAGEMENT	216
SHARE OWNERSHIP	218
RELATIONSHIP WITH THE GOVERNMENT OF MALAYSIA	219
TAXATION	220
INDEPENDENT AUDITORS	232
SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS	233
BOOK-ENTRY CLEARANCE SYSTEMS	254
STATUTORY RIGHTS OF ACTION IN CANADA	261
GENERAL INFORMATION	272
INDEX TO FINANCIAL STATEMENTS	F-1

This Offering Circular includes risk factors, PETRONAS' audited consolidated and unconsolidated financial statements and disclosure concerning PETRONAS' business and financial condition and results of operations, as well as other matters. You should carefully review the entire Offering Circular before making an investment decision.

You should rely only on the information contained in this Offering Circular or to which PETRONAS or the Issuers have referred you. Neither PETRONAS nor the Issuers have authorized anyone to provide you with information that is different. This Offering Circular may only be used where it is legal to sell the Notes. You should not assume that the information in this Offering Circular is accurate as of any date other than the date at the front of this Offering Circular. This Offering Circular is confidential. You are authorized to use this Offering Circular solely for the purpose of considering the purchase of the Notes described in this Offering Circular. You may not reproduce or distribute this Offering Circular in whole or in part, and you may not disclose any of the contents of this Offering Circular or use any information herein for any purpose other than considering a purchase of the Notes. You agree to the foregoing by accepting delivery of this Offering Circular.

IN CONNECTION WITH THE ISSUE AND DISTRIBUTION OF ANY TRANCHE OF NOTES, THE DEALER(S) (IF ANY) NAMED AS THE STABILIZING MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILIZING MANAGER(S)) IN THE APPLICABLE PRICING SUPPLEMENT MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILIZATION MAY NOT OCCUR. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF NOTES. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILIZING MANAGER(S) (OR ANY PERSON ACTING ON BEHALF OF ANY STABILIZING MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

NOTICE TO INVESTORS

The Issuers and the Guarantor, having made all reasonable enquiries, confirm that this Offering Circular contains or incorporates all information material in the context of the issuance and offering of the Notes, that the information contained or incorporated in this Offering Circular is true and accurate in all material respects and is not misleading in any material respect, that the opinions and intentions expressed in this Offering Circular are honestly held and have been reached after considering all relevant circumstances and are based on reasonable assumptions, and that there are no other facts, the omission of which would, in the context of the issue and offering of the Notes, make this Offering Circular as a whole or any information or the expression of any opinions or intentions expressed in this Offering Circular misleading in any material respect. The Issuers and the Guarantor accept responsibility accordingly. Information provided in this Offering Circular with respect to Malaysia, its political status and economy has been derived from information published by the Malaysian government and other public sources, and the Issuers and the Guarantor accept responsibility only for the accurate extraction of information from such sources.

This Offering Circular is based on the information provided by the Issuers and the Guarantor. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuers or the Guarantor in connection with the Program.

No person is or has been authorized by the Issuers or the Guarantor to give any information or to make any representation other than as contained in this Offering Circular or any other information supplied in connection with the Program or the Notes and, if given or made, such information or representation must not be relied upon as having been authorized by any of the Issuers, the Guarantor or the Dealers.

Neither this Offering Circular nor any other information supplied in connection with the Program or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by any of the Issuers, the Guarantor or the Dealers that any recipient of this Offering Circular or any other information supplied in connection with the Program or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuers and the Guarantor. Neither this Offering Circular nor any other information supplied in connection with the Program or the issue of any Notes constitutes an offer or invitation by or on behalf of any of the Issuers, the Guarantor or the Dealers to any person to subscribe for or to purchase any Notes. The contents of this Offering Circular should not be construed as providing legal, business, accounting or tax advice. An investor should bear the economic risk of an investment in the Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuers and the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Program is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to advise any investor in the Notes of any information coming to their attention. Investors should review, inter alia, the most recently published documents incorporated by reference into this Offering Circular when deciding whether or not to purchase any Notes.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in

such jurisdiction. The distribution of this Offering Circular and the offer or sale of the Notes may be restricted by law in certain jurisdictions. The Issuers, the Guarantor and the Dealers do not represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuers, the Guarantor or the Dealers that would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of the Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States of America, the European Economic Area (the “EEA”), the United Kingdom, Malaysia, Japan, Singapore, Hong Kong, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, State of Qatar (“Qatar”), Kingdom of Bahrain, Kuwait, Canada, Taiwan (ROC) and the Republic of Korea (“Korea”). See “*Subscription and Sale and Transfer and Selling Restrictions.*”

All references in this Offering Circular to the “**Guarantor**” are to Petroliaam Nasional Berhad (PETRONAS), and all references in this Offering Circular to “**PETRONAS**” are, unless the context otherwise requires, to Petroliaam Nasional Berhad (PETRONAS) and its subsidiaries. References to the “**Issuers**” are to PETRONAS Capital Limited, PETRONAS Energy Canada Ltd. and any additional issuers that may be appointed under the Program in accordance with the amended and restated program agreement entered into between the Issuers, Petroliaam Nasional Berhad (PETRONAS) and the other parties named therein on March 21, 2025 (the “**Program Agreement**”).

There are restrictions on the offer and sale of the Notes in the United Kingdom. All applicable provisions of the Financial Services and Market Act 2000, as amended (including as amended by the Financial Services Act 2012 (“FSA”)) (“FSMA”) with respect to anything done by any person in relation to the Notes in, from or otherwise involving the United Kingdom must be complied with. See “*Subscription and Sale.*”

MiFID II PRODUCT GOVERNANCE / TARGET MARKET: The Pricing Supplement in respect of any Notes may include a legend entitled “**MiFID II Product Governance**” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, “**MiFID II**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “MiFID Product Governance Rules”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Lead Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

UK MIFIR PRODUCT GOVERNANCE / TARGET MARKET: The Pricing Supplement in respect of any Notes may include a legend entitled “**UK MIFIR Product Governance**” which will

outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (“**UK MIFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MIFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise none of the Global Coordinators and Arrangers, the Dealers or any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

PRIIPs / IMPORTANT—EEA RETAIL INVESTORS: If the Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) No 2017/1129 (as amended, the “**Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PRIIPs / IMPORTANT—UK RETAIL INVESTORS: If the Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to UK Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

This Offering Circular has not been approved by an authorized person in the United Kingdom. The Notes may not be offered or sold other than to persons whose ordinary activities involve these persons in acquiring, holding, managing, or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the

Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer. In addition, no person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes other than in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE:

Unless otherwise stated in the Pricing Supplement in respect of any Notes, all Notes issued or to be issued under the Program are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Warning – The contents of this Offering Circular have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Important Notice to Prospective Investors Pursuant to Paragraph 21 of the Hong Kong SFC Code of Conduct

Prospective investors should be aware that certain intermediaries in the context of certain offerings of Notes pursuant to this Program (each such offering, a “**CMI Offering**”), including certain Dealers, may be “capital market intermediaries” (“**CMIs**”) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the “**SFC Code**”). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as “overall coordinators” (“**OCs**”) for a CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an association (“**Association**”) with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the relevant Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to the relevant CMI Offering, such order is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). A rebate may be offered by the Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of the relevant CMI Offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are

deemed to be placing an order on a principal basis unless they inform the CMI otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate. Details of any such rebate will be set out in the applicable Pricing Supplement or otherwise notified to prospective investors. If a prospective investor is an asset management arm affiliated with any relevant Dealer, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the relevant Dealer or its group company has more than 50 per cent. interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such “proprietary order” may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. If a prospective investor is otherwise affiliated with any relevant Dealer, such that its order may be considered to be a “proprietary order” (pursuant to the SFC Code), such prospective investor should indicate to the relevant Dealer when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. Where prospective investors disclose such information but do not disclose that such “proprietary order” may negatively impact the price discovery process in relation to the relevant CMI Offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the relevant Dealers and/or any other third parties as may be required by the SFC Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. Failure to provide such information may result in that order being rejected.

U.S. INFORMATION

This Offering Circular is being provided on a confidential basis in the United States to a limited number of QIBs or Institutional Accredited Investors (each as defined under “*Form of the Notes*”) for informational use solely in connection with the consideration of the purchase of the Notes being offered hereby. Its use for any other purpose in the United States is not authorized. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

The Registered Notes may be offered or sold within the United States only to QIBs or to Institutional Accredited Investors, in either case in transactions exempt from registration under the Securities Act. Each U.S. purchaser of the Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act (“**Rule 144A**”).

Purchasers of the Definitive IAI Registered Notes (as defined in the Program Agreement) will be required to execute and deliver an IAI Investment Letter (each as defined under “*Terms and Conditions of the Notes*”). Each purchaser or holder of the Definitive IAI Registered Notes, the Notes represented by a Rule 144A Global Note (as defined below) or any Notes issued in registered form in exchange or substitution therefor (together “**Legended Notes**”) will be deemed, by its

acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in “*Subscription and Sale and Transfer and Selling Restrictions.*” Unless otherwise stated, terms used in this paragraph have the meanings given to them in “*Form of the Notes.*”

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and the U.S. Treasury regulations promulgated thereunder.

NOTICE TO RESIDENTS OF MALAYSIA

THE LODGEMENT OF DOCUMENTS AND INFORMATION RELATING TO THE PROGRAM WILL BE MADE WITH THE SECURITIES COMMISSION MALAYSIA IN ACCORDANCE WITH THE GUIDELINES ON UNLISTED CAPITAL MARKET PRODUCTS UNDER THE LODGE AND LAUNCH FRAMEWORK FIRST ISSUED BY THE SECURITIES COMMISSION MALAYSIA ON MARCH 9, 2015 AND REVISED ON FEBRUARY 5, 2024 (AS MAY BE AMENDED FROM TIME TO TIME) AND ANY APPLICABLE APPROVAL FROM THE SECURITIES COMMISSION MALAYSIA WILL BE OBTAINED PRIOR TO ANY INVITATION TO SUBSCRIBE FOR, OR ANY OFFER TO PURCHASE THE NOTES BEING MADE IN MALAYSIA. ANY LODGEMENT WITH THE SECURITIES COMMISSION MALAYSIA SHALL NOT BE TAKEN TO INDICATE THAT THE SECURITIES COMMISSION MALAYSIA RECOMMENDS THE SUBSCRIPTION OR PURCHASE OF THE NOTES UNDER THE PROGRAM.

THIS OFFERING CIRCULAR HAS NOT BEEN REGISTERED AS A PROSPECTUS WITH THE SECURITIES COMMISSION MALAYSIA UNDER THE CAPITAL MARKETS AND SERVICES ACT 2007 OF MALAYSIA AND ACCORDINGLY, THE NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, NOR MAY ANY DOCUMENT OR OTHER MATERIAL IN CONNECTION THEREWITH BE DISTRIBUTED IN MALAYSIA, OTHER THAN TO PERSONS FALLING WITHIN ANY ONE OF THE CATEGORIES OF PERSONS SPECIFIED UNDER PARAGRAPH 1(A), (B) OR (D) OF PART 1 OF SCHEDULE 5, SCHEDULE 6 (OR SECTION 229(1)(B)), SCHEDULE 7 (OR SECTION 230(1)(B)), AND SCHEDULE 8 (OR SECTION 257(3)), READ TOGETHER WITH SCHEDULE 9 (OR SECTION 257(3)) OF THE CAPITAL MARKETS AND SERVICES ACT 2007, OF MALAYSIA, SUBJECT TO ANY LAW, ORDER, REGULATION OR OFFICIAL DIRECTIVE OF THE CENTRAL BANK OF MALAYSIA, THE SECURITIES COMMISSION MALAYSIA AND/OR ANY OTHER REGULATORY AUTHORITY FROM TIME TO TIME.

IN ADDITION, RESIDENTS OF MALAYSIA MAY BE REQUIRED TO OBTAIN RELEVANT REGULATORY APPROVALS, INCLUDING APPROVAL FROM THE CONTROLLER OF FOREIGN EXCHANGE TO PURCHASE THE NOTES. THE ONUS IS ON THE MALAYSIAN RESIDENTS CONCERNED TO OBTAIN SUCH REGULATORY APPROVALS AND NONE OF THE DEALERS IS RESPONSIBLE FOR ANY INVITATION, OFFER, SALE OR PURCHASE OF THE NOTES AS AFORESAID WITHOUT THE NECESSARY APPROVALS BEING IN PLACE.

AN INVITATION TO SUBSCRIBE FOR, OR AN OFFER TO PURCHASE THE NOTES MAY ONLY BE MADE INTO LABUAN IF SUCH NOTES ARE OFFERED FOR SUBSCRIPTION OR SALE, SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF, DIRECTLY OR INDIRECTLY TO A PERSON FALLING, OR IF SUCH OFFER OR INVITATION FALLS, WITHIN SECTION 8(5) OF THE LABUAN FINANCIAL SERVICES AND SECURITIES ACT 2010.

IN ACCORDANCE WITH THE CAPITAL MARKETS AND SERVICES ACT 2007 OF MALAYSIA, A COPY OF THIS OFFERING CIRCULAR WILL BE DEPOSITED WITH THE SECURITIES COMMISSION MALAYSIA WITHIN 7 DAYS FROM THE DATE THIS OFFERING CIRCULAR IS MADE AVAILABLE PURSUANT TO AN OFFERING IN MALAYSIA. THE SECURITIES COMMISSION MALAYSIA SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE ISSUERS OR PETRONAS AND ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS OR REPORTS EXPRESSED IN THIS OFFERING CIRCULAR. THE ISSUE, OFFER OR INVITATION IN RELATION TO THE PROGRAM OR THE ISSUANCE OF THE NOTES THEREUNDER OR OTHERWISE ARE SUBJECT TO THE FULFILLMENT OF VARIOUS CONDITIONS PRECEDENT, INCLUDING, WITHOUT LIMITATION, THE LODGEMENT OF THE DOCUMENTS AND INFORMATION RELATING TO THE PROGRAM WITH THE SECURITIES COMMISSION MALAYSIA. EACH RECIPIENT OF THIS OFFERING CIRCULAR ACKNOWLEDGES AND AGREES THAT ANY LODGEMENT WITH THE SECURITIES COMMISSION MALAYSIA SHALL NOT BE TAKEN TO INDICATE THAT THE SECURITIES COMMISSION MALAYSIA RECOMMENDS THE SUBSCRIPTION OR PURCHASE OF THE NOTES UNDER THE PROGRAM.

THE LABUAN INTERNATIONAL FINANCIAL EXCHANGE AND BURSA MALAYSIA SECURITIES BERHAD EACH TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THIS OFFERING CIRCULAR, MAKE NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIM ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON ANY PART OF THE CONTENTS OF THIS OFFERING CIRCULAR. ANY APPROVAL OF AND THE ADMISSION OF THE NOTES TO THE OFFICIAL LISTS OF THE LABUAN INTERNATIONAL FINANCIAL EXCHANGE AND BURSA MALAYSIA (EXEMPT REGIME) SHALL NOT BE TAKEN TO INDICATE THAT THE LABUAN INTERNATIONAL FINANCIAL EXCHANGE AND BURSA MALAYSIA RECOMMEND THE SUBSCRIPTION OR PURCHASE OF THE NOTES OR AS AN INDICATION OF THE MERITS OF THE ISSUERS, PETRONAS OR THE NOTES. INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS OFFERING CIRCULAR BEFORE INVESTING. IF IN DOUBT, AN INVESTOR SHOULD CONSULT HIS OR HER ADVISORS.

NOTICE TO CANADIAN INVESTORS

The Notes will be sold in Canada on a private placement basis to purchasers that are “accredited investors” and in certain circumstances are also “permitted clients”, each as defined under applicable Canadian provincial securities laws, and on a private placement basis subject to applicable law. See “*Subscription and Sale and Transfer and Selling Restrictions—Representations of Canadian Investors.*”

Each Relevant Dealer has, severally and not jointly, represented to and agreed with us that the sale and delivery of the Notes to any purchaser resident in a province of Canada by such Dealer will be made so as to be exempt from the prospectus filing requirements, and so as to be exempt from or made in compliance with applicable dealer registration requirements of all applicable Canadian securities laws, regulations, rules, instruments, rulings and orders, including those applicable in each of the provinces of Canada and the applicable policy statements issued by any securities regulator having jurisdiction. Each Relevant Dealer has also, severally and not jointly, represented to and agreed with the Issuers and the Guarantor that such Dealer has not and will not provide to any purchaser any document or other material that would constitute an offering memorandum (other than this Offering Circular) with respect to the private placement of the Notes in the provinces of Canada within the meaning of applicable Canadian provincial securities laws.

ENFORCEABILITY OF CIVIL LIABILITIES

PETRONAS is incorporated in Malaysia with limited liability. PETRONAS Capital Limited is incorporated in the Federal Territory of Labuan, Malaysia with limited liability. Substantially all of the assets of PETRONAS Capital Limited and a significant part of the assets of PETRONAS are located in Malaysia. In addition, all of the directors and executive officers of PETRONAS and PETRONAS Capital Limited are located in Malaysia and all or a substantial portion of the assets of such persons are located in Malaysia. As a result, it may not be possible for investors to effect service of process outside of Malaysia upon such persons or to enforce judgments obtained in courts outside of Malaysia, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States, against such persons, PETRONAS or PETRONAS Capital Limited. PETRONAS and PETRONAS Capital Limited have been advised by Kadir Andri & Partners, their Malaysian counsel, that there is doubt as to the enforceability in Malaysian courts, in original actions or in actions for the enforcement of judgments of United States courts, of civil liabilities predicated upon the federal securities laws of the United States.

A judgment obtained against PETRONAS or PETRONAS Capital Limited in a court of a reciprocating country (as listed in the Reciprocal Enforcement of Judgments Act 1958 (Revised 1972) of Malaysia (the “**Enforcement Act**”)) in respect of any sum payable by PETRONAS or PETRONAS Capital Limited under the Notes, the Guarantee (as defined herein) or the amended and restated agency agreement entered into among the Issuers, PETRONAS, The Bank of New York Mellon, London Branch as the Principal Paying Agent, The Bank of New York Mellon as the Paying Agent, Transfer Agent, Exchange Agent and DTC Registrar, and The Bank of New York Mellon SA/NV, Luxembourg Branch as the Euroclear/Clearstream Registrar and Transfer Agent and the other parties named therein on March 21, 2025, and with respect only to any Notes which clear through CDS, reference to the Agency Agreement includes the sub-paying agency agreement entered into from time to time among the Issuers, the Guarantor, the Principal Paying Agent and the CDS Registrar (the “**Agency Agreement**”), may be recognized and enforced by the courts of Malaysia upon registration of the judgment with the courts of Malaysia under the Enforcement Act within six years after the date of the judgment, or, where there have been proceedings by way of appeal against the judgment, after the date of the last judgment given in those proceedings, so long as the judgment:

- (enforcement thereof) is not contrary to public policy in Malaysia;
- was not given or obtained by fraud or duress or in a manner contrary to natural justice;
- is not directly or indirectly for the payment of taxes or other charges of a like nature or of a fine or other penalty;
- was of a court of competent jurisdiction of such jurisdiction and the judgment debtor being the defendant in the original court received notice of those proceedings in sufficient time to enable it to defend the proceedings;
- has not been wholly satisfied;
- is final and conclusive between the parties;
- could be enforced by execution in the country of that original court;
- is for a fixed sum;

- is not directly or indirectly intended to enforce the penal laws or sanctions imposed by the authorities of such jurisdiction;
- is not preceded by a final and conclusive judgment by a court having jurisdiction in that matter; and
- is vested in the person by whom the application for registration was made.

Under current Malaysian law, any judgment obtained for a fixed sum against PETRONAS or PETRONAS Capital Limited in a court of a foreign jurisdiction with which Malaysia has no arrangement for reciprocal enforcement of judgments, after due service of process, may, at the discretion of the courts of Malaysia be actionable in the courts of Malaysia by way of a suit on a debt if such judgment is final and conclusive. However, such action may be met with defenses, including but not limited to those listed above. There is currently no agreement for reciprocal enforcement of judgments between Malaysia and the United States, and as such the United States is not a reciprocating country under the First Schedule of the Enforcement Act and the Enforcement Act does not apply to judgments obtained in the United States. Accordingly, even if a United States court were to rule in an investor's favor, it may be difficult to enforce such judgments in Malaysia. Due to the absence of reciprocal arrangements, judgments obtained in a United States court will only be enforced in Malaysia in accordance with the common law principles and fresh proceedings must be instituted by the judgment creditor and upon re-litigation and re-examination of the issues.

PETRONAS is incorporated in Malaysia with limited liability. PETRONAS Capital Limited is incorporated in the Federal Territory of Labuan, Malaysia with limited liability. The Notes and the Guarantees will be governed by, and construed in accordance with, the laws of the State of New York, United States. In addition, all of the directors and executive officers of PETRONAS and PETRONAS Capital Limited, and some of the directors and executive officers of PETRONAS Energy Canada Ltd., are located in Malaysia and, as a result, it may not be possible for Canadian investors to effect service of process within Canada upon PETRONAS, PETRONAS Capital Limited or such persons. Substantially all of the assets of PETRONAS Capital Limited and a significant part of the assets of PETRONAS are located in Malaysia and, as a result, it may not be possible to satisfy a judgment against PETRONAS, PETRONAS Capital Limited or such persons in Canada or to enforce a judgment obtained in Canadian courts against PETRONAS, PETRONAS Capital Limited or such persons outside of Canada.

PETRONAS Energy Canada Ltd. is incorporated under the laws of the Province of Alberta, Canada. The Notes and the Guarantees will be governed by, and construed in accordance with, the laws of the State of New York, United States. In addition, some of the directors and executive officers of PETRONAS Energy Canada Ltd. are located in Canada and, as a result, it may not be possible for investors outside of Canada to effect service of process in Canada upon PETRONAS Energy Canada Ltd. or such persons or to enforce in Canada judgments obtained against PETRONAS Energy Canada Ltd. or such persons in courts outside of Canada.

AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with sales of the Notes, each of the Issuer and the Guarantor will be required to furnish, upon request, to a Noteholder (as defined in “*Terms and Conditions of the Notes*”) and a prospective investor designated by such Noteholder, the information required to be delivered under Rule 144A(d)(4) under the Securities Act unless at the time of the request such Issuer or Guarantor is a reporting company under Section 13 or Section 15(d) of the United States Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), or is exempt from the registration requirements of Section 12(g) of the Exchange Act (and therefore is required to publish on its website, in English, certain information pursuant to Rule 12g3-2(b) under the Exchange Act).

PRESENTATION OF FINANCIAL INFORMATION AND OTHER DATA

Financial Data

PETRONAS' audited financial statements for the years ended December 31, 2022, 2023 and 2024 included elsewhere in this Offering Circular are presented in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board (“**MFRS Accounting Standards**”) and IFRS Accounting Standards as issued by the International Accounting Standards Board (“**IFRS Accounting Standards**”). MFRS Accounting Standards differ in significant respects from accounting principles generally accepted elsewhere. In making an investment decision, investors must rely on their own examination of the Issuers and PETRONAS, the terms of the offering and the financial information contained in this Offering Circular. Potential investors should consult their own professional advisors for an understanding of the differences between MFRS Accounting Standards, on the one hand, and accounting principles generally accepted elsewhere on the other hand, and how these differences might affect their understanding of the financial information contained herein.

PETRONAS' financial statements are audited and published annually. PETRONAS does not publish complete interim financial statements, but does currently publish certain unaudited summary financial information on a half-yearly basis.

Rounding

Certain amounts and percentages included in this Offering Circular have been rounded. Accordingly, in certain instances, the sum of the numbers in a column may not exactly equal the total figure for that column.

Non-GAAP Financial Measures

As used in this Offering Circular, a non-GAAP financial measure is one that purports to measure historical or future financial performance, financial position or cash flows but excludes or includes amounts that would not be so adjusted in the most comparable MFRS Accounting Standards measures. From time to time, reference is made in this Offering Circular to such “non-GAAP financial measures,” primarily Adjusted EBITDA (as defined herein). For more detailed information concerning Adjusted EBITDA and other non-GAAP financial measures used in this Offering Circular (namely Capital Expenditures and Other Investments, Ratio of Adjusted EBITDA to Fixed Charges, Ratio of Non-current Borrowings to Adjusted EBITDA, Return on Average Capital Employed, and Adjusted Profit), see “*Summary—Summary Consolidated Financial Information—Other Financial Information*” and “*Selected Consolidated Financial Data—Other Financial Information.*” The non-GAAP financial measures described herein are not a substitute for MFRS Accounting Standards measures of earnings or cash flows. Adjusted EBITDA has been included because it is widely used as a financial measure of the potential capacity of a company to incur and service debt. Adjusted EBITDA and other non-GAAP financial measures presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare PETRONAS' Adjusted EBITDA and the other non-GAAP financial measures used herein to adjusted EBITDA and other similarly titled non-GAAP financial measures presented by other companies because not all companies use the same definitions.

Currency References

In this Offering Circular, references to “ringgit” or “RM” are to the currency of Malaysia, references to “U.S. dollar,” “\$,” “U.S.\$,” “US\$” or “USD” are to the currency of the United States of

America, references to “CAD” or “C\$” are to the currency of Canada, references to “euro” or “€” are to the currency of the Eurozone, references to “yen,” “¥” or “JPY” are to the currency of Japan, references to “Australian dollar” are to the currency of Australia, references to “pounds sterling,” “£” or “GBP” are to the currency of the United Kingdom, references to “Renminbi” or “CNY” are to the currency of the People’s Republic of China, references to “HK\$” are to the currency of Hong Kong Special Administrative Region of the People’s Republic of China and references to “ZAR” are to the currency of South Africa.

Oil and Gas Reserves and Resources

Petroleum resources are key elements in PETRONAS’ investment decision-making process. Accordingly, PETRONAS has established the PETRONAS Reserves and Resources Management System (“PRrMS”) and developed—and maintains through regular updates—its “*Definitions and Guidelines for Classifications of Petroleum Resources*” (the “PRrMS Guidelines”). The PRrMS Guidelines may differ in certain respects with reserves disclosure standards applicable to an offering registered under the Securities Act or to reserve disclosure standards applicable to “reporting issuers” under National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*.”

“Petroleum resources” is defined in the PRrMS Guidelines as consisting of both discovered and undiscovered resources. Discovered resources are further classified into reserves and contingent resources. The term “reserves” describes the recoverable quantity of petroleum resources that are commercially viable for development given the prevailing economic situation, in particular the prices of liquids and natural gas, present at the time of estimation. The term “contingent resources” describes the recoverable quantity of petroleum resources that are not currently considered to be commercially recoverable. The reason for non-commerciality could be due to economic, political, environmental or technological reasons. Undiscovered resources are classified as prospective resources. The term “prospective resources” describes those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects.

The range of uncertainty of the recoverable and/or potentially recoverable volumes may be represented by either deterministic scenarios or by a probability distribution. Reserves and contingent resources are estimated using either deterministic or probabilistic method, whereas prospective resources are estimated using probabilistic method. The deterministic method is a single best estimate made for each of the low, best and high scenarios based on known geological, engineering and economic data, while in the probabilistic method known geological, engineering and economic data are used to generate a range of estimates and their associated probabilities.

Range of uncertainties are represented by low/best/high estimates. For reserves, the general cumulative terms low/best/high estimates are denoted as 1P/2P/3P, respectively, which could also be defined based on their incremental quantities as “proved,” “proved plus probable” and “proved plus probable plus possible.” “Proved reserves,” or 1P, refers to the estimated quantities of oil and natural gas that geological and engineering data demonstrate have reasonable certainty of being recovered in future years from known reservoirs under current economic conditions, operating methods, and government regulations. “Proved plus probable reserves,” or 2P, refers to 1P reserves plus the estimated quantities of oil and natural gas that geological and engineering data suggests are more likely than not to be recoverable but technical, contractual, economic, or regulatory uncertainties preclude such reserves being classified as proved. “Proved plus probable plus possible reserves,” or 3P, refers to 2P reserves plus the estimated quantities of oil and natural gas that geological and engineering data suggest are less likely to be recoverable than probable reserves but technical, contractual, economic, or regulatory uncertainties preclude such reserves being classified

as probable or proved. The equivalent categories for contingent resources are 1C, 2C and 3C. 1C refers to “low estimate of contingent resources,” 2C refers to “best estimate of contingent resources,” and 3C refers to “high estimate of contingent resources.”

PETRONAS estimates Malaysia’s petroleum resources based on estimates submitted by the contractors under its production sharing contracts within the area in which they operate as well as resource estimates from PETRONAS’ own appraisals and discoveries. These petroleum resources are estimated in accordance with the PRrMS Guidelines. Similarly, PETRONAS also estimates its international petroleum resources in accordance with the PRrMS Guidelines. The latest revision of the PRrMS Guidelines in 2024 is closely aligned with the Society of Petroleum Engineers’ Petroleum Resources Management System guidelines, which were issued in 2018.

All petroleum resources data are estimates, which are revised when additional information becomes available (for example, when additional wells are drilled or when actual production commences). In Malaysia, all changes in petroleum resources data undergo technical assurance validation and endorsement via appropriate engagement by PSC Contractors with the relevant technical department in PETRONAS. PETRONAS conducts its Annual Review of Petroleum Resources to review all petroleum resources changes prior to submission by PSC Contractors to PETRONAS. PETRONAS’ own appraisals undergo similar technical assurance validation and endorsement. This annual exercise focuses on the validation of key reasons for resources changes as well as compliance with the PRrMS Guidelines. It is also an avenue to consolidate petroleum resources estimates for PETRONAS.

PETRONAS has established an independent central team to ensure full compliance with the objective and intent of the PRrMS Guidelines. A key governance requirement in the PRrMS Guidelines is that all of PETRONAS’ petroleum resources, whether operated by PETRONAS and its subsidiaries or by PSC Contractors, are subject to an independent reserves and resources audit by this central team, at least once every four years or more often, in the event of any special requirements as determined by PETRONAS’ management. Regardless of whether an independent third-party audit is conducted, PETRONAS’ Petroleum & Storage Resources department is required to perform independent audits on PETRONAS’ hydrocarbon portfolio to assess the integrity and robustness of PETRONAS’ reserves and resources as reported in its Annual Review of Petroleum Resources to be approved by the PETRONAS Executive Leadership Team. The most recent independent third-party audit of PETRONAS’ petroleum resources was completed in October 2024 and the most recent internal audit was conducted by PETRONAS’ Petroleum & Storage Resources department from February to July 2024 and reflected in PETRONAS’ reserves and resources estimates as at January 1, 2025, see “*Business—Upstream Segment—Discovered Resources.*”

SUPPLEMENTAL OFFERING CIRCULAR

The Issuers and the Guarantor have given an undertaking to the Dealers that if the Issuer and the Guarantor have notified the Arrangers or the Dealers that the Issuer intends to issue Notes under the Program for the time being, and if a significant new factor, material mistake or material inaccuracy arises or is noted relating to the information included in this Offering Circular which is capable of affecting an assessment by investors of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and/or the Guarantor and/or the rights attaching to the Notes, the Issuer and the Guarantor shall prepare and publish an amendment or supplement to or replacement of this Offering Circular.

FORWARD-LOOKING STATEMENTS AND ASSOCIATED RISKS

Certain statements in this Offering Circular are not historical facts and are “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. This Offering Circular may contain words such as “believe,” “could,” “may,” “will,” “target,” “estimate,” “project,” “predict,” “forecast,” “guideline,” “should,” “plan,” “expect” and “anticipate” and similar expressions that are intended to identify forward-looking statements, but are not the exclusive means of identifying these statements. Specifically, all statements under the captions “*Summary—PETRONAS*,” “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Business*” relating to the following matters may include forward-looking statements:

- the expected results of exploration, production and refining activities and related capital expenditures and investments;
- the anticipated demand for, and ability to extract, crude oil or natural gas;
- environmental compliance and remediation;
- the anticipated demand for petroleum products and petrochemicals and related capital expenditures and investments;
- projections of capital expenditures in general and other financial items;
- generation of future receivables; and
- sales to customers.

Such statements are subject to certain risks and uncertainties, including, but not limited to:

- changes in global economic and social conditions;
- substantial or extended declines in the prices of crude oil and related oil and gas products, or volatility in the prices of these products;
- outbreaks of new variants of COVID-19 or other communicable diseases;
- changes in global or regional political situations;
- changes in economic and political conditions in Malaysia and other countries in which PETRONAS operates, transacts business or has interests;
- increases in regulatory burdens in Malaysia and countries where PETRONAS operates, transacts business or has interests;
- accidents and natural disasters;
- cybersecurity risks;
- changes in PETRONAS’ relationship with the Government of Malaysia;

- changes in import controls or import duties, levies or taxes, either in international markets or in Malaysia;
- changes in laws, regulations, taxation or accounting standards or practices;
- changes in prices or demand for products produced by PETRONAS or any of its subsidiaries or affiliates, both in Malaysia and in international markets, as a result of competitive actions or economic factors, such as inflation or exchange rate fluctuations;
- the risks of increased costs in related technologies and the uncertainty of such technologies producing expected results;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- resource nationalization;
- aboriginal claims and treaty rights;
- acquisitions or divestitures; and
- PETRONAS' success at managing the risks of the aforementioned factors.

In addition, the expectations of PETRONAS' management with respect to exploration activities, whether conducted by PETRONAS Carigali Sdn. Bhd. (“**PETRONAS Carigali**”), any other subsidiary or affiliate of PETRONAS, or any of the PSC Contractors, are subject to risks arising from the inherent difficulty of predicting the presence, yield or quality of oil and gas deposits, as well as unknown or unforeseen difficulties in extracting, transporting or processing any oil and gas found, or doing so on an economic basis.

Forward-looking statements involve inherent risks and uncertainties. Should one or more of these or other uncertainties or risks materialize, actual results may vary materially from those estimated, anticipated or projected. Specifically, but without limitation, capital costs could increase, projects could be delayed, and anticipated improvements in capacity, performance or profit levels might not be fully realized. Although PETRONAS believes that the expectations of its management as reflected by such forward-looking statements are reasonable based on information currently available to it, no assurances can be given that such expectations will prove to have been correct. Accordingly, you are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date they are made. PETRONAS undertakes no obligation to update or revise any of them, whether as a result of new information, future developments or otherwise.

GENERAL DESCRIPTION OF THE PROGRAM

Under the Program, each of the Issuers may, with the consent of the Guarantor, from time to time issue Notes denominated in any currency (other than the Malaysian ringgit), subject as set out herein. A summary of the terms and conditions of the Program and the Notes appears below. The applicable terms of any Notes will be agreed between the Issuer, the Guarantor and the Relevant Dealer(s) prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Pricing Supplement attached to, or endorsed on, such Notes, as more fully described under “*Form of the Notes.*”

This Offering Circular and any supplement will only be valid for Notes issued under the Program in an aggregate principal amount which, when added to the aggregate principal amount then outstanding of all Notes previously or simultaneously issued under the Program, does not exceed U.S.\$30,000,000,000 or its equivalent in other currencies. From time to time PETRONAS may increase the aggregate principal amount of Notes that may be issued under the Program, subject to certain conditions set out in the Program Agreement.

Each Series of Notes may be listed on the Hong Kong Stock Exchange, the Labuan International Financial Exchange, Bursa Malaysia (Exempt Regime) and/or any other stock exchange, as may be agreed upon among the Issuer, the Guarantor and the Relevant Dealer(s) and specified in the applicable Pricing Supplement, or may be unlisted. Further, Notes that are initially listed on an exchange may subsequently be de-listed under limited circumstances.

SUMMARY OF THE PROGRAM

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, reference to, and must be read in conjunction with, the detailed information appearing in the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement.

Phrases used in the following summary that are not otherwise defined in this summary have the meanings given to them in “Terms and Conditions of the Notes.”

Issuer	PETRONAS Capital Limited (with the legal entity identifier of 549300G7YFX3540OYR85), PETRONAS Energy Canada Ltd. (with the legal entity identifier of 5493001PEB90YGTDC638) or any new Issuer(s) that accedes to the Program in accordance with the terms of the Program Agreement and the Agency Agreement.
Guarantor	Petroleum Nasional Berhad (PETRONAS) (with the legal entity identifier of 5493003RZQYJM7QGNE15).
Arrangers	J.P. Morgan Securities plc, Morgan Stanley & Co. International plc, The Hongkong and Shanghai Banking Corporation Limited, Malayan Banking Berhad and MUFG Securities Asia Limited.
Dealers	J.P. Morgan Securities plc, Morgan Stanley & Co. International plc, The Hongkong and Shanghai Banking Corporation Limited, Malayan Banking Berhad, MUFG Securities Asia Limited and any other Dealer(s) appointed from time to time by the Issuers and PETRONAS in accordance with the terms of the Program Agreement. References in this Offering Circular to the “ Relevant Dealer(s) ” shall, in relation to the issue of any Note, be references to the Dealer or Dealers with whom the Issuer and the Guarantor have concluded or are negotiating an agreement for the issue of such Note.
Description	Multi-currency Global Medium Term Note Program.
Program Limit	U.S.\$30,000,000,000 (or its equivalent in other currencies) outstanding at any time. PETRONAS may increase the Program Limit in accordance with the terms of the Program Agreement.
Principal Paying Agent	The Bank of New York Mellon, London Branch.
DTC Registrar, Paying Agent, Exchange Agent and Transfer Agent	The Bank of New York Mellon.

Euroclear/Clearstream Registrar and Transfer Agent	The Bank of New York Mellon SA/NV, Luxembourg Branch.
CDS Registrar Paying Agent, Authentication Agent and Transfer Agent	Computershare Advantage Trust of Canada (F/K/A BNY Trust Company of Canada).
Currency	Notes may be denominated in, subject to any applicable legal or regulatory restrictions, any currency (other than the Malaysian ringgit) agreed between the Issuer, PETRONAS and the Relevant Dealer(s). Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies (other than the Malaysian ringgit) other than the currency in which such Notes are denominated.
Method of Issuance	The Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the Issue Date, the Interest Commencement Date (if applicable) and/or the Issue Price (if applicable) may be different in respect of different Tranches. The Notes of each Tranche will be subject to identical terms in all respects.
Maturities	The Notes will have such maturities as may be agreed between the Issuer, PETRONAS and the Relevant Dealer(s), subject to compliance with all relevant laws and regulations.
Issue Price	The Notes may be issued on a fully paid or a partly paid basis and at an issue price which is at par or at a discount to, or premium over, par (as specified in the applicable Pricing Supplement). The price and amount of Notes to be issued will be determined by the Issuer, PETRONAS and the Relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.
Form and Denomination	<p>The Notes will be issued in bearer or registered form as described in “<i>Form of the Notes.</i>”</p> <p>Registered Notes will not be exchangeable for Bearer Notes and vice versa.</p> <p>Notes offered in the United States and Canada or to, or for the account or benefit of, U.S. persons will only be issued in registered form. Notes sold in the United States to Institutional Accredited Investors will be represented by definitive Notes in certificated form.</p> <p>The Notes will be issued in such denominations as may be agreed between the Issuer, PETRONAS and the Relevant</p>

Dealer(s) and as specified in the applicable Pricing Supplement, save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency. Unless otherwise stated in the applicable Pricing Supplement, Notes sold to Institutional Accredited Investors and QIBs will be in minimum denominations of U.S.\$500,000 (or its foreign currency equivalent) or U.S.\$200,000 (or its foreign currency equivalent), respectively.

Ranking The Notes and any Receipts and Coupons relating thereto under the Program will be direct, unconditional, unsubordinated and (subject to Condition 4 (*Certain Covenants*)) unsecured general obligations of the Issuer and will, subject to the Conditions of the Notes, at all times rank *pari passu*, without any preference among themselves and equally with all other outstanding unsecured and unsubordinated general obligations of the Issuer. See Condition 3 (*Status of the Notes; Guarantee*).

Guarantee PETRONAS will unconditionally and irrevocably guarantee the payment of the principal and premium, if any, and interest, if any, on the Notes issued under the Program and the related Receipts and Coupons, when and as the same shall become due and payable, whether on the relevant Maturity Date, upon acceleration, by call for redemption or otherwise. The Guarantee will be a direct, unconditional, unsubordinated and (subject to Condition 4 (*Certain Covenants*)) unsecured obligation of PETRONAS and will, subject to the Conditions of the Notes, at all times rank *pari passu* and equally with all other outstanding unsecured and unsubordinated general obligations of PETRONAS. See Condition 3 (*Status of the Notes; Guarantee*).

Fixed Rate Notes Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the Relevant Dealer(s) (as specified in the applicable Pricing Supplement) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer, PETRONAS and the Relevant Dealer(s) (as specified in the applicable Pricing Supplement).

Floating Rate Notes Floating Rate Notes will bear interest at a rate determined:

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International

Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or

- (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (c) on such other basis as may be agreed between the Issuer, PETRONAS and the Relevant Dealer(s) (as specified in the applicable Pricing Supplement).

The margin (if any) relating to such floating rate will be agreed between the Issuer, PETRONAS and the Relevant Dealer(s) for each Series of Floating Rate Notes (as specified in the applicable Pricing Supplement).

Other provisions in relation to

Floating Rate Notes Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer, PETRONAS and the Relevant Dealer(s), will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer, PETRONAS and the Relevant Dealer(s).

Dual Currency Notes Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as agreed between the Issuer, PETRONAS and the Relevant Dealer(s) (as specified in the applicable Pricing Supplement).

Zero Coupon Notes Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Ratings The rating of certain Series of the Notes to be issued under the Program may be specified in the applicable Pricing Supplement.

Credit ratings are not a recommendation to purchase, hold or sell Notes and may be subject to suspension, change or withdrawal at any time by the assigning rating agencies.

Negative Pledge PETRONAS (not including any of its subsidiaries) has covenanted that, subject to certain exceptions and so long as any of the Notes issued under the Program remain outstanding, it will not create, incur or have outstanding any

mortgage, pledge, lien, charge, encumbrance or any other security interest upon the whole or any part of its property or assets, present or future, to secure for the benefit of the holders of any existing or future Indebtedness (as defined below) of itself or any other person (or to secure for the benefit of the holders thereof any guarantee or indemnity in respect thereof) without, in any such case, effectively providing that the obligations of PETRONAS as guarantor under the Notes shall be secured equally and ratably with or prior to such Indebtedness (or such guarantee or indemnity in respect thereof).

“**Indebtedness**” means any obligation for the payment or repayment of money borrowed which has a final maturity of one year or more from its date of incurrence or issuance.

Redemption

The Issuer may redeem Notes, in whole but not in part, upon the occurrence of certain events related to tax laws and regulations of a Tax Jurisdiction as provided in Condition 9 (*Taxation*). In addition, the applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified installments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer, PETRONAS and the Relevant Dealer(s). See Condition 8 (*Redemption and Purchase*).

The terms of any such redemption, including notice periods, any relevant conditions to be satisfied and the relevant redemption dates and prices will be indicated in the applicable Pricing Supplement.

Listing

Application has been made for the listing of the Program for 12 months after the date of this Offering Circular by way of debt issues to Professional Investors only on the Hong Kong Stock Exchange. If so specified in the applicable Pricing Supplement, application will be made for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only during the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange. With respect to any Notes that may be issued by the Labuan Issuer pursuant to the Program and which are agreed at or prior to the time of issue thereof to be listed, approval-in-principle has been obtained on March 5, 2015 for

(a) listing of such Notes on, and admission to the Official List of, the Labuan International Financial Exchange and (b) for listing of such Notes on, and admission to the Official List of, Bursa Malaysia under the Bursa Malaysia (Exempt Regime). With respect to any Notes that may be issued by the Canadian Issuer pursuant to the Program and which are agreed at or prior to the time of issue thereof to be listed, approval-in-principle, if applicable, will be obtained for (a) listing of such Notes on, and admission to the Official List of, the Labuan International Financial Exchange and (b) for listing of such Notes on, and admission to the Official List of, Bursa Malaysia under the Bursa Malaysia (Exempt Regime).

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer, the Guarantor and the Relevant Dealer(s) in relation to the Series of Notes. Notes which are neither listed nor admitted to trading on any market may also be issued.

The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Use of Proceeds Unless otherwise stated in the applicable Pricing Supplement, substantially all of the net proceeds from its issue of Notes will be provided by the Labuan Issuer to PETRONAS or its subsidiaries and associated companies. PETRONAS or its subsidiaries and associated companies is expected to, in turn, use the proceeds for general corporate purposes. Unless otherwise stated in the applicable Pricing Supplement, the Canadian Issuer intends to utilize the net proceeds from its issue of Notes to fund its exploration, development and production activities, for debt refinancing and for general corporate purposes.

Taxation All payments of principal and interest in respect of the Notes, Receipts and Coupons or under the Guarantee will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction as provided in Condition 9 (*Taxation*), unless otherwise required by applicable law. In the event that any such withholding or deduction is made, the Issuer or, as the case may be, PETRONAS will, save in certain limited circumstances provided in Condition 9 (*Taxation*), be required to pay additional amounts as would have been paid had no such withholding or deduction been required.

Governing Law New York.

Selling Restrictions	For a description of certain restrictions on offers, sales and deliveries of the Notes and on the distribution of offering material in the United States of America, the EEA, the United Kingdom, Malaysia, Japan, Singapore, Hong Kong, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, Qatar, Bahrain, Kuwait, Canada, Taiwan (ROC) and Korea and other restrictions as may apply in connection with the offering and sale of a particular Series of Notes, see “ <i>Subscription and Sale and Transfer and Selling Restrictions.</i> ”
Transfer Restrictions	The Notes will not be registered under the Securities Act and are subject to certain restrictions on transfers. See “ <i>Subscription and Sale and Transfer and Selling Restrictions.</i> ”
Risk Factors	Investing in the Notes issued under the Program involves risks. You should carefully consider all information set forth in this Offering Circular. In particular, potential investors should carefully read the section entitled “ <i>Risk Factors</i> ” before purchasing any of the Notes.

SUMMARY

This summary highlights certain information contained elsewhere in this Offering Circular. You should read the entire Offering Circular carefully, including the sections regarding “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

PETRONAS

PETRONAS is a leading diversified, global energy company with over 50 years of history and a presence in over 100 countries. PETRONAS is Malaysia’s sole company listed in the “Fortune Global 500,” and for over a quarter century, it has ranked alongside the world’s largest corporations.

PETRONAS is engaged in activities across the global energy value chain, including upstream and downstream oil and gas, LNG, chemicals, clean energy, and shipping. PETRONAS conducts its operations directly and through its subsidiaries and associated companies, supported by a manpower of approximately 52,000 employees globally as of December 31, 2024.

- *Upstream Segment.* PETRONAS’ upstream segment encompasses exploration, development and production of crude oil and natural gas, covering a broad portfolio of resources and play types in more than 20 countries. PETRONAS also serves as the custodian to Malaysia’s oil and gas resources, providing stewardship throughout the lifecycle of all upstream petroleum activities in the country.
- *Gas and Maritime Segment.* PETRONAS’ gas and maritime segment is a one-stop center for lower-carbon-intensive energy, offering a comprehensive range of natural gas solutions both in Malaysia and abroad. This segment includes the liquefaction, marketing, and trading of LNG on a global basis; the processing, marketing, and trading of natural gas products in Malaysia and international markets; and the operation of gas infrastructure and utilities in Malaysia. This segment also encompasses PETRONAS’ maritime and logistics business MISC Berhad (“MISC”), which delivers energy-related maritime solutions and services across petroleum, gas, and other energy products.
- *Downstream Segment.* PETRONAS’ downstream segment comprises multiple businesses and plays a strategic role in enhancing value to molecules through an integrated operation, underpinned by operational and commercial excellence. The downstream segment’s diverse activities include refining, trading, and marketing of crude oil and petroleum products, as well as manufacturing and marketing of chemical and lubricant products for local and international consumption. In recent years, PETRONAS has also ventured into development of bio-based products and specialty chemicals.
- *Corporate and Others Segment.* PETRONAS’ corporate and others segment primarily includes Gentari Sdn Bhd. (“Gentari”)—PETRONAS’ clean energy platform—and its real estate business. This segment also includes supporting functions such as central treasury, project delivery, and technology. Established in 2022 as PETRONAS’ clean energy solutions arm, Gentari aims to capture opportunities in the energy transition across renewable energy, hydrogen and green mobility.

For the years ended December 31, 2022, 2023 and 2024, PETRONAS had consolidated revenues of RM330,009 million, RM305,755 million, and RM305,131 million (US\$68.3 billion),

respectively, consolidated profit for the year attributable to shareholders of PETRONAS of RM92,313 million, RM74,361 million, and RM49,104 million (US\$11.0 billion), respectively, and Adjusted EBITDA of RM166,114 million, RM125,718 million, and RM114,342 million (US\$25.6 billion), respectively.

Business Strategy

PETRONAS' Statement of Purpose is to be “a progressive energy and solutions partner enriching lives for a sustainable future,” demonstrating its commitment to going beyond delivering products and services, but also fulfilling energy needs in a responsible and holistic manner.

PETRONAS is committed to executing its Energy Transition Strategy, which centers on creating value in a balanced, forward-looking way that ensures long-term and sustainable growth, balancing its dual role of supporting energy security and delivering responsible energy solutions:

- *Core business—providing more energy with reduced emissions.* PETRONAS' core business continues to be an anchor for PETRONAS, as it is expected to generate steady cash flows, helping to finance its progressive decarbonization efforts and investments in new businesses. With a significant portion of its portfolio in gas, PETRONAS is in an advantaged position to meet the world's growing energy needs while steering towards a lower-carbon future. PETRONAS will continue to grow its core business, particularly in areas where it has a sustainable competitive advantage, and in countries where it already operates at scale.
- *New Business—capturing new growth opportunities.* PETRONAS aims to strategically scale its new businesses in renewable energy, hydrogen, and green mobility through Gentari, along with specialty chemicals, carbon capture and storage (“CCS”), and bio-based value chain to meet the demands of a changing energy landscape. This commitment strategically diversifies PETRONAS to future-proof its portfolio, while maintaining its core strengths in traditional energy sources. Consistent with its other investment decisions, the growth PETRONAS pursues in its new business lines will be subject to its capital allocation framework and a close focus on investment returns.
- *Pathway to Net Zero—completing the mission to Net Zero.* PETRONAS is actively exploring pathways to deliver reductions in greenhouse gas emissions, considering the technological limitations and evolving policies while balancing the need to be profitable, which tracks its Net Zero Carbon Emissions by 2050 aspirations. PETRONAS has identified key abatement levers to reduce its Scope 1 emissions (emissions from sources that PETRONAS owns or controls directly) and Scope 2 emissions (indirect emissions from sources that PETRONAS purchases or otherwise acquires) and is dedicated to achieving its short-and medium-term targets, with a focused allocation of resources for effective delivery. PETRONAS also advocates for the advancement of CCS as an enterprise-level decarbonization solution.

PETRONAS stands resolute in executing its role in the energy transition while future-proofing its portfolio, striking a balance between its investments in core business, new businesses and decarbonization efforts towards achieving its Net Zero Carbon Emissions by 2050 aspiration.

Competitive Strengths

PETRONAS believes that its success is primarily attributable to the following factors:

- ***Diversified Global Energy Company with an Operating Track Record of Over 50 Years***

Since the early 1990s, PETRONAS has leveraged its extensive operational capabilities and integrated model in Malaysia to expand internationally, adding scale and profitability to its business and evolving into one of the world's largest energy companies. In 2024, PETRONAS was the largest Southeast Asian company by earnings and the only Malaysian company ranked in the "Fortune Global 500," placing 167th.

Today, PETRONAS is one of the largest global, integrated energy companies in the world with a presence in over 100 countries. PETRONAS has a strategically diversified portfolio across products and geographies spanning upstream exploration and production, LNG, downstream refining, chemicals, lubricants, as well as international marketing and trading activities for crude oil, refined petroleum products, LNG, chemical products, and renewable energy.

Over more than 50 years, PETRONAS has expanded both organically and through selective acquisitions, achieving a strong and diversified global footprint that spans from Southeast Asia to Latin America, Canada, and the Middle East, with operations across the global energy value chain.

- *Upstream.* PETRONAS is Malaysia's largest oil and gas producer, with its entitlement to oil and gas production accounting for 68.6% of the country's total production in 2024. PETRONAS enjoys a unique position in Malaysia's production sharing contract system, as it can efficiently and profitably operate its upstream businesses by phasing both capital expenditure and growth by awarding new exploration and development contracts to third-party contractors under production sharing contracts ("**PSC Contractors**"). In addition, PETRONAS can participate in Malaysia's upstream business through its own wholly-owned PSC Contractor, PETRONAS Carigali. PETRONAS has a significant share in any commercial discovery in Malaysia produced through its entitlements under production sharing contract arrangements, providing it with a layer of stable base cash flows. Leveraging its experience in Malaysia, PETRONAS, through its wholly-owned subsidiaries, also maintains a diverse portfolio of international assets, with significant exploration and production rights in promising regions such as the Americas, Asia Pacific, the Middle East, and Africa.
- *Gas and LNG.* PETRONAS' LNG portfolio spans key production hubs in Malaysia, Australia, Canada and Egypt. Benefiting from Malaysia's extensive gas resources, PETRONAS has developed its PETRONAS LNG Complex ("**PLC**"), one of the world's largest single-site LNG complexes, and has operated PLC with a track record of over 40 years of uninterrupted successful cargo deliveries. PETRONAS is also the owner and operator of Malaysia's Peninsular Gas Utilization system—the backbone of Malaysia's energy infrastructure.
- *Downstream.* PETRONAS is the market leader in Malaysia's downstream segment, operating refineries with a total domestic refining capacity of 742,500 bpd

(including the Pengerang Integrated Complex (“PIC”)) and over 1,000 service stations in Malaysia. On the chemical front, with the acquisition of the BRB group of companies and the Perstorp Group, PETRONAS has established a strong platform for growth in its specialty chemical business and a more diversified downstream exposure, which provide it with greater margin protection and enhance its resilience against market volatility.

- *Clean Energy.* PETRONAS, through its wholly-owned subsidiary, Gentari, has expanded its clean energy footprint in renewable energy, hydrogen and green mobility across key markets in the Asia Pacific, including Malaysia, India, Australia, Taiwan and Thailand. Gentari drives PETRONAS’ Energy Transition Strategy and the Net Zero Carbon Emissions by 2050 Pathway. As of December 31, 2024, PETRONAS had secured approximately 8 GW of global renewable energy capacity installed and under construction.

For the year ended December 31, 2024, PETRONAS generated 36.8% of its total revenue from Malaysian customers, 44.6% was from customers from the rest of Asia, and 18.6% was from customers from the rest of the world. In the same year, PETRONAS derived 29.3% of its total revenue from petroleum products, 38.1% from LNG and natural and processed gas, 11.7% from crude oil and condensates, and 9.7% from chemicals. These figures underline the diversified nature of PETRONAS’ operations, by both geography and product.

While PETRONAS has grown its global presence, it remains firmly rooted in Malaysia, where the Petroleum Development Act of 1974 vests in PETRONAS the sole rights to all of Malaysia’s oil and gas resources, giving it a unique and advantageous position in the country.

PETRONAS remains a critical pillar of the Malaysian economy. In 2024, PETRONAS’ total revenue represented 19.4% of Malaysia’s gross domestic product. Since its inception, PETRONAS has remained a cornerstone national asset, with the Malaysian government acting as a highly responsible steward, facilitating its growth and financial strength. Notably, during the challenging period of the COVID-19 pandemic, the Malaysian government adjusted PETRONAS’ non-tax and non-duty contributions to preserve its financial strength.

- ***Resilient, High-Margin Asset Base Driving Cash Flow Generation Through the Cycle***

PETRONAS has strategically built a global energy business with diversified revenue streams and a resilient asset base, effectively mitigating cash flow volatility during commodity price cycles. This diversification spans the energy value chain, ensuring robust cash flow generation even amidst market fluctuations.

The stability and strength of PETRONAS’ integrated margins are underpinned by several key factors:

- Significant LNG asset base—as one of PETRONAS’ core competencies, PETRONAS’ LNG business is a key driver of high-margin revenue. Domestically, its core LNG asset is PLC, which has established PETRONAS as a low-cost LNG

producer through its scale and operational efficiency. Internationally, the operationalization of LNG Canada later this year will allow PETRONAS to further monetize and capture value from its upstream Canadian resources.

- High-quality and advantaged upstream business—PETRONAS’ significant proven reserves and strong reserve-life enable consistent and sustained production, ensuring a high level of stability in its operations. In addition, PETRONAS has consistently demonstrated its ability to secure upstream projects through competitive bidding rounds and through acquisitions and partnerships. These capabilities enable PETRONAS to maintain its production levels and leverage its expertise in managing and developing offshore oil and gas fields. As of January 1, 2025, 59.8% of PETRONAS’ total proved plus probable (2P) reserves were in projects where PETRONAS holds an operating interest.
- High proportion of operated assets—a significant portion of PETRONAS’ assets are operated by it, with PETRONAS retaining full control over key aspects of operations. This provides PETRONAS with a strategic advantage in managing costs and maximizing operational efficiency, especially during periods of lower oil prices.
- Diversified product exposure—PETRONAS’ diversified product portfolio helps to smooth out cash flows throughout commodity price cycles. For example, when crude oil prices decline, PETRONAS’ downstream and petrochemical businesses benefit from lower feedstock costs, thus mitigating the negative impact on PETRONAS’ overall financial performance.

Notably, PETRONAS’ strong operational and commercial performance is reflected in its attractive EBITDA margins. Compared to its global energy peers, PETRONAS consistently ranks among the highest in terms of EBITDA margin performance, highlighting its ability to generate superior returns despite market volatility. This superior margin performance is driven by its integrated business model, focus on LNG, cost discipline, and efficient operational management, allowing PETRONAS to consistently outperform many of its competitors in terms of profitability.

In maintaining its resilient, high-margin asset base, PETRONAS continuously streamlines its portfolio, divesting non-core and underperforming assets and focusing on regions where PETRONAS can maintain a competitive advantage.

- ***Advantaged, LNG-Weighted Portfolio Delivering Lower-Carbon-Intensive Energy***

As economies in the Asia-Pacific region continue to grow rapidly, LNG is expected to complement renewable energy sources, providing a reliable, lower-carbon-intensive energy solution. PETRONAS sees LNG as a critical enabler of energy security, especially in fast-growing economies where clean energy infrastructure is still evolving. PETRONAS is well-positioned to capitalize on the growing global demand for gas as a transition fuel, given its scale, the location of its assets, and its long history of high-quality project execution.

As a leading global LNG player with an integrated portfolio across the LNG value chain from production, shipping to marketing and trading, PETRONAS’ LNG business is

advantaged by its globally significant scale, operational excellence, and long-term asset life cycle. In 2024, PETRONAS sold 35.65 mmt of LNG volumes, representing approximately 9% of the world's LNG consumption. In terms of net liquefaction capacity, PETRONAS was the world's fourth-largest LNG producer in 2024. As of December 31, 2024, PETRONAS had a global liquefaction capacity¹ in operation and under construction of over 40 mmtpa.

With its strategic focus on LNG, PETRONAS is positioned to continue playing a critical role in meeting global energy demand, while contributing to energy security for Malaysia and its trading partners. As of January 1, 2025, natural gas accounted for 80.1% of PETRONAS' discovered resources, reflecting PETRONAS' leading weighting of natural gas in its portfolio amongst global energy peers.

PETRONAS' LNG portfolio spans key production hubs in Malaysia, Australia, Canada, and Egypt, with the majority of its supply volumes originating close to the core LNG demand centers of Japan, Korea, and China. PETRONAS has established long-standing relationships with key trading partners, who value PETRONAS' reputation for operational reliability and long-term security of supply. The upcoming commissioning of LNG Canada, a two train LNG plant in British Columbia with capacity of 14 mmtpa, will further supply volumes into PETRONAS' global LNG portfolio and enhance its ability to meet growing demand. Expected to deliver its first LNG cargo in by the middle of 2025, LNG Canada is strategically positioned to deliver LNG across the Pacific Ocean to Asian customers.

A key differentiator of PETRONAS' LNG business is its strong project execution capabilities and operational record. PLC is PETRONAS' flagship LNG project and one of the largest single-site liquefaction facilities globally, with 29.3 mmtpa of nameplate liquefaction capacity and maintaining 94.3% reliability in 2024. PETRONAS has also pioneered the deployment of floating LNG systems, with the successful launch of PFLNG Satu, the world's first floating LNG facility with a nameplate capacity of 1.2 mmtpa, followed by the successful deployment of PFLNG Dua, a deepwater facility with a nameplate capacity of 1.5 mmtpa, and a final investment decision for PETRONAS' third floating LNG facility, PFLNG Tiga. Floating LNG technology provides greater flexibility and cost efficiency in LNG operations by enabling the monetization of smaller, less commercially viable gas fields that would otherwise remain untapped.

- ***Robust Balance Sheet, Maintaining a Significant Cash Balance for Over 15 Years***

PETRONAS consistently manages its financial position with conservative and stringent financial policies, resulting in a strong and resilient balance sheet that has withstood commodity price cycles. Its financial discipline has allowed PETRONAS to maintain a net cash position for over 15 years, setting it apart within the global energy sector by maintaining lower leverage and gearing ratios compared to its peers.

¹ PETRONAS' Global liquefaction capacity is the sum of (i) total capacity on a consolidated basis for LNG projects or plants in which PETRONAS holds an interest of more than 50% and (ii) PETRONAS' equity interest in LNG projects or plants in which PETRONAS holds an interest of 50% of less.

As of December 31, 2024, PETRONAS had cash and cash equivalents and fund and other investments of RM220,807 million (US\$ 49.4 billion), compared to total borrowings of RM110,897 million (US\$24.8 billion), reflecting a debt-to-capitalization ratio of 18.0% and net cash position of RM109,910 million (US\$24.6 billion). With a prudent balance sheet management framework, PETRONAS has continued to grow its net cash position since December 31, 2020, providing it flexibility to navigate market volatility.

PETRONAS employs multiple levers to safeguard its balance sheet, including adjusting its operating and capital expenditure as needed, along with prudent management of its dividend payouts. For example, during the low oil price environment and disruptions caused by COVID-19 in 2020 and 2021, PETRONAS focused on protecting its margins by implementing significant cost reductions. In 2020, PETRONAS reduced its capital expenditure by 30.1% from RM47.8 billion to RM33.4 billion, and its operating expenditure by 12.5% from RM197.3 billion to RM172.7 billion, compared to the previous year. Additionally, PETRONAS' dividend payments were adjusted downwards, from RM54,000 million in 2019 to RM34,000 million in 2020 and RM25,000 million in 2021. These measures helped preserve liquidity and allowed PETRONAS to maintain its net cash position, steering the organization towards a path to recovery from that challenging period.

As a result of its strong financial performance, robust balance sheet, and disciplined management, PETRONAS enjoys the highest corporate credit ratings in Malaysia: rated A2 by Moody's, A- by S&P, and BBB+ by Fitch, with a standalone credit profile of A2 by Moody's, AA by S&P, and AA- by Fitch.

- ***Capturing Capital-Efficient, Returns-Focused Growth Opportunities***

PETRONAS maintains a disciplined approach to capital allocation, ensuring that all new investments—whether organic or inorganic—are thoroughly evaluated through a holistic framework. This comprehensive process considers macroeconomic trends, sector-specific dynamics, individual project economics, and the application of appropriate risk premiums, which in tandem enable PETRONAS to focus on projects that align with its long-term objectives and deliver strong, sustainable returns.

PETRONAS periodically reviews its existing portfolio to assess performance and future growth potential and to confirm alignment with PETRONAS' strategic objectives—ensuring that returns continue to exceed PETRONAS' cost of capital. In cases where existing projects have matured or no longer meet PETRONAS' returns criteria, they are either optimized or divested to redeploy capital into higher-returning opportunities. This approach provides PETRONAS with the flexibility to adapt to evolving market conditions while prioritizing value creation.

This capital-efficient approach is central to PETRONAS' strategy, allowing it to focus on opportunities that generate strong, sustainable returns, while supporting its broader energy transition ambitions. This disciplined approach has resulted in PETRONAS outperforming many of its international energy peers in terms of group-wide returns.

Examples of PETRONAS' capital allocation process include:

- LNG Canada—in October 2018, PETRONAS, along with its partners, reached final investment decision for LNG Canada, a five-party joint venture that is developing

Canada's first major LNG export facility, complementing PETRONAS' large upstream asset base in Canada. This Pacific-feeding two-train LNG plant in British Columbia has an aggregate production capacity of 14 mmtpa and is expected to deliver its first LNG cargo in by the middle of 2025. The project is designed to connect PETRONAS' upstream natural gas production with its midstream liquefaction, shipping, and marketing functions, allowing it to deliver low-cost, high-margin natural gas from Canada to LNG Canada and then to its end-markets—unlocking significant supply volumes into PETRONAS' global LNG portfolio.

- PFLNG Tiga—PETRONAS made final investment decision for its third floating LNG facility, PFLNG Tiga, which will have a nameplate capacity of 2.0 mmtpa of LNG and is scheduled to commence commercial operations by the second half of 2027. This floating LNG facility builds on PETRONAS' leading position in floating LNG technology, starting with the introduction of PFLNG Satu in 2016. PETRONAS' floating LNG vessels are also a strategic enabler, as they can be moved to exploit other fields in Malaysia or globally should the opportunity arise.
- Hidayah Field Development—in January 2025, PETRONAS made final investment decision for the development of the Hidayah field in the North Madura II Contract Area offshore East Java, Indonesia. The assessment process identified Indonesia as a strategic market, with its proximity to Malaysia offering logistical and operational advantages. This development builds on the momentum of PETRONAS' promising oil discovery in the North Madura II Contract Area in 2021 and is expected to drive attractive returns.

- ***Commitment to Creating Sustainable Value During Transition***

PETRONAS remains steadfast in its commitment to generating sustainable returns that deliver long-term value—balancing financial performance with the need to decarbonize its business and pursue new opportunities for clean energy investment. PETRONAS remains fully committed to advancing its energy transition, while taking a measured approach, ensuring that PETRONAS remains well-positioned to thrive in a rapidly changing energy landscape.

PETRONAS' energy transition goals are driven by a clear and strategic vision, aligned with its core competencies and guided by strong governance. PETRONAS' dedicated Sustainability Executive Leadership Team, under the oversight of its Board of Directors, ensures that sustainability is embedded in all levels of decision-making. In 2024, PETRONAS achieved its near-term emissions target, with Scope 1 and Scope 2 greenhouse gas emissions of 46.04 million tonnes of carbon dioxide equivalent (“CO₂e”) across its operations in Malaysia, surpassing its target of 49.5 million tonnes of CO₂e .

As part of its Energy Transition Strategy, PETRONAS strategically invests in its new businesses, including renewable energy, hydrogen, and green mobility through Gentari, specialty chemicals, CCS, and the bio-based value chain to meet the demands of a changing energy landscape—areas that are adjacent to PETRONAS' core business.

PETRONAS also continues to advocate for the role of natural gas as a transition fuel in the medium-term to complement renewable energy sources—recognizing its role in

providing a cleaner alternative in the move towards a low-carbon future. By leveraging gas, PETRONAS helps bridge the gap between conventional energy and a fully decarbonized energy system, enabling a smoother transition, while meeting global energy demand.

PETRONAS has committed to allocating up to 20% of its total annual capital expenditure from 2022 to 2026 towards scaling up decarbonization efforts, renewables, and other clean energy solutions. This approach underscores PETRONAS' focus on creating long-term value and accelerating its transition to a lower-carbon future, while also adhering to PETRONAS strict capital allocation framework.

Notable highlights of PETRONAS' progress in clean energy and its commitment to the energy transition include:

- Gentari's renewable energy projects—Gentari has strategically scaled up its renewable energy portfolio, particularly in the solar and wind energy sectors, both organically and through acquisitions, with key projects in India (Amplus portfolio and partnership with ReNew Power Pvt. Ltd.), Australia (Solar-BESS (battery energy storage systems) hybrid project and acquisition of WIRSOL Energy), Taiwan (Hai Long project), and Malaysia.
- Hydrogen development—Gentari is working to advance hydrogen as a key clean and commercially-viable energy solution. As of December 31, 2024, Gentari had matured 175 ktpa of hydrogen opportunities that had progressed beyond the feasibility stage and has strengthened its position within the hydrogen industry through key partnerships, including a partnership with AM Green Ammonia Holding B.V. for green ammonia.
- Kasawari CCS Project—PETRONAS is currently developing the Kasawari CCS Project as part of its Kasawari Greenfield Development Project, off the coast of Sarawak. With potential annual emissions reductions of 3.3 million tonnes of CO₂e, the project is currently one of the largest offshore CCS projects in the world, representing a significant step in decarbonizing PETRONAS' operations while enhancing its ability to manage carbon emissions in alignment with its core business.
- Biorefinery joint venture with Enilive and Euglena—in July 2024, PETRONAS announced its final investment decision to develop a biorefinery together with Enilive S.p.A and Euglena Co., Ltd. Upon completion, this biorefinery will have the capability to process about 650 ktpa of raw materials to produce sustainable aviation fuel, hydrogenated vegetable oil, and bio-naphtha. Construction is expected to start by the end of 2025.

- ***High Standards of Corporate Governance and Best-in-Class Management***

PETRONAS operates as an independent commercial entity, upholding the highest standards of corporate governance and integrity in delivering value to its stakeholders. The company adheres to best practices observed by other multinational energy and listed companies, ensuring trust and accountability in all its operations.

PETRONAS' governance framework includes a robust board structure, with a balanced mix of Executive, Non-Executive and Independent Directors. The roles of Chief Executive Officer and Chairman are separated to maintain clear leadership and oversight. PETRONAS also has an Executive Leadership Team, a Chief Integrity Officer, and three independently-led Board Committees—the Audit Committee, a Risk Committee, and a Nomination and Remuneration Committee.

Additionally, PETRONAS globally applies a comprehensive employee code of conduct and business ethics. It has enhanced transparency and strengthened its governance practices through anti-bribery and whistle-blowing policies, alongside the voluntary publication of regular financial reports and operational updates in compliance with national and international stock exchange guidelines.

PETRONAS' commitment to governance and ethical standards has been widely and independently recognized. In 2023, PETRONAS received the PwC Building Trust Award and 112 other accolades, while in 2024, it was ranked with the highest Sustainability Perceptions Value and positive gap value in Brand Finance's ASEAN 500 report. Furthermore, PETRONAS' President and Group CEO, Tan Sri Tengku Muhammad Taufik was named Executive of the Year by the Asia Pacific Energy Capital Assembly in 2023.

PETRONAS Capital Limited

PETRONAS Capital Limited is a wholly-owned subsidiary of PETRONAS and was incorporated in the Federal Territory of Labuan, Malaysia under the Labuan Companies Act, 1990 on April 17, 2002. PETRONAS Capital Limited is a financing vehicle for PETRONAS. It has no other operations nor any subsidiaries. PETRONAS Capital Limited will provide substantially all proceeds of its borrowings to PETRONAS and/or its subsidiaries and associated companies.

PETRONAS Energy Canada Ltd.

PETRONAS Energy Canada Ltd. is a wholly-owned subsidiary of PETRONAS and is incorporated under the laws of Alberta, Canada. PETRONAS entered Canada in 2011 as part of a joint venture with Progress Energy Canada Ltd. (“**Progress Energy**”), and Progress Energy became a subsidiary of PETRONAS in 2012. In November 2018, Progress Energy changed its name to PETRONAS Energy Canada Ltd. PETRONAS Energy Canada Ltd. focuses on the exploration for, and the acquisition, development and production of, oil and natural gas in Canada.

Summary Consolidated Financial Information

The summary consolidated financial information as at December 31, 2023 and 2024, and for each of the years ended December 31, 2022, 2023 and 2024 set forth below have been derived from PETRONAS' audited consolidated financial statements included elsewhere in this Offering Circular. The summary consolidated statement of financial position information as at December 31, 2022 set forth below has been derived from PETRONAS' audited consolidated financial statements not included in this Offering Circular. The summary consolidated financial information should be read in conjunction with PETRONAS' audited financial statements and notes thereto as well as the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Offering Circular.

	Year Ended December 31,			
	2022	2023	2024	2024 ⁽¹⁾
(in millions)				
Summary Consolidated Statements of				
Profit or Loss: Continuing operations				
Revenue ⁽²⁾	RM330,009	RM305,755	RM305,131	U.S.\$68,262
Operating profit	135,950	98,126	87,430	19,559
Financing costs	(4,929)	(5,500)	(5,878)	(1,315)
Share of profit after tax and non-controlling interests of equity accounted associates and joint ventures	957	872	581	130
Profit before taxation from continuing operations	131,978	93,498	82,133	18,374
Tax expense	(34,173)	(14,559)	(26,348)	(5,894)
Profit for the year from continuing operations	97,805	78,939	55,785	12,480
Discontinued operations				
Profit/(Loss) for the year from discontinued operations, net of tax ...	3,813	1,775	(693)	(155)
Profit for the year	<u>101,618</u>	<u>80,714</u>	<u>55,092</u>	<u>12,325</u>
Profit for the year attributable to non-controlling interests	9,305	6,353	5,988	1,340
Profit for the year attributable to shareholders of PETRONAS	<u>RM92,313</u>	<u>RM74,361</u>	<u>RM49,104</u>	<u>U.S.\$10,985</u>
Included in operating profit from continuing operations above:				
Depreciation and amortization ⁽³⁾	33,612	37,787	38,980	8,720
Net impairment (reversals)/losses on property, plant and equipment	(842)	407	948	212

	As at December 31,			
	2022	2023	2024	2024 ⁽¹⁾
	(in millions)			
Summary Consolidated Statements of				
Financial Position Information:				
Total current assets	RM299,093	RM305,788	RM290,425	U.S.\$ 64,972
Property, plant and equipment	301,218	326,398	327,356	73,234
Other assets ⁽⁴⁾	110,259	141,115	148,892	33,309
Total assets	<u>RM710,570</u>	<u>RM773,301</u>	<u>RM766,673</u>	<u>U.S.\$171,515</u>
Total current liabilities	RM91,547	RM93,951	RM91,431	U.S.\$ 20,454
Non-current borrowings ⁽⁵⁾	96,345	98,754	90,837	20,321
Deferred tax liabilities	11,829	13,297	13,029	2,915
Other long-term liabilities and provisions	50,418	64,434	64,766	14,489
Shareholders' equity:				
Share capital	100	100	100	22
Reserves	401,509	443,369	451,115	100,921
Total equity attributable to shareholders of PETRONAS	401,609	443,469	451,215	100,943
Non-controlling interests	58,822	59,396	55,395	12,393
Total equity and liabilities	<u>RM710,570</u>	<u>RM773,301</u>	<u>RM766,673</u>	<u>U.S.\$171,515</u>
Other Financial Information:				
Non-GAAP Measures:				
Capital Expenditures and Other Investments ⁽⁶⁾	RM49,245	RM52,218	RM54,117	U.S.\$ 12,107
Adjusted EBITDA ⁽⁷⁾	RM166,114	RM125,718	RM114,342	U.S.\$ 25,580
Ratio of Adjusted EBITDA to Fixed Charges ⁽⁸⁾	35.62:1	24.22:1	19.03:1	—
Ratio of Non-current Borrowings to Adjusted EBITDA	0.58:1	0.79:1	0.79:1	—
Return on Average Capital Employed ("ROACE") ⁽⁹⁾	19.2%	14.1%	9.8%	—
GAAP (IFRS and MFRS) Measures:				
Ratio of profit for the year to Fixed Charges ⁽⁸⁾	20.97:1	15.21:1	9.29:1	—
Ratio of non-current borrowings to profit for the year	0.99:1	1.25:1	1.63:1	—
Ratio of non-current borrowings to non-current borrowings plus shareholders' equity	0.19:1	0.18:1	0.17:1	—
Ratio of profit for the year to average capital employed ⁽¹⁰⁾	18.7%	13.6%	9.3%	—

(1) U.S. dollar translations are calculated using an exchange rate of RM4.4700 to U.S.\$1.00.

(2) See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a breakdown of the major sources of PETRONAS' revenue.

(3) Includes depreciation of property, plant and equipment and investment properties as well as amortization of intangible assets and contract costs.

- (4) Consists of investment properties, land held for development, investments in associates, investments in joint ventures, intangible assets, long-term receivables, non-current fund and other investments and deferred tax assets.
- (5) Consists of notes and bonds, term loans, lease liabilities and Islamic financing facilities. See note 21 (Borrowings) to the financial statements included elsewhere in this Offering Circular.
- (6) Consists of expenditure on property, plant and equipment, investment properties, intangible assets, land held for development, acquisition of subsidiaries and investments in associates and joint ventures from continuing operations.
- (7) Adjusted EBITDA consists of profit for the year from continuing operations before tax expenses, with the addition of amounts previously deducted for depreciation and amortization^(b), financing costs, net impairment (reversal)/losses and provisions, net changes in provision for decommissioning, dismantling, removal or restoration of property, plant and equipment and the exclusion of interest income. A reconciliation of profit for the year to Adjusted EBITDA, which is the most directly comparable financial measure calculated and presented in accordance with MFRS Accounting Standards, is provided below:

	Year Ended December 31,			
	2022	2023	2024	2024^(a)
Continuing operations	(in millions)			
Profit for the year	RM97,805	RM78,939	RM55,785	U.S.\$12,480
Add:				
Tax expense	<u>RM34,173</u>	<u>RM14,559</u>	<u>RM26,348</u>	<u>U.S.\$ 5,894</u>
Profit before taxation	RM131,978	RM93,498	RM82,133	U.S.\$18,374
Add:				
Depreciation and amortization ^(b)	RM33,592	RM37,771	RM38,954	U.S.\$ 8,715
Financing costs	RM4,929	RM5,500	RM5,878	U.S.\$ 1,315
Net impairment losses and provisions ^(c)	RM1,577	RM800	RM247	U.S.\$ 55
Net changes in provision for decommissioning, dismantling, removal or restoration of property, plant and equipment	RM(317)	RM(337)	RM(188)	U.S.\$ (42)
Less:				
Interest income	<u>RM(5,645)</u>	<u>RM(11,514)</u>	<u>RM(12,682)</u>	<u>U.S.\$ (2,837)</u>
Adjusted EBITDA	<u><u>RM166,114</u></u>	<u><u>RM125,718</u></u>	<u><u>RM114,342</u></u>	<u><u>U.S.\$25,580</u></u>

(a) U.S. dollar translations are calculated using an exchange rate of RM4.4700 to U.S.\$1.00.

(b) Includes depreciation of property, plant and equipment and investment properties as well as amortization of intangible assets.

(c) Includes net impairment losses on property, plant and equipment and intangible assets and provision for onerous contract and loss on remeasurement/derecognition of financial assets measured at amortized cost.

Adjusted EBITDA should not be viewed as an alternative measure of operating results or cash flows from operating activities as determined in accordance with MFRS Accounting Standards or U.S. GAAP. Adjusted EBITDA has been included because it is widely used as a financial measure of the potential capacity of a company to incur and service debt. Adjusted EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare PETRONAS' Adjusted EBITDA to adjusted EBITDA presented by other companies because not all companies use the same definition.

- (8) Fixed Charges consist of interest expense and interest capitalized during construction for the applicable period less unwinding of discount of provision for decommissioning, dismantling, removal or restoration of property, plant and equipment.

- (9) ROACE is calculated as Adjusted Profit divided by average of opening and closing balance of total equity and long term debt during the year. Adjusted Profit consists of profit for the year from continuing operations, with the addition of financing costs and the exclusion of tax expense on financing costs.

ROACE should not be viewed as an alternative measure of operating results or cash flows from operating activities as determined in accordance with MFRS Accounting Standards or U.S. GAAP. ROACE has been included because it is widely used as a financial measure of the potential capacity of a company to incur and service debt. ROACE presented in this document may not be comparable to similarly titled measures presented by other companies. Investors should not compare PETRONAS' ROACE to ROACE presented by other companies because not all companies use the same definition.

A reconciliation of profit for the year from continuing operations to Adjusted Profit, which is the most directly comparable financial measure calculated and presented in accordance with MFRS Accounting Standards, is provided below:

	Year Ended December 31,			
	2022	2023	2024	2024^(a)
Continuing operations	(in millions)			
Profit for the year	RM97,805	RM78,939	RM55,785	U.S.\$12,480
Add:				
Financing costs ^(b)	RM3,322	RM3,239	RM3,829	U.S.\$ 857
Less: Tax expense on financing costs	<u>RM(797)</u>	<u>RM(777)</u>	<u>RM(919)</u>	<u>U.S.\$ (206)</u>
Adjusted Profit	<u>RM100,330</u>	<u>RM81,401</u>	<u>RM58,695</u>	<u>U.S.\$13,131</u>

(a) U.S. dollar translations are calculated using an exchange rate of RM4.4700 to U.S.\$1.00.

(b) Excludes unwinding of discount for the provision for decommissioning, dismantling, removal or restoration of property, plant and equipment.

(10) Ratio of profit for the year to average capital employed is calculated as profit for the year from continuing operations divided by average of opening and closing balance of total equity and long term debt during the year.

Summary Reserves, Production and Entitlement Data

The following tables set forth PETRONAS' discovered resources by region and by hydrocarbon type as at January 1 in the years indicated, and PETRONAS' liquids and natural gas entitlements for the fiscal years ended December 31 in the years indicated.

PETRONAS' Discovered

Resources (bboe)	As at January 1,											
	2022			2023			2024			2025		
	1P	2P	3P	1P	2P	3P	1P	2P	3P	1P	2P	3P
Reserves⁽¹⁾												
Malaysia	3.64	5.32	7.24	3.62	5.31	7.38	3.60	5.62	8.10	3.23	5.17	7.57
International	2.77	3.78	4.69	3.16	3.94	4.88	2.98	3.73	4.68	2.74	3.46	4.54
Total	6.42	9.11	11.93	6.78	9.25	12.26	6.59	9.35	12.78	5.97	8.64	12.10
Contingent Resources⁽¹⁾	1C	2C	3C	1C	2C	3C	1C	2C	3C	1C	2C	3C
Malaysia	5.90	9.10	13.33	6.23	9.51	13.89	6.22	9.78	14.39	5.87	9.02	13.05
International	4.46	6.24	8.28	4.33	5.99	7.89	4.63	6.46	8.44	4.50	6.06	8.06
Total	10.36	15.34	21.61	10.56	15.50	21.79	10.85	16.25	22.83	10.38	15.08	21.12

PETRONAS' Discovered

Resources (bboe)	As at January 1,											
	2022			2023			2024			2025		
	1P	2P	3P	1P	2P	3P	1P	2P	3P	1P	2P	3P
Reserves⁽¹⁾												
Natural Gas	4.86	6.81	8.78	5.24	7.12	9.46	5.16	7.36	10.05	4.62	6.66	9.20
Liquids	1.56	2.29	3.15	1.54	2.13	2.80	1.42	1.99	2.73	1.34	1.97	2.90
Total	6.42	9.11	11.93	6.78	9.25	12.26	6.59	9.35	12.78	5.97	8.64	12.10
Contingent Resources⁽¹⁾	1C	2C	3C	1C	2C	3C	1C	2C	3C	1C	2C	3C
Natural Gas	8.45	12.38	17.44	8.51	12.14	16.76	8.84	12.93	17.82	8.68	12.35	17.08
Liquids	1.91	2.96	4.17	2.05	3.37	5.03	2.01	3.32	5.01	1.69	2.72	4.03
Total	10.36	15.34	21.61	10.56	15.50	21.79	10.85	16.25	22.83	10.38	15.08	21.12

(1) In each table in this section that sets forth discovered resources, "1P" refers to "proved reserves," "2P" refers to "proved plus probable reserves," and "3P" refers to "proved plus probable plus possible reserves." "1C" refers to "low estimate of contingent resources," "2C" refers to "best estimate of contingent resources," and "3C" refers to "high estimate of contingent resources."

	Year Ended December 31,		
	2022	2023	2024
Natural Gas Data⁽¹⁾			
Production volumes:			
Gross production in Malaysia (bscf)	2,715	2,729	2,805
PETRONAS' equity interest in international production (bscf) ⁽²⁾	<u>533</u>	<u>529</u>	<u>582</u>
Total gross production in Malaysia and PETRONAS' equity interest in international natural gas production (bscf)	<u>3,248</u>	<u>3,258</u>	<u>3,387</u>
Entitlement volumes:⁽³⁾			
PETRONAS' entitlement to Malaysia's production (bscf)	1,900	1,925	1,927
PETRONAS' entitlement to international production (bscf)	<u>463</u>	<u>434</u>	<u>476</u>
Total of PETRONAS' entitlement to Malaysia and international production (bscf)	<u>2,363</u>	<u>2,359</u>	<u>2,403</u>
Liquids Data			
Production volumes:			
Gross production in Malaysia (mmbbl)	189	186	180
PETRONAS' equity interest in international production (mmbbl) ⁽²⁾	<u>124</u>	<u>125</u>	<u>117</u>
Total gross production in Malaysia and PETRONAS' equity interest in international production (mmbbl)	<u>313</u>	<u>311</u>	<u>297</u>
Entitlement volumes:⁽³⁾			
PETRONAS' entitlement to Malaysia's production (mmbbl)	129	126	123
PETRONAS' entitlement to international production (mmbbl)	<u>65</u>	<u>63</u>	<u>63</u>
Total of PETRONAS' entitlement to Malaysia and international production (mmbbl)	<u>194</u>	<u>189</u>	<u>186</u>
Natural Gas and Liquids Data			
Total of PETRONAS' entitlements to production (mmboe)	612	607	611

(1) Natural gas production available for sale.

(2) The difference between PETRONAS' equity interest in international natural gas or liquids production and its entitlement to international natural gas or liquids production is due to the timing difference of liquids lifting, and is net of free natural gas or liquids provided to host governments, as specified in the relevant contracts.

(3) Entitlement refers to the division of gross production to all contract parties based on the agreed terms and principles of the petroleum arrangement.

FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached. Bearer Notes will be issued outside the United States in reliance on Regulation S under the Securities Act and Registered Notes may be issued both outside the United States in reliance on the exemption from registration provided by Regulation S or within the United States in reliance on Rule 144A or Section 4(a)(2) of the Securities Act.

Bearer Notes

Each Tranche of Bearer Notes will be initially issued in the form of either a temporary global note (a “**Temporary Bearer Global Note**”) or a permanent global note (a “**Permanent Bearer Global Note**”) as indicated in the applicable Pricing Supplement, which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depository (the “**Common Depository**”) for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”).

Bearer Notes will only be delivered outside the United States and its possessions.

While any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will only be made (against presentation of the Temporary Bearer Global Note) outside the United States and its possessions and only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Bearer Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury Regulations, has been received by Euroclear and/or Clearstream and Euroclear and/or Clearstream, as applicable, has given a similar certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the “**Exchange Date**”) which is forty days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for: (i) interests in a Permanent Bearer Global Note of the same Series; or (ii) for definitive Bearer Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Pricing Supplement and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Pricing Supplement and provided that no definitive Bearer Note will be delivered to an address in the U.S. or its possessions), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification as to non-U.S. beneficial ownership, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made only outside the United States and its possessions through Euroclear and/or Clearstream (against presentation or surrender (as the case may be) of the Permanent Bearer Global Note) without any requirement for certification if such Note is being issued in accordance with TEFRA C or if certification has already been given (as described in the preceding paragraph).

The applicable Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where

applicable, receipts, interest coupons and talons attached upon either: (a) not less than sixty days' written notice from Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Principal Paying Agent as described therein; or (b) only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that: (i) an Event of Default (as defined in Condition 11 (*Events of Default*) of the Terms and Conditions of the Notes) has occurred and is continuing; (ii) the Issuer has been notified that both Euroclear and Clearstream have been closed for business for a continuous period of fourteen days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available; or (iii) the Issuer or the Guarantor has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 15 (*Notices*) of the Terms and Conditions of the Notes if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than forty-five days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on the face of all Bearer Notes which have an original maturity of more than 365 days (including unilateral roll overs and extensions) and on all receipts, interest coupons or talons relating to such Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to in the legend above provide that United States holders (as defined in "*Taxation—Certain U.S. Federal Income Tax Considerations*"), with certain limited exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, as the case may be.

Registered Notes

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form (a "**Regulation S Global Note**"). Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 (*Transfers of Registered Notes*) of the Terms and Conditions of the Notes contained herein and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

The Registered Notes of each Tranche may only be offered and sold in the United States or to U.S. persons in private transactions: (i) to QIBs; or (ii) to Institutional Accredited Investors who

agree to purchase the Notes for their own account and not with a view to the distribution thereof. The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form (a “**Rule 144A Global Note**” and, together with a Regulation S Global Note, the “**Registered Global Notes**”).

Registered Global Notes will either: (i) be deposited with a custodian for, and registered in the name of a nominee of, the Depository Trust Company (“**DTC**”) for the accounts of its participants, including Euroclear and Clearstream, or (ii) be deposited with a common depository for, and registered in the name of a common nominee of, Euroclear and Clearstream, or (iii) be deposited with a nominee of CDS Clearing and Depository Services Inc. (“**CDS**”), each as specified in the applicable Pricing Supplement. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

The Registered Notes of each Tranche sold to Institutional Accredited Investors will be in definitive form, registered in the name of the holder thereof (“**Definitive IAI Registered Notes**”). Unless otherwise set forth in the applicable Pricing Supplement, Definitive IAI Registered Notes will be issued only in minimum denominations of U.S.\$500,000 and integral multiples of U.S.\$1,000 in excess thereof (or the approximate equivalents in the applicable Specified Currency). Definitive IAI Registered Notes will be subject to the restrictions on transfer set forth therein and will bear the restrictive legend described under “*Subscription and Sale and Transfer and Selling Restrictions—Transfer Restrictions.*” The Rule 144A Global Notes and the Definitive IAI Registered Notes will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 7.4 (*Payments—Payments in respect of Registered Notes*) of the Terms and Conditions of the Notes) as the registered holder of the Registered Global Notes. None of the Issuer, the Guarantor, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 7.4 (*Payments—Payments in respect of Registered Notes*) of the Terms and Conditions of the Notes) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, “**Exchange Event**” means that: (i) an Event of Default has occurred and is continuing; (ii) (a) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the Issuer and the Guarantor that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available, or DTC has ceased to constitute a clearing agency registered under the United States Securities Exchange Act of 1934 (as amended) (“**Exchange Act**”) and no alternative clearing system is available; (b) in the case of Notes registered in the name of a nominee for a common depository for Euroclear and Clearstream, the Issuer and the Guarantor has been notified that both Euroclear and Clearstream have been closed for business for a continuous period of fourteen days (other than by

reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available; or (c) in the case of Notes registered in the name of a nominee for CDS, CDS' book-entry only system ceases to exist; the Issuer determines that CDS is no longer willing or able to discharge properly its responsibilities as depository with respect to the Notes and the Issuer is unable to locate a qualified successor; the Issuer, at its option, elects to issue definitive Notes in lieu of the book-entry system through CDS with respect to all or a portion of the Notes; or (d) CDS has ceased to constitute as a clearing agency registered under the Securities Act (Ontario) or a self-regulatory organization under the Securities Act (Québec) or other applicable Canadian securities legislation and no alternative clearing system is available; (iii) definitive Notes are required by law to be issued in exchange for beneficial interests in global Notes; or (iv) the Issuer or the Guarantor has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by this Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 15 (*Notices*) of the Terms and Conditions of the Notes if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream or CDS (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iv) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than ten days after the date of receipt of the first relevant notice by the Registrar.

Transfer of Interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note or in the form of a Definitive IAI Registered Note. Definitive IAI Registered Notes may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such Notes in the form of an interest in a Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, and CDS in each case to the extent applicable.

Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions. See "Subscription and Sale and Transfer and Selling Restrictions."

General

Pursuant to the Agency Agreement, the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned security number(s) (including, but not limited to, CUSIP number, CINS number, common code and ISIN) which are different from the security number(s) assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S) applicable to the Notes of such Tranche; provided further that a further Tranche of Notes that is intended to form a single Series with an existing Tranche of Notes (i) must, if the existing Tranche of Notes was (or the further Tranche of Notes will be) issued in reliance on Rule 144A, be assigned security number(s) that are different from the security number(s) assigned to the existing Tranche of Notes unless the further Tranche of Notes is issued pursuant to a "qualified reopening" of the original Tranche of Notes, is otherwise treated as part of the same "issue" of debt instruments as the existing Tranche of Notes or is issued with no more than a *de minimis* amount of original issue discount, in each case for U.S

federal income tax purposes, and (ii) with respect to Notes issued by the Canadian Issuer, must be fungible with the existing Tranche of Notes for Canadian federal income tax purposes.

Any reference herein to Euroclear and/or Clearstream and/or DTC and/or CDS shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer, PETRONAS and the Principal Paying Agent or as applicable, the Registrar.

Form of Applicable Pricing Supplement

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Program.

Phrases used in the following summary that are not otherwise defined in this summary have the meanings given to them in “Terms and Conditions of the Notes.”

Issuer	PETRONAS Capital Limited (with the legal entity identifier of 549300G7YFX3540OYR85), PETRONAS Energy Canada Ltd. (with the legal entity identifier of 5493001PEB90YGTDC638) or any new Issuer(s) that accedes to the Program in accordance with the terms of the Program Agreement and the Agency Agreement.
Guarantor	Petroliam Nasional Berhad (PETRONAS) (with the legal entity identifier of 5493003RZQYJM7QGNE15).
Notes	Notes that may be issued by an Issuer or any subsidiary of the Guarantor which accedes to the Program by executing an accession agreement pursuant to the terms of the Agency Agreement from time to time under the Program, subject to compliance with all relevant laws, regulations and directives, denominated in any currency agreed between the Issuer and the dealer appointed under the Program that agrees to subscribe such Notes other than the Malaysian ringgit.
Program	The U.S.\$30,000,000,000 Global Medium Term Note Program.
Pricing Supplement	A Pricing Supplement sets out the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche of Notes.
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited.

[The Notes (as defined below) have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or any U.S. state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“**Regulation S**”))] [except to qualified institutional buyers (as defined in Rule 144A under the Securities Act (“**Rule 144A**”))] in reliance on Rule 144A. Prospective purchasers that are qualified institutional buyers are hereby notified that the

seller of the Notes may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A.]

[Notice to Canadian Investors: The Notes will be sold in Canada on a private placement basis to purchasers that are “accredited investors” and in certain circumstances are also “permitted clients”, each as defined under applicable Canadian provincial securities laws, and on a private placement basis subject to applicable law. See “*Subscription and Sale and Transfer and Selling Restrictions—Representations of Canadian Investors*” in the Offering Circular (as defined below).]

This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (“**Professional Investors**”) only.

Notice to Hong Kong investors: The Issuer (as defined below) and the Guarantor confirm that the Notes are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer and the Guarantor confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Program or the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Program and the Notes or the Issuer and the Guarantor or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Guarantor. The Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

[MIFID II product governance / Professional investors and ECPs only target market—Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, “**MiFID II**”)] [MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]

[UK MiFIR product governance/Professional investors and ECPs only target market—Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and

professional clients, as defined in [Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA (as may be amended or superseded from time to time, “**UK MiFIR**”)]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[[MiFID II][and][UK MiFIR]—professionals/ECPs-only [/No PRIIPs or UK PRIIPs KID]—Manufacturer target market ([MIFID II] [and] [UK MiFIR] product governance) is eligible counterparties and professional clients only (all distribution channels). [No PRIIPs or UK PRIIPs key information document (KID) has been prepared as not available to retail in EEA or UK.]]

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS—The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[PROHIBITION OF SALES TO UNITED KINGDOM RETAIL INVESTORS—The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of United Kingdom domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of United Kingdom domestic law by virtue of the EUWA (as amended, the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.]

SFA Notification—[the following legend to be included if Notes are Excluded Investment Products, otherwise appropriate legend to be included;]

Section 309B(1)(c) Notification—[The Notes shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded

Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).] [Note: Relevant Dealer(s) to consider whether it/they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the Securities and Futures Act.]

Pricing Supplement Dated [Date]

[Name of Issuer] (the “Issuer”)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] (the “Notes”)

unconditionally and irrevocably guaranteed by Petroliam Nasional Berhad (PETRONAS)

under its U.S.\$30,000,000,000

Multi-currency Global Medium Term Note Program

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the “**Conditions**”) set forth in the Offering Circular dated March 21, 2025 (the “**Offering Circular**”). This Pricing Supplement contains the final terms of the Notes and is supplemental to, and must be read in conjunction with, such Offering Circular.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the “**Conditions**”) set forth in the Offering Circular dated [original date]. This Pricing Supplement contains the final terms of the Notes and is supplemental to, and must be read in conjunction with, the Offering Circular dated [current date] (the “**Offering Circular**”), except in respect of the Conditions which are extracted from the Offering Circular dated [original date] and are attached hereto.]

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination [must/may need to] be £100,000 or its equivalent in any other currency.]

1. (i) Issuer: [PETRONAS Capital Limited (with the legal entity identifier of 549300G7YFX3540OYR85)], [PETRONAS Energy Canada Ltd. (with the legal entity identifier of 5493001PEB90YGTDC638)] or [any new Issuer(s) that accedes to the Program in accordance with the terms of the Program Agreement and the Agency Agreement.] *[To specify the appropriate Issuer]*
- (ii) Guarantor: Petroliam Nasional Berhad (PETRONAS) (with the legal entity identifier of 5493003RZQYJM7QGNE15).

2. (a) Series Number: [●]
- (b) Tranche Number: [●] *(If fungible with an existing Series, details of such Series, including the date on which the Notes become fungible)*
- (c) Re-opening: [Yes/No] *[Specify terms of initial or eventual fungibility]*
3. Specified Currency or Currencies: [●]
4. Aggregate Nominal Amount:
- (a) Series: [●]
- (b) Tranche: [●] *(If fungible with an existing Series, details of such Series, including the date on which the Notes become fungible)*
5. (a) Issue Price of Tranche: [●] % of the Aggregate Principal Amount [plus accrued interest from [Issue Date][insert other date] *(in the case of fungible issues only, if applicable)*]
- (b) Net Proceeds: [●]
(required only for listed issues)
- (c) Use of Proceeds: [●] *(as described in the Offering Circular/describe)*
6. (a) Specified Denominations: [●]
- (N.B. In the case of Registered Notes, this means the minimum integral amount in which transfers can be made. For Registered Global Notes, consider including language substantially to the following effect (however, appropriate amendments should be made for different currencies) “€100,000 and integral multiples of €1,000 in excess thereof”)*
- (N.B. For Bearer Notes with a Specified Denomination and higher integral multiples above the minimum denomination, consider including language substantially to the following effect. However, appropriate amendments should be made for different currencies.)*
- (“[U.S.\$200,000] and integral multiples of [U.S.\$1,000] in excess thereof, up to and including [U.S.\$399,000] and, for so long as the Notes are represented by a Global Note (as defined below) and Euroclear and Clearstream*

so permit, the Notes shall be tradable only in the minimum authorized denomination of [U.S.\$200,000] and higher integral multiples of [U.S.\$1,000], notwithstanding that no definitive notes will be issued with a denomination above [U.S.\$399,000].”)

(N.B. It should be noted that such Specified Denomination will not be permitted in relation to any issue of Notes which are to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)

- (b) Calculation Amount: *(applicable to Notes in definitive form)* [●] *(If only one Specified Denomination, insert the Specified Denomination. If there is more than one Specified Denomination, insert the highest common factor. N.B. There must be a common factor in the case of two or more Specified Denominations.)*
7. (a) Issue Date: [●]
- (b) Trade Date: [●]
- (c) Interest Commencement Date: [specify/Issue Date/Not Applicable] *(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8. Maturity Date: [Fixed rate—specify date/Floating rate—Interest Payment Date falling in or nearest to [specify month and year]]
9. Interest Basis: [[●]% Fixed Rate] [[EURIBOR/SOFR Benchmark/HIBOR/CNH HIBOR/CORRA/Other reference rate] +/- [●]% Floating Rate] [Zero Coupon] [Dual Currency Interest] [specify other] *(further particulars specified below)*
10. Redemption/Payment Basis: [Redemption at par] [Dual Currency Redemption] [Partly Paid] [Installment] [specify other]
11. Change of Interest Basis or Redemption/Payment Basis: [Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]
12. Change of Interest Basis or Redemption/Payment Basis: [Investor Put] [Issuer Call] *[(further particulars specified below)]*
13. Listing: [[name of Stock Exchange]/None]
14. (a) Status of the Notes: Senior Guaranteed Notes

- (b) Status of the Guarantee: Senior
- (c) Date of the Issuer's Board approval for the issuance of Notes obtained: /None required
- (d) Date of the Guarantor's Board approval for the making of the Guarantee obtained: /None required *(N.B. Only relevant where Board (or similar) authorization is required for the particular Tranche of Notes or related Guarantee)*
15. Method of distribution: Syndicated/Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. Fixed Rate Note Provisions: Applicable/Not Applicable *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Rate(s) of Interest: % per annum payable annually/semi-annually/quarterly/other (*specify*) in arrear *(If not "per annum", consider amending Condition 5 (Interest))*
- (b) Interest Payment Date(s): Interest Payment Date(s): in each year up to and including the Maturity Date [adjusted in accordance with *[specify Business Day Convention and any applicable Additional Business Center(s) for the definition of "Business Day"]*] not adjusted/[specify other] *(N.B. This will need to be amended in the case of long or short coupons)*
- (c) Fixed Coupon Amount(s): per Calculation Amount *(applicable to Notes in definitive form)*
- (d) Broken Amount(s): per Calculation Amount, payable on the Interest Payment Date falling [in/on] *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount]* *(applicable to Notes in definitive form)*
- (e) Fixed Rate Note Provisions: per Calculation Amount, payable on the Interest Payment Date falling [in/on] *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount]*
- (f) Day Count Fraction: 30/360 or Actual/Actual (ICMA) or [specify other]
- (g) Screen Rate Determination: in each year *[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. This will need to be amended in the case of regular interest payment]*

dates which are not of equal duration. N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))]

- (h) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]
17. Floating Rate Note Provisions: [Applicable]/[Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Specified Period(s)/Specified Interest Payment Dates: [●][, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to any adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
- (b) Interest Period(s): [Each period beginning on (and including) [the Interest Commencement Date/[]] or any Specified Interest Period Date and ending on (but excluding) the next Specified Interest Period Date, subject to adjustment in accordance with the Business Day Convention set out in (iii) below, and **Specified Interest Period Date** means [[], [], [] and []] in each year up to and including the Maturity Date, subject to adjustment in accordance with the Business Day Convention set out in (c) below] *(Only applicable in the case of SOFR Payment Delay where Specified Interest Period Date is required)*
- (c) Business Day Convention: Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]
- (d) Additional Business Center(s): [●] *(Insert New York City for U.S. dollar denominated Notes to be held through DTC and for non-U.S. dollar denominated Notes where exchange into U.S. dollars is contemplated for DTC participants holding through Euroclear and Clearstream)*
- (e) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination]/[ISDA Determination]/[specify other]
- (f) Calculation Agent: [●]

- (g) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): shall be the Calculation Agent (*no need to specify if the Principal Paying Agent is to perform this function*)
- (h) Screen Rate Determination:
- Reference Rate: (*Either EURIBOR, SOFR Benchmark, HIBOR, CNH HIBOR, CORRA or other, although additional information is required if other—including fallback provisions in the Agency Agreement*)
- Interest Determination Date(s): [The [fifth]² U.S. Government Securities Business Day prior to the last day of each Interest Period—*only applicable in the case of Simple SOFR Average/SOFR Lag/SOFR Observation Shift/SOFR Lockout/Compounded SOFR Index*]
- [The Specified Interest Period Date [*as defined in 18(b)*], provided that the Interest Determination Date with respect to the final Interest Period will be the U.S. Government Securities Business Day immediately following the relevant SOFR Rate Cut-off Date—*only applicable in the case of SOFR Payment Delay*]
- [The [second]³ Toronto Banking Day prior to the last day of each Interest Period—*only applicable in the case of Compounded CORRA Average/Compounded CORRA Index*]
- (*Second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR*) [*Other*]
- Relevant Screen Page: (*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)
- SOFR Benchmark: [Not Applicable/Simple SOFR Average/Compounded SOFR Average/Compounded SOFR Index] (*Only applicable where the Reference Rate is SOFR*)
- Compounded SOFR Average Method: [Not Applicable/SOFR Lag/SOFR Observation Shift/SOFR Payment Delay/SOFR Lockout] (*Only applicable where the Reference Rate is SOFR Benchmark and the SOFR Benchmark is Compounded SOFR Average*)

² To be at least the fifth U.S. Government Securities Business Day prior to the last day of each Interest Period unless otherwise agreed with the Calculation Agent.

³ To be at least the second Toronto Banking Day prior to the last day of each Interest Period unless otherwise agreed with the Calculation Agent.

- CORRA Benchmark: [Not Applicable/Compounded CORRA Average/Compounded CORRA Index] *(Only applicable where the Reference Rate is CORRA)*
- Lookback Days: [[Five] U.S. Government Securities Business Days—used for SOFR Lag only]/[Not Applicable]⁴
- Relevant Time: []
(For example, 11:00 a.m. London time)
- (i) ISDA Determination:
- Floating Rate Option: [●] *(If not on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, the Issuer shall describe the basis here)*
- Designated Maturity: [●]
- Reset Date: [●]
- (j) Margin(s): [+/-] [●]% per annum
- (k) Minimum Rate of Interest: [●]% per annum
- (l) Maximum Rate of Interest: [●]% per annum
- (m) Day Count Fraction: [Actual/Actual (ISDA) or Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360, 360/360 or Bond Basis] [30E/360 or Eurobond Basis] [30E/360 (ISDA)] [Other] *(See Condition 5 (Interest) for alternatives)*
- (n) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [●]
18. Zero Coupon Note Provisions: [Applicable]/[Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Accrual Yield: [●]% per annum
- (b) Reference Price: [●]

⁴ To be at least the fifth U.S. Government Securities Business Day prior to the last day of each Interest Period unless otherwise agreed with the Calculation Agent.

- (c) Any other formula/basis of determining amount payable: [●]
- (d) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 8.6 (*Redemption and Purchase—Early Redemption Amounts*) and 8.11 (*Redemption and Purchase—Late payment on Zero Coupon Notes*) apply/specify other] (*Consider applicable day count fraction if not U.S. dollar denominated*)
19. [*Intentionally omitted*]
20. Dual Currency Interest Note Provisions: [Applicable]/[Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (a) Rate of Exchange/method of calculating Rate of Exchange: [*Give or annex details*]
- (b) Party, if any, responsible for calculating the principal and/or interest due (if not the Principal Paying Agent): [●]
- (c) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [*Need to include a description of market disruption or settlement disruption events and adjustment provisions*]
- (d) Person at whose option Specified Currency(ies) is/are payable: [●]
- (e) Day Count Fraction: [Actual/Actual (ISDA) or Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360, 360/360 or Bond Basis] [30E/360 or Eurobond Basis] [30E/360 (ISDA)] [*Other*] (*See Condition 5 (Interest) for alternatives*)

PROVISIONS RELATING TO REDEMPTION

21. Issuer Call: [Applicable]/[Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (a) Optional Redemption Date(s): [●]
- (b) Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s): [[●] per Calculation Amount/specify other]

- (c) If redeemable in part:
- (i) Minimum Redemption Amount: per Calculation Amount
- (ii) Maximum Redemption Amount: per Calculation Amount
- (d) Notice period (if other than as set out in the Conditions): (*N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer and the Guarantor are advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer, the Guarantor and the Principal Paying Agent*)
22. Investor Put: [Applicable]/[Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (a) Optional Redemption Date(s):
- (b) Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s): per Calculation Amount/*specify other*
- (c) Notice period (if other than as set out in the Conditions): (*N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer and the Guarantor are advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer, the Guarantor and the Principal Paying Agent*)
23. Final Redemption Amount: per Calculation Amount/*specify other/see Appendix*
24. Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 8.6 (*Redemption and Purchase—Early Redemption Amounts*)): per Calculation Amount/*specify other/see Appendix*

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. Form of Notes:

[Bearer Notes: Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]

[Bearer Notes: Temporary Bearer Global Note exchangeable for Definitive Notes on and after the Exchange Date]

[Bearer Notes: Permanent Bearer Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event/at any time at the request of the Issuer]]

[Registered Notes: Regulation S Global Note (U.S.\$[●] nominal amount) registered in the name of a nominee for [DTC/CDS/a common depository for Euroclear and Clearstream]/Rule 144A Global Note (U.S.\$[●] principal amount) registered in the name of a nominee for [DTC/CDS/Definitive IAI Registered Notes] (*specify principal amounts*)]

(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Offering Circular and the Notes themselves. N.B. The exchange upon notice/at any time options for bearer Notes should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[U.S.\$200,000] and integral multiples of [U.S.\$1,000] in excess thereof, up to and including [U.S.\$399,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)

("[U.S.\$200,000] and integral multiples of [U.S.\$1,000] in excess thereof, up to and including [U.S.\$399,000] and, for so long as the Notes are represented by a Global Note (as defined below) and Euroclear and Clearstream so permit, the Notes shall be tradable only in the minimum authorized denomination of [U.S.\$200,000] and higher integral multiples of [U.S.\$1,000], notwithstanding that no definitive notes will be issued with a denomination above [U.S.\$399,000].")

26. Additional Financial Center(s) or other special provisions relating to Payment Days: [Not Applicable/give details] (*Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraphs 16(b) and 17(c) relate*)
27. Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details] (*N.B. A new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues*)
29. Details relating to Installment Notes:
- (a) Installment Amount(s): [Not Applicable/give details]
- (b) Installment Date(s): [Not Applicable/give details]
30. Other terms: [Not Applicable/give details]

Distribution

31. (a) If syndicated, names of Managers: [Not Applicable/give names]
- (b) Stabilizing Managers (if any): [Not Applicable/give name]
32. If not syndicated, name of Relevant Dealer: [Not Applicable/give name]
33. U.S. Selling Restrictions: [Regulation S Category [[1]/[2]]
- [TEFRA D/TEFRA C/ TEFRA not applicable (*for Bearer Notes with a maturity of one year or less (including unilateral rollovers and extensions) or Registered Notes*)]
- [Notes may be offered and sold to [QIBs]/[QIBs and Institutional Accredited Investors]] [No sales permitted in the U.S.]
34. Additional selling restrictions: [Not Applicable/give details]

Operational Information

- 35. Any clearing system(s) other than Euroclear and Clearstream and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
- 36. Delivery: Settlement with Issuer is delivery [against/free of] payment
- 37. Additional Paying Agent(s) (if any): [●]
- ISIN: [●]
- Common Code: [●]
- CUSIP:*(insert here any other relevant codes such as CINS)* [Not Applicable/*specify*]

Hong Kong SFC Code of Conduct

- 38. Rebates: [Not Applicable / A rebate of [●] bps is being offered by the Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of this offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMI otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate.]
- 39. Contact email addresses of the Overall Coordinators where underlying investor information in relation to omnibus orders should be sent: [Not Applicable / *[Include relevant contact email addresses of the Overall Coordinators where the underlying investor information should be sent—OCs to provide]*]
- 40. Marketing and Investor Strategy: [*if different from Offering Circular*]

General

- 41. Rating(s): [*Rating Agency*: []]
- 42. The aggregate principal amount of Notes issued has been translated into U.S. dollars at the rate of [], producing a sum of (for Notes not denominated in [U.S. dollars]): [Not Applicable/ US\$[]]

LISTING AND ADMISSION TO TRADING APPLICATION

This Pricing Supplement comprises the pricing supplement required to list the issue of Notes described herein pursuant to the U.S.\$30,000,000,000 Multi-currency Global Medium Term Note Program of the Issuer and the Guarantor.

[The [name of Stock Exchange] (the “[●] **Stock Exchange**”) assumes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Pricing Supplement. Approval in-principle from, admission of the Notes to [the Official List] of, and the listing and quotation of the Notes on, the [●] Stock Exchange is not to be taken as an indication of the merits of the Issuer or the Guarantor, the Program or the Notes.]⁴

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.
Signed on behalf of the Issuer:

By: _____

Duly authorized

Signed on behalf of the Guarantor:

By: _____

Duly authorized

⁴ Subject to change depending on requirement of the Stock Exchange for listing the Notes.

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions (the “Conditions”) of the Notes (as defined below) which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the rules of the relevant stock exchange or other relevant authority (if any) and agreed by the Issuers, the Guarantor and the Relevant Dealer(s) at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Conditions. The applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Conditions, replace or modify the following Conditions for the purpose of such Notes (except that terms of all Tranches constituting a Series of Notes will be identical in all respects except for their respective Issue Dates, Interest Commencement Dates (if applicable) and/or Issue Prices (if applicable)). The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to “Form of the Notes” for a description of the content of the Pricing Supplements which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by PETRONAS Capital Limited, PETRONAS Energy Canada Ltd. or any additional issuer which is a Wholly-Owned Subsidiary of the Guarantor (as defined below) and has acceded to the Program by executing an accession agreement pursuant to the terms of the Agency Agreement (as defined below) (each of PETRONAS Capital Limited, PETRONAS Energy Canada Ltd. and such additional issuers, in relation to the Notes issued by it, the “**Issuer**”). The Notes will be guaranteed by Petroliam Nasional Berhad (PETRONAS) (in such capacity, the “**Guarantor**”) pursuant to the terms of the Agency Agreement.

References herein to the “**Notes**” shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a “**Global Note**”), units of the lowest Specified Denomination in the Specified Currency (as defined below);
- (b) any Global Note;
- (c) any definitive Notes in bearer form (“**Bearer Notes**”), issued in exchange for a Global Note in bearer form; and
- (d) any definitive Notes in registered form (“**Registered Notes**”) (whether or not issued in exchange for a Global Note in registered form).

The Notes, and in the case of the Bearer Notes, the Receipts (as defined below) and the Coupons (as defined below), are issued pursuant to, and have the benefit of, an amended and restated agency agreement dated March 21, 2025, (such agency agreement as further amended and/or supplemented and/or restated from time to time, and with respect only to any Notes which clear through CDS, includes the sub-paying agency agreement entered into from time to time among the Issuers, the Guarantor, the Principal Paying Agent and the CDS Registrar (the “**Agency Agreement**”)), and made among the Issuers, the Guarantor, The Bank of New York Mellon, London Branch, as principal paying agent (the “**Principal Paying Agent**”, which term includes any successor thereto appointed pursuant to the terms of the Agency Agreement, and collectively (and together with the Paying Agents and Exchange Agents (both as defined below), the DTC Registrar, CDS Registrar and the Euroclear/Clearstream Registrar (each as defined below and a “**Registrar**”), the

“**Agents**”), The Bank of New York Mellon, as paying agent (a “**Paying Agent**”, which term includes any successor thereto or additional paying agent appointed pursuant to the terms of the Agency Agreement), exchange agent (an “**Exchange Agent**”, which term includes any successor thereto or additional exchange agent appointed pursuant to the terms of the Agency Agreement), transfer agent (a “**Transfer Agent**”, which term includes any successor thereto or additional transfer agent appointed pursuant to the terms of the Agency Agreement) and DTC registrar (the “**DTC Registrar**”, which term includes any successor thereto), Computershare Advantage Trust of Canada (F/K/A BNY Trust Company of Canada) as CDS registrar (the “**CDS Registrar**,” which term includes any successor thereto), Paying Agent and Transfer Agent, and The Bank of New York Mellon SA/NV, Luxembourg Branch, as the Euroclear/Clearstream registrar (the “**Euroclear/Clearstream Registrar**”, which term includes any successor thereto) and Transfer Agent.

Interest-bearing definitive Bearer Notes have (unless otherwise indicated in the applicable Pricing Supplement) interest coupons (“**Coupons**”) and, if indicated in the applicable Pricing Supplement, talons for further Coupons (“**Talons**”) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes repayable in installments have receipts (“**Receipts**”) for the payment of the installments of principal (other than the final installment) attached on issue. Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The Pricing Supplement for this Note (or the relevant provisions thereof) is attached to or endorsed on this Note and supplements these Conditions, and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of this Note. References to the “**applicable Pricing Supplement**” are to the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to “**Noteholders**” or “**holders**” in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to “**Receiptholders**” shall mean the holders of the Receipts, and any reference herein to “**Couponholders**” shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, “**Tranche**” means Notes which are identical in all respects (including as to listing and admission to trading), and “**Series**” means a Tranche of Notes together with any further Tranche(s) of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates (if applicable) and/or Issue Prices (if applicable).

Copies of the Agency Agreement are available for inspection between 10:00 a.m. and 4:00 p.m., Monday to Friday (except on public holidays) at the specified office of each of the Paying Agents. Copies of the applicable Pricing Supplement are available for inspection during normal business hours at the specified office of each of the Paying Agents except that, if this Note is an unlisted Note of any Series, the applicable Pricing Supplement will only be available for inspection by a Noteholder holding one or more unlisted Notes of such Series and such Noteholder must produce evidence satisfactory to the relevant Paying Agent as to its holding of such Notes and its identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the applicable Pricing Supplement which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings when used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Pricing Supplement, or between these Conditions and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

1. FORM, DENOMINATION AND TITLE

The Notes may be issued in bearer form or in registered form as specified in the applicable Pricing Supplement and, in the case of definitive Notes, will be serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination, and Bearer Notes may not be exchanged for Registered Notes and vice versa. Registered Notes are represented by registered certificates and, except as provided in Condition 2.3 (*Registration of transfer upon partial redemption*), each such certificate shall represent the entire holding of Registered Notes by the same holder.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

This Note may be an Installment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Pricing Supplement. This Note may also be a Limited Recourse Note, as indicated in the applicable Pricing Supplement.

Definitive Bearer Notes are issued with Coupons attached and (if applicable) Receipts and Talons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Conditions are not applicable.

Subject as set out below, title to Bearer Notes, Receipts and Coupons will pass by delivery and title to Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Guarantor and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph, and no person shall be liable for so treating the holder.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV as operator of the Euroclear system (“**Euroclear**”) and/or Clearstream Banking S.A. (“**Clearstream**”), each person (other than Euroclear or Clearstream) who is for the time being shown in the records of Euroclear or Clearstream as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor and the Agents as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such principal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Guarantor and any Agent as the holder of such principal amount of such Notes in accordance with and subject to the terms of the relevant Global Note. For so long as The Depository Trust Company (“**DTC**”) or its nominee is the registered

owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and the Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants. For so long as the nominee CDS Clearing and Depository Services Inc. ("CDS") is the registered owner or holder of a Registered Global Note, such nominee will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and the Notes. In each of the cases referred to above, the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, CDS, Euroclear and Clearstream, as the case may be. References to DTC, CDS, Euroclear and/or Clearstream shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement.

2. TRANSFERS OF REGISTERED NOTES

2.1 Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, CDS, Euroclear or Clearstream, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorized denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of DTC, CDS, Euroclear or Clearstream, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee. Transfers of a Registered Global Note registered in the name of a nominee for CDS shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of CDS or to a successor of CDS or such successor's nominee.

2.2 Transfers of Registered Notes in definitive form

Subject as provided in Conditions 2.5 (Transfers of Registered Notes—Transfers of interests in Regulation S Global Notes), 2.6 (Transfers of Registered Notes—Transfers of interests in Legended Notes) and 2.7 (Transfers of Registered Notes—Exchanges and transfers of Registered Notes generally), upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part in the authorized denominations set out in the applicable Pricing Supplement. In order to effect any such transfer (i) the holder(s) must (A) surrender the Registered Note for registration of the transfer of the Registered Note, or the relevant part of the Registered Note, at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder(s) thereof or his or their attorney(s) duly authorized in writing, and (B) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent, and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be

satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer, the Guarantor and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 8 to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within five business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and make available for collection at the specified office of the Transfer Agent, or deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate principal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

2.3 Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under Condition 8 (*Redemption and Purchase*), the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

2.4 Costs of registration

Neither the Agents nor the Noteholders will be required to bear the costs and expenses of effecting any registration of transfer as provided above, except that Noteholders shall bear any costs or expenses of delivery other than by regular uninsured mail and the Issuer (or the Guarantor) may require the payment by the Noteholders of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

2.5 Transfers of interests in Regulation S Global Notes

Prior to expiry of the applicable Distribution Compliance Period (as defined below), transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note (as defined below) to a transferee in the United States or who is a U.S. person will only be made:

- (a) in the case of a Series which specifies Rule 144A Notes or Definitive IAI Registered Notes (as defined below) in the applicable Pricing Supplement, upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a “**Transfer Certificate**”), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made:
 - (i) to a person whom the transferor reasonably believes is a QIB (as defined below) in a transaction meeting the requirements of Rule 144A (as defined below); or
 - (ii) to a person who is an Institutional Accredited Investor, in which case the Transfer Certificate must be accompanied by a duly executed investment letter from the relevant transferee substantially in the form set out in Schedule 3 of the Agency Agreement (an “**IAI Investment Letter**”); or

- (b) otherwise pursuant to the Securities Act (as defined below) or an exemption therefrom, subject to receipt by the Issuer and the Guarantor of such satisfactory evidence as the Issuer and the Guarantor may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable federal securities laws of the United States or any applicable securities laws of any state of the United States,

and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

In the case of (i) above, such transferee may take delivery through a Legended Note (as defined below) in global or definitive form, and, in the case of (ii) above, such transferee may take delivery only through a Legended Note in definitive form. After expiry of the applicable Distribution Compliance Period such certification requirements will no longer apply to such transfers.

2.6 *Transfers of interests in Legended Notes*

Transfers of Legended Notes or beneficial interests therein may be made:

- (a) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S (as defined below); or
- (b) to a transferee who takes delivery of such interest through a Legended Note:
 - (i) where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
 - (ii) where the transferee is an Institutional Accredited Investor, subject to delivery to the Registrar of a Transfer Certificate from the transferor to the effect that such transfer is being made to an Institutional Accredited Investor, together with a duly executed IAI Investment Letter from the relevant transferee; or
- (c) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer and the Guarantor of such satisfactory evidence as the Issuer and the Guarantor may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable federal securities laws of the United States or any applicable securities laws of any state of the United States,

and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Notes transferred by Institutional Accredited Investors to QIBs pursuant to Rule 144A or outside the United States pursuant to Regulation S will be eligible to be held by such QIBs or non-U.S. investors through DTC, CDS, Euroclear or Clearstream, as appropriate, and the Registrar will arrange for any Notes which are the subject of such a transfer to be represented by the appropriate Registered Global Note, where applicable.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Legend, the Registrar shall deliver only Legended Notes or refuse to remove the Legend, as the case may be, unless there is delivered to the Issuer and the Guarantor such

satisfactory evidence as may reasonably be required by the Issuer and the Guarantor, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

2.7 *Exchanges and transfers of Registered Notes generally*

Holders of Registered Notes in definitive form, other than Institutional Accredited Investors, may exchange such Notes for interests in a Registered Global Note of the same type, subject to compliance with applicable legal and regulatory restrictions and upon the terms and conditions set forth in the Agency Agreement.

2.8 *Closed Periods*

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for any redemption, payment of principal or interest or other payment on such Note, (ii) during the 15 days before any dates on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 8.3 (*Redemption and Purchase—Redemption at the option of the Issuer (“Issuer Call”)*), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date (as defined below).

2.9 *Definitions*

In this Condition, the following expressions shall have the following meanings:

“**Distribution Compliance Period**” means the period that ends 40 days after the completion of the distribution of each Tranche of Notes, as certified by the Relevant Dealer(s) (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue);

“**Institutional Accredited Investor**” means “**accredited investors**” (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that are institutions;

“**Legended Note**” means Registered Notes in definitive form that are issued to Institutional Accredited Investors and Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions to QIBs in accordance with the requirements of Rule 144A;

“**QIB**” means a “**qualified institutional buyer**” within the meaning of Rule 144A;

“**Regulation S**” means Regulation S under the Securities Act;

“**Regulation S Global Note**” means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S;

“**Rule 144A**” means Rule 144A under the Securities Act; and

“**Securities Act**” means the United States Securities Act of 1933, as amended.

3. STATUS OF THE NOTES; GUARANTEE

3.1 Notes

The Notes and any Receipts and Coupons relating thereto are direct, unconditional, unsubordinated and (subject to Condition 4 (*Certain Covenants*)) unsecured general obligations of the relevant Issuer and shall at all times rank pari passu, without any preference among themselves and equally with all other unsecured and unsubordinated general obligations of the Issuer, from time to time outstanding. It is understood that this provision shall not be construed so as to require the Issuer to make payments under the Notes, Receipts and Coupons ratably with payments being made under any other indebtedness of the Issuer.

The Notes and any Receipts and Coupons relating thereto are guaranteed as to payment of principal and interest by the Guarantor as set forth in Condition 3.2 below.

3.2 Guarantee

The Guarantor unconditionally and irrevocably guarantees to each holder of the Notes and any Receipts and Coupons relating thereto the payment of the principal of and premium, if any, and interest, if any, on the Notes and the related Receipts and Coupons, when and as the same shall become due and payable, subject to any applicable grace period, whether at maturity, by acceleration, redemption or otherwise. The Guarantor's obligations in that respect with respect to each Tranche shall be contained in a guarantee (the "**Guarantee**") to be dated as at the Issue Date in respect of the relevant Tranche to be issued by the Guarantor.

The Guarantee is a guarantee of payment and not a guarantee of collection.

The Guarantee is a direct, unconditional, unsubordinated and (subject to Condition 4 (*Certain Covenants*)) unsecured general obligation of the Guarantor and shall at all times rank pari passu and equally with all other unsecured and unsubordinated general obligations of the Guarantor, from time to time outstanding. It is understood that this provision shall not be construed so as to require the Guarantor to make payments under the Guarantee ratably with payments being made under any other indebtedness of the Guarantor.

The Guarantor has agreed that its obligations under the Guarantee will be as if it were principal debtor and not merely surety, and will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes. In addition, the Guarantor has expressly waived any right to require any holder of the Notes to pursue or exhaust its legal or equitable remedies against the Issuer prior to exercising its rights under the Guarantee. The Guarantee will not be discharged with respect to any Note except by complete performance of the Guarantor's obligations to the holders of the Notes contained in the Notes. Moreover, if at any time any payment of principal of, or interest on, any Note is restored or otherwise returned, whether as required by any court or otherwise, the Guarantee will be reinstated with respect to such payments as though such payments had not been made.

4. CERTAIN COVENANTS

4.1 Negative Pledge

So long as any of the Notes of this Series are outstanding, the Guarantor (not including any of its subsidiaries) shall not create, incur or have outstanding any mortgage, pledge, lien, charge, encumbrance or any other security interest ("**Lien**") upon the whole or any part of its property or

assets, present or future, to secure for the benefit of the holders of any existing or future Indebtedness (as defined below) of itself or any other person (or to secure for the benefit of the holders thereof any guarantee or indemnity in respect thereof) without, in any such case, effectively providing that the Guarantee relating to the Notes of this Series shall be secured equally and ratably with or prior to such Indebtedness (or such guarantee or indemnity in respect thereof) unless, after giving effect thereto, the aggregate outstanding principal amount of all such secured Indebtedness (other than Indebtedness secured by Liens described in clauses (i) through (viii) below) would not exceed 15 percent of Consolidated Net Tangible Assets (as defined below).

The foregoing restriction will not apply to Indebtedness secured by:

- (i) any Lien existing on the date of first issue of this Series of Notes;
- (ii) any Lien existing on any property or asset prior to the acquisition thereof by the Guarantor or arising after such acquisition pursuant to contractual commitments entered into prior to and not in contemplation of such acquisition;
- (iii) any Lien on any property or asset securing Indebtedness incurred or assumed for the purpose of financing the purchase price thereof or the cost of construction, improvement or repair of all or any part thereof, provided that such Lien attaches to such property concurrently with or within 12 months after the acquisition thereof or completion of construction, improvement or repair thereof;
- (iv) any Lien securing Indebtedness owing to or held by the Guarantor;
- (v) any Lien arising out of the refinancing, extension, renewal or refunding of any Indebtedness secured by any Lien permitted by any of the foregoing clauses, provided that such Indebtedness is not increased and is not secured by any additional property or assets;
- (vi) any Lien arising in the ordinary course of business that is not overdue for a period of more than 30 days or that are contested in good faith through appropriate proceedings;
- (vii) any Lien arising by operation of law that is promptly discharged or that is contested in good faith through appropriate proceedings; or
- (viii) any Lien on cash, cash equivalents or marketable securities created to secure set-off arrangements or hedging transactions.

4.2 *Certain Definitions*

In these Conditions, the following expressions have the following meanings:

“**Consolidated Net Tangible Assets**” means the total amount of assets of the Guarantor and its consolidated subsidiaries as set forth on the most recent available audited balance sheet of the Guarantor and its consolidated subsidiaries and computed in accordance with Financial Reporting Standards in Malaysia, including investments in associated companies but after deducting therefrom (a) all current liabilities, (b) expenditures carried forward, including all goodwill, trade names, trademarks, patents, unamortized debt, discount and expense and other like intangible assets, if any, and (c) all write-ups of fixed assets, net of accumulated depreciation thereon, occurring after the date of the most recent audited balance sheet of the Guarantor and its consolidated subsidiaries available immediately prior to the date on which the Notes of this Series is first issued.

“Indebtedness” means any obligation for the payment or repayment of money borrowed which has a final maturity of one year or more from its date of incurrence or issuance.

4.3 *Provision of Information to Noteholders*

Each of the Issuers and the Guarantor covenants that for so long as any of the Notes are “restricted securities” within the meaning of Rule 144 under the Securities Act, it will, at any time when it is not subject to either the periodic reporting requirements of Section 13 or Section 15(d) of the Exchange Act or the requirements of Rule 12g3-2(b) thereunder, provide to any Noteholder or prospective purchaser of Notes designated by such Noteholder, upon the request of such Noteholder or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

4.4 *Ownership and Operations of the Issuer*

The Guarantor will cause the Issuer to at all times during which any Note of this Series is outstanding remain a Wholly-Owned Subsidiary of the Guarantor. For the purposes of these Conditions, **“Wholly-Owned Subsidiary of the Guarantor”** means a subsidiary of the Guarantor 100% of the outstanding capital stock or other ownership interests of which (other than directors’ qualifying shares or such minimum number of shares of capital stock owned by another person that is necessary to meet the shareholder requirements under applicable law) shall at the time be owned by the Guarantor or by one or more Wholly-Owned Subsidiaries of the Guarantor.

5. INTEREST

5.1 *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest on its outstanding principal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum (expressed as a percentage) equal to the Rate(s) of Interest. Interest will be payable in arrears on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

Except in the case of Notes in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the applicable Pricing Supplement, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding principal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the

Specified Denomination of a Fixed Rate Note in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

In these Conditions:

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest, in accordance with this Condition 5.1:

- (a) if “**Actual/Actual (ICMA)**” is specified in the applicable Pricing Supplement:
- (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “**Accrual Period**”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period (as defined below) and (2) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or
 - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (b) if “**30/360**” is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

“**Determination Period**” means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

“**Fixed Interest Period**” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date; and

“**sub-unit**” means, with respect to any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to Euro, one cent.

5.2 *Interest on Floating Rate Notes*

(a) *Interest Payment Dates*

Each Floating Rate Note bears interest on its outstanding principal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date and such interest will be payable in arrears on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an “**Interest Payment Date**”) which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day (as defined below), then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 5.2 (*Interest—Interest on Floating Rate Notes—(a)(ii)*) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply mutatis mutandis or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day, and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, “**Business Day**” means a day which is both:

- (x) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency

deposits) in London, New York and any Additional Business Center specified in the applicable Pricing Supplement; and

- (y) either (i) in relation to any sum payable in a Specified Currency other than Euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial center of the country of the relevant Specified Currency (if other than London, New York and any Additional Business Center and which, if the Specified Currency is Canadian dollars, Australian dollars or New Zealand dollars, shall be Toronto, Melbourne or Wellington, respectively); or (ii) in relation to any sum payable in Euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the “**TARGET2 System**”) is open; or in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets in Hong Kong are open for general business and settlement of payments in Renminbi.

(b) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Pricing Supplement, which may be “ISDA Determination,” or “Screen Rate Determination”, as described below.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate (as defined below) plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (i), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes of this Series (the “**ISDA Definitions**”) and under which:

- (1) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (2) the Designated Maturity is a period specified in the applicable Pricing Supplement; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the secured overnight financing rate (“**SOFR**”), the Euro-zone inter-bank offered rate (“**EURIBOR**”) or the Hong Kong inter-bank offered rate (“**HIBOR**”), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Pricing Supplement.

For the purposes of this sub-paragraph (i), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the meanings given to those terms in the ISDA Definitions.

- (ii) Screen Rate Determination for Floating Rate Notes (other than Floating Rate Notes which specify the Reference Rate as SOFR or CORRA)
- (A) Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:
- (1) the offered quotation; or
 - (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 per cent. being rounded upwards) of the offered quotations,
- (expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11:00 a.m. (Brussels time, in the case of EURIBOR, or Hong Kong time, in the case of HIBOR), or at 11:15 a.m. (Hong Kong time) or if, at or around that time it is notified that the fixing will be published at 2:30 p.m. (Hong Kong time), then at 2:30 p.m. (in the case of CNH Hong Kong inter-bank offered rate, or “**CNH HIBOR**”) (such time, the “**Specified Time**”) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.
- (B) If the Relevant Screen Page is not available as at the Specified Time or, if in the case of Condition 5.2(b)(ii)(A)(1) above, no such offered quotation appears or, in the case of Condition 5.2(b)(ii)(A)(2) above, fewer than three such offered quotations appear, in each case as at the Specified Time, the Issuer (or an independent adviser, appointed by the Issuer) shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 per cent. being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent. “**Reference Banks**” means, in the case of Condition 5.2(b)(ii)(A)(1) above, those banks whose offered rates were used to determine such quotation when such quotation last appeared on the Relevant Screen Page and, in the case of Condition 5.2(b)(ii)(A)(2) above, those banks whose offered quotations last appeared on the Relevant Screen Page when no fewer than three such offered quotations appeared; and shall be (in the case of a determination of EURIBOR) the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, (in the case of a determination of HIBOR) the principal Hong Kong office of four major banks in the Hong Kong inter-bank market, and (in the case of a determination of CNH HIBOR) the principal Hong Kong office of four major banks dealing in Renminbi in the Hong Kong inter-bank market, in each case selected by the Issuer and the Guarantor or as specified in the applicable Pricing Supplement.

- (C) If on any Interest Determination Date fewer than two Reference Banks provide the Calculation Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 per cent. being rounded upwards) of the rates, as communicated to (and at the request of the Issuer (or an independent adviser, appointed by the Issuer)) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the Hong Kong inter-bank market (if the Reference Rate is HIBOR or CNH HIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer and the Guarantor suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the Hong Kong inter-bank market (if the Reference Rate is HIBOR or CNH HIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period).
- (D) If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than EURIBOR, HIBOR or CNH HIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

- (iii) Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as being SOFR Benchmark

Where Screen Rate Determination is specified as the manner in which the Rate of Interest is to be determined and the Reference Rate is specified as SOFR Benchmark in the applicable Pricing Supplement, the Rate of Interest for each Interest Period will, subject as provided below, be equal to the relevant SOFR Benchmark plus or minus the Margin (if any), all as determined by the Calculation Agent on the relevant Interest Determination Date.

The **SOFR Benchmark** will be determined based on Simple SOFR Average, Compounded SOFR Average or Compounded SOFR Index, as follows (subject in each case to Condition 5.2(b)(i) as further specified hereon):

- (A) If **Simple SOFR Average** is specified in the applicable Pricing Supplement as the manner in which the SOFR Benchmark will be determined, the SOFR Benchmark for each Interest Period shall be the arithmetic mean of the SOFR reference rates for each U.S. Government Securities Business Day during such Interest Period, as calculated by the Calculation Agent, and where, if applicable and as specified in the applicable Pricing Supplement, the SOFR reference rate on the SOFR Rate Cut-off Date shall be used for the U.S. Government Securities Business Day in the relevant Interest Period from (and including) the SOFR Rate Cut-off Date to (but excluding) the last day of that Interest Period.
- (B) If **Compounded SOFR Average** is specified in the applicable Pricing Supplement as the manner in which the SOFR Benchmark will be determined, the SOFR Benchmark for each Interest Period shall be equal to the compounded average of daily SOFR reference rates for each day during the relevant Interest Period (where SOFR Lag, SOFR Payment Delay or SOFR Lockout is specified in the applicable Pricing Supplement to determine Compounded SOFR Average) or the SOFR Observation Period (where SOFR Observation Shift is specified in the applicable Pricing Supplement to determine Compounded SOFR Average).

Compounded SOFR Average shall be calculated by the Calculation Agent in accordance with one of the formulas referenced below depending upon which is specified in the applicable Pricing Supplement:

- (1) SOFR Lag:

$$\left(\prod_{i=1}^{d_0} \left(1 + \frac{\text{SOFR}_{i-\text{xUSBD}} \times \eta}{360} \right) - 1 \right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

SOFR_{i-xUSBD} for any U.S. Government Securities Business Day “i” in the relevant Interest Period, is equal to the SOFR reference rate for the U.S. Government Securities Business Day falling the number of Lookback Days prior to that U.S. Government Securities Business Day “i”;

Lookback Days means five U.S. Government Securities Business Days (or such other number of U.S. Government Securities Business Days as specified in the applicable Pricing Supplement);

d means the number of calendar days in the relevant Interest Period;

d₀ for any Interest Period, means the number of U.S. Government Securities Business Days in the relevant Interest Period;

i means a series of whole numbers ascending from one to d_0 , representing each relevant U.S. Government Securities Business Days from (and including) the fifth U.S. Government Securities Business Day in the relevant Interest Period (each a U.S. Government Securities Business Day “i”); and

n_i for any U.S. Government Securities Business Day “i” means the number of calendar days from (and including) such U.S. Government Securities Business Day “i” up to (but excluding) the following U.S. Government Securities Business Day.

(2) SOFR Observation Shift:

$$\left(\prod_{i=1}^{d_0} \left(1 + \frac{\text{SOFR}_i \times \eta}{360} \right) - 1 \right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

SOFR_i for any U.S. Government Securities Business Day “i” in the relevant SOFR Observation Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day “i”;

SOFR Observation Period means, in respect of each Interest Period, the period from (and including) the date falling the number of SOFR Observation Shift Days prior to the first day of the relevant Interest Period to (but excluding) the date falling the number of SOFR Observation Shift Days prior to the last day of such Interest Period;

SOFR Observation Shift Days means five U.S. Government Securities Business Days (or such other number of U.S. Government Securities Business Days as specified in the applicable Pricing Supplement);

d means the number of calendar days in the relevant SOFR Observation Period;

d₀ means the number of U.S. Government Securities Business Days in the relevant SOFR Observation Period;

i means a series of whole numbers ascending from one to d_0 , representing each U.S. Government Securities Business Day from (and including) the fifth U.S. Government Securities Business Day in the relevant SOFR Observation Period (each a U.S. Government Securities Business Day “i”); and

n_i for any U.S. Government Securities Business Day “i”, means the number of calendar days from (and including) such U.S. Government Securities Business Day “i” up to (but excluding) the following U.S. Government Securities Business Day.

(3) SOFR Payment Delay:

$$\left(\prod_{i=1}^{d_0} \left(1 + \frac{SOFR_i \times \eta}{360} \right) - 1 \right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

SOFR_i for any U.S. Government Securities Business Day “i” in the relevant Interest Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day “i”;

Interest Payment Date shall be the number of Interest Payment Delay Days following the date of each Specified Interest Period Date (as specified in the applicable Pricing Supplement); provided that the Interest Payment Date with respect to the final Interest Period will be the Maturity Date or the relevant date for redemption, as applicable;

Interest Payment Delay Days means five U.S. Government Securities Business Days (or such other number of Business Days as specified in the applicable Pricing Supplement);

d means the number of calendar days in the relevant Interest Period;

d₀ means the number of U.S. Government Securities Business Days in the relevant Interest Period;

i means a series of whole numbers ascending from one to d₀, representing each relevant U.S. Government Securities Business Day from (and including) the fifth U.S. Government Securities Business Day in the relevant Interest Period (each a U.S. Government Securities Business Day “i”); and

n_i for any U.S. Government Securities Business Day “i”, means the number of calendar days from (and including) such U.S. Government Securities Business Day “i” up to (but excluding) the following U.S. Government Securities Business Day.

For the purposes of calculating Compounded SOFR Average with respect to the final Interest Period where SOFR Payment Delay is specified in the applicable Pricing Supplement, the SOFR reference rate for each U.S. Government Securities Business Day in the period from (and including) the SOFR Rate Cut-off Date to (but excluding) the Maturity Date or the relevant date for redemption, as applicable, shall be the SOFR reference rate in respect of such SOFR Rate Cut-off Date.

(4) SOFR Lockout:

$$\left(\prod_{i=1}^{d_0} \left(1 + \frac{\text{SOFR}_i \times n_i}{360} \right) - 1 \right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

SOFR_i for any U.S. Government Securities Business Day “i” in the relevant Interest Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day “i”, except that the SOFR for any U.S. Government Securities Business Day “i” in respect of the period from (and including) the SOFR Rate Cut-off Date to (but excluding) the last day of such Interest Period shall be the SOFR reference rate in respect of such SOFR Rate Cut-off Date;

d means the number of calendar days in the relevant Interest Period;

d₀ means the number of U.S. Government Securities Business Days in the relevant Interest Period;

i means a series of whole numbers ascending from one to d₀, representing each relevant U.S. Government Securities Business Day from (and including) the fifth U.S. Government Securities Business Day in the relevant Interest Period (each a **U.S. Government Securities Business Day “i”**); and

n_i for any U.S. Government Securities Business Day “i”, means the number of calendar days from (and including) such U.S. Government Securities Business Day “i” up to (but excluding) the following U.S. Government Securities Business Day.

The following defined terms shall have the meanings set out below for purpose of Conditions 5.2(b)(iii)(A) and 5.2(b)(iii)(B):

Reuters Page USDSOFR= means the Reuters page designated “USDSOFR=” or any successor page or service;

SOFR means, with respect to any U.S. Government Securities Business Day, the reference rate determined by the Calculation Agent in accordance with the following provisions:

- (1) the Secured Overnight Financing Rate published at the SOFR Determination Time as such reference rate is reported on the Reuters Page USDSOFR=; or the Secured Overnight Financing Rate published at the SOFR Determination Time on the SOFR Administrator’s Website;
- (2) if the reference rate specified in (1) above does not appear and a SOFR Benchmark Event and its related SOFR Benchmark Replacement Date have not occurred, the SOFR reference rate shall be the reference rate published on the SOFR Administrator’s Website for the first preceding U.S. Government Securities Business Day for which SOFR was published on the SOFR Administrator’s Website; or

- (3) if the reference rate specified in (1) above does not appear and a SOFR Benchmark Event and its related SOFR Benchmark Replacement Date have occurred, the provisions set forth in Condition 5.2(h) shall apply;

SOFR Determination Time means approximately 3:00 p.m. (New York City time) on the immediately following U.S. Government Securities Business Day; and

SOFR Rate Cut-off Date means the date that is five U.S. Government Securities Business Days (or such other number of U.S. Government Securities Business Days as specified in the applicable Pricing Supplement) prior to the Interest Payment Date relating to the relevant Interest Period, the Maturity Date or the relevant Optional Redemption Date, as applicable.

- (C) If **Compounded SOFR Index** is specified as applicable in the applicable Pricing Supplement, the SOFR Benchmark for each Interest Period shall be equal to the compounded average of daily SOFR reference rates for each day during the relevant SOFR Observation Period as calculated by the Calculation Agent as follows:

$$\left(\frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1 \right) \times \left(\frac{360}{d_c} \right)$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

SOFR Index means, with respect to any U.S. Government Securities Business Day the SOFR Index value as published on the SOFR Administrator's Website at the SOFR Index Determination Time on such U.S. Government Securities Business Day provided that:

- (1) if the value specified above does not appear and a SOFR Benchmark Event and its related SOFR Benchmark Replacement Date have not occurred, the "Compounded SOFR Index" shall be calculated on any Interest Determination Date with respect to an Interest Period, in accordance with the Compounded SOFR Average formula described above in Condition 5.2(b)(iii)(B)(2) (SOFR Observation Shift), and the term "SOFR Observation Shift Days" shall mean five U.S. Government Securities Business Days (or such other number of U.S. Government Securities Business Days as specified in the applicable Pricing Supplement); or
- (2) if the value specified above does not appear and if a SOFR Benchmark Event and its related SOFR Benchmark Replacement Date have occurred, the provisions set forth in Condition 5.2(h) shall apply.

SOFR Index_{End} means, in respect of an Interest Period, the SOFR Index value on the date that is five U.S. Government Securities Business Days (or such other number of U.S. Government Securities Business Days as specified in the applicable Pricing Supplement) preceding the last day of such Interest Period (or in the final Interest Period, the Maturity Date);

SOFR Index_{Start} means, in respect of an Interest Period, the SOFR Index value on the date that is five U.S. Government Securities Business Days (or such other number of U.S. Government Securities Business Days as specified in the applicable Pricing Supplement) prior to the first day of the relevant Interest Period;

SOFR Index Determination Time means, in relation to any U.S. Government Securities Business Day, approximately 3:00 p.m. (New York City time) on such U.S. Government Securities Business Day;

SOFR Observation Period means, in respect of an Interest Period, the period from (and including) the date falling the number of SOFR Observation Shift Days prior to the first day of such Interest Period to (but excluding) the date falling the number of SOFR Observation Shift Days prior to the last day of such Interest Period;

SOFR Observation Shift Days means five U.S. Government Securities Business Days (or such other number of U.S. Government Securities Business Days as specified in the applicable Pricing Supplement); and

d_c means the number of calendar days in the applicable SOFR Observation Period.

The following defined terms shall have the meanings set out below for the purpose of this Condition 5.2(b)(iii)(C):

SOFR Administrator means the Federal Reserve Bank of New York or any successor administrator of the SOFR Index value and Secured Overnight Financing Rate;

SOFR Administrator's Website means the website of the SOFR Administrator (currently being, <https://apps.newyorkfed.org/markets/autorates/sofr-avg-ind>), or any successor source;

SOFR Benchmark Replacement Date means the Benchmark Replacement Date (as defined in Condition 5.2(h)) with respect to the then-current SOFR Benchmark;

SOFR Benchmark Event means the occurrence of a Benchmark Event (as defined in Condition 5.2(h)) with respect to the then-current SOFR Benchmark; and

U.S. Government Securities Business Day or **USBD** means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

- (iv) Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as being CORRA Benchmark

Where Screen Rate Determination is specified as the manner in which the Rate of Interest is to be determined and the Reference Rate is specified as CORRA Benchmark in the applicable Pricing Supplement, the Rate of Interest for each Interest Period will, subject as provided below, be equal to the relevant CORRA Benchmark plus or minus the Margin (if any), all as determined by the Calculation Agent on the relevant Interest Determination Date.

The **CORRA Benchmark** will be determined based on Compounded CORRA Average or Compounded CORRA Index, as follows:

(A) Compounded CORRA Average

If Compounded CORRA Average is specified as applicable in the applicable Pricing Supplement, the CORRA Benchmark for each Interest Period shall be equal to the compounded average of daily CORRA reference rates for each day during the relevant Interest Period. Compounded CORRA Average will be calculated by the Calculation Agent as follows, with the resulting percentage being rounded, if necessary, to the fifth decimal place, with 0.000005% being rounded upwards and (-) 0.000005% being rounded downwards:

$$\text{Compounded CORRA Average} = \left[\prod_{i=1}^{d_0} \left(1 + \frac{\text{CORRA}_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

d₀ means the number of Toronto Banking Days in the relevant CORRA Observation Period;

i means a series of whole numbers ascending from one to d₀, representing in chronological order each Toronto Banking Day from, and including, the first Toronto Banking Day in the relevant CORRA Observation Period (each a Toronto Banking Day “i”);

CORRA_i for any Toronto Banking Day “i” in the relevant CORRA Observation Period, is equal to the CORRA reference rate for that day, as published or displayed by the CORRA Administrator or an authorized distributor at 11:00 a.m. Toronto time (or an amended publication time, if any, as specified in the CORRA Administrator’s methodology for calculating CORRA) on the immediately following Toronto Banking Day (which is Toronto Banking Day “i” + 1);

n_i for any Toronto Banking Day “i” in the relevant CORRA Observation Period, means the number of calendar days from, and including, such Toronto Banking Day “i” up to, but excluding, the following Toronto Banking Day (which is Toronto Banking Day “i” + 1); and

d means the number of calendar days in the relevant CORRA Observation Period.

(B) Compounded CORRA Index

If Compounded CORRA Index is specified as applicable in the applicable Pricing Supplement, the CORRA Benchmark for each Interest Period shall be equal to the compounded average of daily CORRA reference rates for each day during the relevant CORRA Observation Period.

Compounded CORRA Index will be calculated by the Calculation Agent as follows, with the resulting percentage being rounded, if necessary, to the fifth decimal place, with 0.000005% being rounded upwards and (-) 0.000005% being rounded downwards:

$$\text{Compounded CORRA Index} = \left(\frac{\text{CORRA Index End}}{\text{CORRA Index Start}} - 1 \right) \times \frac{365}{d}$$

where:

CORRA Index_{End} means the Compounded CORRA Index value on the date that is two Toronto Banking Days preceding the Interest Payment Date relating to such Interest Period (or, in the final Interest Period, the Maturity Date, or, if the Notes are redeemed prior to the Maturity Date, the date of redemption of such Notes, as applicable);

CORRA Index_{Start} means the Compounded CORRA Index value on the date that is two Toronto Banking Days preceding the first day of the relevant Interest Period;

d means the number of calendar days in the relevant CORRA Observation Period.

(C) CORRA Index Unavailable

If (i) the CORRA Index_{Start} or the CORRA Index_{End} is not published or displayed by the CORRA Administrator or an authorized distributor by 11:30 a.m. Toronto time (or an amended publication time, if any, as specified in the CORRA Administrator's methodology for calculating the Compounded CORRA Index) on the Interest Determination Date for such Interest Period, but a CORRA Cessation Effective Date with respect to the Compounded CORRA Index has not occurred, or (ii) a CORRA Cessation Effective Date with respect to the Compounded CORRA Index has occurred, then the CORRA Benchmark for the applicable Interest Period for which the Compounded CORRA Index is not available shall be "Compounded CORRA Average" determined under "(A) – *Compounded CORRA Average*" above as if Compounded CORRA Average had been specified in the applicable Pricing Supplement in place of Compounded CORRA Index.

(D) Temporary Non-Publication of CORRA

If neither the CORRA Administrator nor authorized distributors have provided or published CORRA and a CORRA Cessation Effective Date with respect to CORRA has not occurred, then, in respect of any day for which CORRA is required, references to CORRA will be deemed to be references to the last provided or published CORRA.

(E) Effect of a CORRA Cessation Event

If a CORRA Cessation Event and its related CORRA Cessation Effective Date occurs, then the rate for an Interest Determination Date which occurs on or after such CORRA Cessation Effective Date will be the CAD Recommended Rate, to which the most recently published spread will be applied and the Calculation Agent shall make such adjustments as are necessary to account for any difference in the term, structure or tenor of the CAD Recommended Rate in comparison to CORRA.

If there is a CAD Recommended Rate before the end of the first Toronto Banking Day following the CORRA Cessation Effective Date with respect to CORRA but neither the CORRA Administrator nor authorized distributors provide or publish the CAD Recommended Rate and a CORRA Cessation Effective Date with respect to the CAD Recommended Rate has not occurred, then, in respect of any day for which the CAD Recommended Rate is required, references to the CAD Recommended Rate will be deemed to be references to the last provided or published CAD Recommended Rate.

If (i) there is no CAD Recommended Rate before the end of the first Toronto Banking Day following the CORRA Cessation Effective Date with respect to CORRA, or (ii) there is a CAD Recommended Rate and a CORRA Cessation Effective Date subsequently occurs with respect to the CAD Recommended Rate, the interest rate for an Interest Determination Date which occurs on or after such applicable CORRA Cessation Effective Date will be the BOC Target Rate, to which the Calculation Agent will apply the most recently published spread and shall make such adjustments as are necessary to account for any difference in term, structure or tenor of the BOC Target Rate in comparison to CORRA.

In respect of any day for which the BOC Target Rate is required, references to the BOC Target Rate will be deemed to be the last provided or published BOC Target Rate as of the close of business in Toronto on that day.

In connection with the implementation of an Applicable Rate, the Calculation Agent may, on the instructions of the Issuer, make such adjustments to the Applicable Rate or the spread thereon, if any, as well as the business day convention (including the Business Day Convention), the calendar day count convention, Interest Determination Dates, and related provisions and definitions (including observation dates for reference rates), in each case as are consistent with accepted market practice for the use of the Applicable Rate for debt obligations such as the Notes in such circumstances.

Any determination, decision or election pursuant to the terms and provisions set forth in the preceding paragraphs that may be made by the Issuer or the Calculation Agent, as applicable, in relation to the Applicable Rate, including any determination with respect to an adjustment or the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection: (i) will be conclusive and binding absent manifest error; (ii) if made by the Issuer, will be made in the sole discretion and under the instructions of the Issuer, or, as applicable, if made by the Calculation Agent will be made after consultation with the Issuer and the Calculation Agent will not make any determination, decision or election to which the Issuer objects and will have no liability for not making any determination, decision or election; and (iii) shall become effective without consent from the holders of the Notes or any other party.

In connection with the CORRA provisions above, the following definitions apply:

Applicable Rate means one of the Compounded CORRA Average, Compounded CORRA Index, CAD Recommended Rate or the BOC Target Rate, as applicable;

BOC Target Rate means the Bank of Canada's target for the overnight rate as set by the Bank of Canada and published on the Bank of Canada's website;

CAD Recommended Rate means the rate (inclusive of any spreads or adjustments) recommended as the replacement for CORRA by a committee officially endorsed or convened by the Bank of Canada for the purpose of recommending a replacement for CORRA (which rate may be produced by the Bank of Canada or another administrator) and as provided by the administrator of that rate or, if that rate is not provided by the administrator thereof (or a successor administrator), published by an authorized distributor;

Compounded CORRA Index means the measure of the cumulative impact of CORRA compounding over time administered and published by the CORRA Administrator;

CORRA means the Canadian Overnight Repo Rate Average, as provided by the CORRA Administrator on the CORRA Administrator's Website;

CORRA Administrator means the Bank of Canada or any successor administrator of CORRA and/or the CORRA Compounded Index or the administrator (or successor) of another Applicable Rate, as applicable;

CORRA Administrator Website means the website of the CORRA Administrator;

CORRA Cessation Effective Date means, in respect of one or more CORRA Cessation Events, the first date on which CORRA is no longer provided. If CORRA ceases to be provided on the same day that it is required to determine the rate for an Interest Determination Date, but it was provided at the time at which it is to be observed (or, if no such time is specified at the time at which it is ordinarily published), then the CORRA Cessation Effective Date will be the next day on which CORRA would ordinarily have been published;

CORRA Cessation Event means:

- (A) a public statement or publication of information by or on behalf of the CORRA Administrator announcing that it has ceased or will cease to provide CORRA permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor CORRA Administrator that will continue to provide CORRA, or
- (B) a public statement or publication of information by the regulatory supervisor for the CORRA Administrator, an insolvency official with jurisdiction over the CORRA Administrator, a resolution authority with jurisdiction over the CORRA Administrator or a court or an entity with similar insolvency or resolution authority over the CORRA Administrator, which states that the CORRA Administrator has ceased or will cease to provide CORRA permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor CORRA Administrator that will continue to provide CORRA;

CORRA Index means, with respect to any Toronto Banking Day, the CORRA Index value as published on the CORRA Administrator's Website at the CORRA Index Determination Time on such Toronto Banking Day;

CORRA Index Determination Time means, in relation to any Toronto Banking Day, 11:00 a.m. (Toronto time) on such Toronto Banking Day;

CORRA Observation Period means, in respect of each Interest Period, the period from, and including, the date that is two Toronto Banking Days preceding the first day of such Interest Period to, but excluding, the date that is two Toronto Banking Days preceding the last day of such Interest Period, or in the case of the final Interest Period, the Maturity Date, or if the Notes are redeemed prior to the Maturity Date, the date of redemption of such Notes, as applicable; and

Toronto Banking Day means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in Toronto.

(v) If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than EURIBOR, SOFR, CORRA, HIBOR or CNH HIBOR, the Rate of Interest in such Notes will be determined as provided in the applicable Pricing Supplement.

(vi) In the Conditions:

“Reference Rate” means the rate specified in the applicable Pricing Supplement; and

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Pricing Supplement or such successor or replacement page, section, caption, column or other part as may replace it on that information service.

(c) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) *Determination of Rate of Interest and Calculation of Interest Amounts*

The Calculation Agent, in the case of certain Floating Rate Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period, subject to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Pricing Supplement. The Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Calculation Agent will calculate the amount of interest (the **“Interest Amount”**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

(A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding principal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit

being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest in accordance with this Condition 5.2:

- (1) if “**Actual/Actual (ISDA)**” or “**Actual/Actual**” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (2) if “**Actual/365 (Fixed)**” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;
- (3) if “**Actual/365 (Sterling)**” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365, or in the case of an Interest Payment Date falling in a leap year, 366;
- (4) if “**Actual/360**” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;
- (5) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D_1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

- (6) if “**30E/360**” or “**Eurobond Basis**” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D_1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30;

- (7) if “**30E/360 (ISDA)**” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 and D_2 will be 30.

(e) *Notification of Rate of Interest and Interest Amounts*

The Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and, except where the relevant Notes are unlisted and are in global form and held in their entirety on behalf of DTC, CDS, Euroclear or Clearstream, in which event there may be substituted for such publication the delivery of such notice to DTC, CDS, Euroclear or Clearstream, as applicable, for communication to the holders of the Notes, notice thereof to be published in accordance with Condition 15 (*Notices*) as soon as practicable after their determination but in no event later than the fourth London Business Day (as defined below) thereafter, provided that such notification details are provided by the Issuer to the Agent, or in accordance with Annex D of the Procedures Memorandum, as may be amended and restated from time to time. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to the Issuer and each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 15 (*Notices*). For the purposes of this paragraph, the expression “**London Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(f) *Certificates to be Final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2, whether by the Principal Paying Agent or, if applicable, the Calculation Agent, shall (in the absence of willful misconduct, fraud or gross negligence) be binding on the Issuer, the Guarantor, the Principal Paying Agent, the Calculation Agent (if applicable), the other Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Guarantor, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(g) *Benchmark Discontinuation (General)*

In addition, notwithstanding the provisions above in this Condition 5.2, if a Benchmark Event occurs in relation to a Reference Rate when any Rate of Interest (or the relevant component part thereof) remains to be determined by such Reference Rate, then the following provisions shall apply:

- (i) the Issuer shall use reasonable endeavors to appoint, as soon as reasonably practicable, an Independent Adviser to determine (acting in good faith and in a commercially reasonable manner), no later than five Business Days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period (the “**IA Determination Cut-off**”

Date”), a Successor Rate (as defined below) or, alternatively, if there is no Successor Rate, an Alternative Reference Rate (as defined below) for purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes;

- (ii) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Reference Rate prior to the IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or, if there is no Successor Rate, an Alternative Reference Rate;
- (iii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, such Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Interest Periods (subject to the subsequent operation of, and to adjustment as provided in, this Condition 5.2(g)); *provided, however*, that if sub-paragraph (ii) applies and the Issuer is unable to or does not determine a Successor Rate or an Alternative Reference Rate prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the preceding Interest Period (or alternatively, if there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest (if any)) (subject, where applicable, to substituting the Margin (as defined below) that applied to such preceding Interest Period for the Margin that is to be applied to the relevant Interest Period); for the avoidance of doubt, the proviso in this sub-paragraph (iii) shall apply to the relevant Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 5.2(g);
- (iv) if the Independent Adviser or the Issuer determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) in accordance with the above provisions, the Independent Adviser or the Issuer (as applicable), may also specify changes to these Conditions, including but not limited to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Days, Interest Determination Date and/or the definition of Reference Rate applicable to the Notes, and the method for determining the fallback rate in relation to the Notes, in order to follow market practice in relation to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines that an Adjustment Spread (as defined below) is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser or the Issuer (as applicable) is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread. For the avoidance of doubt, the Principal Paying Agent shall, at the direction and expense of the Issuer, effect such consequential amendments to the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 5.2(g). Noteholder consent shall not be required in connection with effecting the Successor Rate or Alternative Reference Rate (as applicable) or such other changes, including for the execution of any documents or other steps by the Principal Paying Agent (if required). In connection with any such variation in accordance with this Condition 5.2(g)(iv), the Issuer shall comply with the rules of any Stock Exchange on which the Notes are for the time being listed or admitted to trading; and

- (v) the Issuer shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable) and any related Adjustment Spread, give notice thereof to the Principal Paying Agent and the Noteholders, which shall specify the effective date(s) for such Successor Rate or Alternative Reference Rate (as applicable) and any related Adjustment Spread and any consequential changes made to these Conditions.

For the purposes of this Condition 5.2(g):

Adjustment Spread means a spread (which may be positive, negative or zero) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), determines is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Noteholders, Receiptholders and Couponholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body;
- (ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines is recognized or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or
- (iii) if no such customary market usage is recognized or acknowledged, the Independent Adviser (in consultation with the Issuer) or the Issuer in its discretion (as applicable), determines (acting in good faith and in a commercially reasonable manner) to be appropriate.

Alternative Reference Rate means the rate that the Independent Adviser or the Issuer (as applicable) determines has replaced the relevant Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest in respect of bonds denominated in the Specified Currency and of a comparable duration to the relevant Interest Period, or, if the Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Issuer (as applicable) determines in its discretion (acting in good faith and in a commercially reasonable manner) is most comparable to the relevant Reference Rate.

Benchmark Event means:

- (i) the relevant Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist;
- (ii) a public statement by the administrator of the relevant Reference Rate that it will, by a specified date within the following six months, cease publishing the relevant Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the relevant Reference Rate);

- (iii) a public statement by the supervisor of the administrator of the relevant Reference Rate, that the relevant Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued;
- (iv) a public statement by the supervisor of the administrator of the relevant Reference Rate as a consequence of which the relevant Reference Rate will be prohibited from being used either generally, or in respect of the Notes, in each case within the following six months;
- (v) it has become unlawful for any Paying Agent, Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the relevant Reference Rate; or
- (vi) the making of a public statement by the supervisor of the administrator of the relevant Reference Rate announcing that such Reference Rate is no longer representative or may no longer be used.

Independent Adviser means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense.

Margin means Margin as indicated in the applicable Pricing Supplement, if any.

Original Reference Rate means the originally-specified Reference Rate in the applicable Pricing Supplement.

Relevant Nominating Body means, in respect of a Reference Rate:

- (i) the central bank for the currency to which the Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (A) the central bank for the currency to which the Reference Rate relates, (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate, (C) a group of the aforementioned central banks or other supervisory authorities, or (D) the Financial Stability Board or any part thereof.

Successor Rate means the rate that the Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

(h) *Benchmark Discontinuation (SOFR)*

The following provisions shall apply if Benchmark Discontinuation (SOFR) is specified in the applicable Pricing Supplement:

- (i) Benchmark Replacement

If the Issuer or its designee determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred

with respect to the-then current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates.

(ii) Benchmark Replacement Conforming Changes

In connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time. At the request of the Issuer, but subject to receipt by the Calculation Agent of a certificate signed by two authorized signatories of the Issuer, the Calculation Agent shall (at the expense and direction of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with such determination by the Issuer or its designee in using its reasonable endeavors in effecting any Benchmark Replacement Conforming Changes (including, inter alia, by the execution of a deed and/or agreement supplemental to or amending the Agency Agreement) and the Calculation Agent shall not be liable to any party for any consequences thereof, provided that the Calculation Agent shall not be obliged so to concur if, in the opinion of the Calculation Agent doing so would impose more onerous obligations upon them or expose them to any additional duties, responsibilities or liabilities or reduce or amend the rights and/or the protective provisions afforded to them in the Conditions, the Agency Agreement and/or any documents to which it is a party (including, for the avoidance of doubt, any supplemental trust deed and/or agency agreement) in any way.

Noteholders' consent shall not be required in connection with effecting any such changes, including the execution of any documents or any steps to be taken by the Agents (if required). Further, none of the Calculation Agent, the Principal Paying Agent, the Registrar or the Transfer Agent shall be responsible or liable for any determinations, decisions or elections made by the Issuer or its designee with respect to any Benchmark Replacement or any other changes and shall be entitled to rely conclusively on any certifications provided to each of them in this regard.

(iii) Decisions and Determinations

Any determination, decision or election that may be made by the Issuer or its designee pursuant to this Condition 5.2(h), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection (1) will be conclusive and binding absent manifest error, (2) will be made in the sole discretion of the Issuer or its designee, as applicable, and (3) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the holders of the Notes or any other party.

(iv) Certain Defined Terms:

As used in this Condition 5.2(h):

Benchmark means, initially, the relevant SOFR Benchmark specified in the applicable Pricing Supplement; provided that if the Issuer or its designee determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the relevant SOFR Benchmark (including any daily published component used in the calculation thereof) or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement.

Benchmark Replacement means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (A) the sum of:
 - (1) the alternate reference rate that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof); and
 - (2) the Benchmark Replacement Adjustment;
- (B) the sum of:
 - (1) the ISDA Fallback Rate; and
 - (2) the Benchmark Replacement Adjustment;
- (C) the sum of:
 - (1) the alternate reference rate that has been selected by the Issuer or its designee as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof) giving due consideration to any industry-accepted reference rate as a replacement for the then-current Benchmark (including any daily published component used in the calculation thereof) for U.S. dollar- denominated Floating Rate Notes at such time; and
 - (2) the Benchmark Replacement Adjustment; or
- (D) the Rate of Interest last determined in relation to the Notes in respect of the preceding Interest Period (or alternatively, if there has not been a first Interest Payment Date, the rate of interest shall be the initial Rate of Interest (if any)) (subject, where applicable, to substituting the Margin that applied to such preceding Interest Period for the Margin that is to be applied to the relevant Interest Period and, if applicable, to any Maximum Rate of Interest and/or Minimum Rate of Interest applicable to the relevant Interest Period).

Benchmark Replacement Adjustment means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (A) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (B) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or
- (C) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its designee giving due consideration to any industry-

accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark (including any daily published component used in the calculation thereof) with the applicable Unadjusted Benchmark Replacement for U.S. dollar- denominated Floating Rate Notes at such time.

Benchmark Replacement Conforming Changes means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) the Issuer or its designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determine that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its designee determines is reasonably necessary).

Benchmark Replacement Date means the earliest to occur of the following events with respect to the then-current Benchmark (including any daily published component used in the calculation thereof):

- (A) in the case of sub-paragraph (A) or (B) of the definition of “Benchmark Transition Event”, the later of:
 - (1) the date of the public statement or publication of information referenced therein; and
 - (2) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or
- (B) in the case of sub-paragraph (C) of the definition of “Benchmark Transition Event”, the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

Designee means a designee as selected and separately appointed by the Issuer in writing.

Benchmark Transition Event means the occurrence of one or more of the following events with respect to the then-current Benchmark (including any daily published component used in the calculation thereof):

- (A) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

- (B) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (C) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative.

ISDA Definitions means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.

ISDA Fallback Adjustment means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark.

ISDA Fallback Rate means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark (including any daily published component used in the calculation thereof) for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

Reference Time with respect to any determination of the Benchmark means (1) if the Benchmark is the SOFR Benchmark, the SOFR Determination Time (where Compounded SOFR Average is specified in the applicable Pricing Supplement) or SOFR Index Determination Time (where Compounded SOFR Index is specified in the applicable Pricing Supplement), (2) if the Benchmark is the CORRA Benchmark, the CORRA Index Determination Time (where Compounded CORRA Average is specified in the applicable Pricing Supplement) or SOFR Index Determination Time (where Compounded CORRA Index is specified in the applicable Pricing Supplement), or (3) if the Benchmark is not the SOFR Benchmark or the CORRA Benchmark, the time determined by the Issuer or its designee after giving effect to the Benchmark Replacement Conforming Changes.

Relevant Governmental Body means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

Unadjusted Benchmark Replacement means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

5.3 *Zero Coupon Notes*

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount (as defined below) of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such Note shall be a rate per annum (expressed as a percentage) equal to the Accrual Yield (as described in paragraph (c) of Condition 8.6 (*Early Redemption Amounts*)).

5.4 *Interest on Dual Currency Interest Notes*

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Pricing Supplement.

5.5 *Interest on Partly Paid Notes*

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up principal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

5.6 *Accrual of Interest*

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) the date on which the full amount of the moneys payable in respect of such Note has been received by the Principal Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 15 (*Notices*).

6. **LIMITED RECOURSE**

The amounts payable in respect of the Limited Recourse Notes shall be determined in the manner specified in the applicable Pricing Supplement.

7. **PAYMENTS**

7.1 *Method of payment*

Subject as provided below:

- (a) payments in a Specified Currency other than Euro and Renminbi will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a check in such Specified Currency drawn on, a bank in the principal financial center of the country of such Specified Currency (which, if the Specified Currency is Canadian dollars, Australian dollars or New Zealand dollars, shall be Toronto, Melbourne or Wellington, respectively);

- (b) payments in Euro will be made by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee or, at the option of the payee, by a Euro check; and
- (c) payments in Renminbi will be made by a transfer to a Renminbi account maintained by or on behalf of the payee with a bank in Hong Kong.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*). References to “**Specified Currency**” will include any successor currency under applicable law and exclude the Malaysian ringgit.

7.2 Presentation of definitive Bearer Notes, Receipts and Coupons

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 7.1 (*Payments—Method of payment*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)) and in each case payments will not be made by a transfer of funds to an account maintained by the payee in the United States or mailed to an address in the United States.

Payments of installments of principal (if any) in respect of definitive Bearer Notes, other than the final installment, will (subject as provided below) be made in the manner provided in Condition 7.1 (*Payments—Method of payment*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final installment will be made in the manner provided in Condition 7.1 (*Payments—Method of payment*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant installment together with the definitive Bearer Note to which it appertains. Receipts presented without the definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 9 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 10 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A “**Long Maturity Note**” is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose principal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the principal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

7.3 Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of any Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global Note in bearer form, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the relevant Paying Agent to which it was presented and such record shall be prima facie evidence that the payment in question has been made.

7.4 Payments in respect of Registered Notes

Payments of principal (other than installments of principal prior to the final installment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the “**Register**”), (i) where the Notes are in global form, at the close of the business day (being for this purpose, a day on which Euroclear, Clearstream, DTC or CDS, as the case may be, are open for business in respect of Notes cleared through Euroclear, Clearstream, DTC or CDS, as the case may be) before the relevant due date and (ii) where the Notes are in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (a) a holder does not have a Designated Account or (b) the principal amount of the Notes held by a holder is less than U.S.\$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a check in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, “**Designated Account**” means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account and, in the case of payment in Renminbi, means a Renminbi account maintained by or on behalf of the payee with a bank in Hong Kong,

details of which appear on the Register at the close of business on the fifth Hong Kong business day before the due date for payment) maintained by a holder with a Designated Bank and identified as such in the Register and “**Designated Bank**” means (in the case of payment in a Specified Currency other than Euro and Renminbi) a bank in the principal financial center of the country of such Specified Currency (which, if the Specified Currency is Canadian dollars, Australian dollars or New Zealand dollars, shall be Toronto, Melbourne or Wellington, respectively), (in the case of a payment in Euro) any bank which processes payments in Euro, and (in the case of a payment in Renminbi) a bank in Hong Kong that settles payments in Renminbi.

Payments of interest and payments of installments of principal (other than the final installment) in respect of each Registered Note (whether or not in global form) will be made (A) in the case of payments of interest in a Specified Currency other than Renminbi, by a check in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the relevant Register, or (B) in the case of payments of interest in Renminbi, by transfer to a Renminbi account maintained by or on behalf of the payee with a bank in Hong Kong, in each case (i) where the Notes are in global form, at the close of business day (being for this purpose, a day on which Euroclear, Clearstream, DTC or CDS, as the case may be, are open for business in respect of Notes cleared through Euroclear, Clearstream, DTC or CDS, as the case may be) before the relevant due date and (ii) where the Notes are in definitive form, at the close of business on the fifth Hong Kong business day (in the case of Renminbi) or on the fifteenth day (in the case of a Specified Currency other than Renminbi, whether or not such day is a business day) before the relevant due date (the “**Record Date**”) at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest or an installment of principal (other than the final installment) in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and installments of principal (other than the final installment) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final installment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a check posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Agency Agreement.

All amounts payable to CDS or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than Canadian dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on

behalf of CDS or its nominee for conversion into and payment in Canadian dollars in accordance with the provisions of the Agency Agreement.

None of the Issuer, the Guarantor or any of the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

7.5 *General provisions applicable to payments*

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer (and the Guarantor) will be discharged by payment to the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of DTC, CDS, Euroclear or Clearstream, as the beneficial holder of a particular principal amount of Notes represented by such Global Note must look solely to DTC, CDS, Euroclear or Clearstream, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Guarantor to the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer and the Guarantor have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantor, adverse tax consequences to the Issuer or the Guarantor.

7.6 *Payment Day*

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day (as defined below), the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

For these purposes, "Payment Day" means any day which (subject to Condition 10 (*Prescription*)) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (i) in the case of Notes in definitive form only, the relevant place of presentation;

- (ii) London and New York; and
 - (iii) any Additional Financial Center specified in the applicable Pricing Supplement; and
- (b) either (1) in relation to any sum payable in a Specified Currency other than Euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial center of the country of the relevant Specified Currency (which if the Specified Currency is Canadian dollars, Australian dollars or New Zealand dollars shall be Toronto, Melbourne or Wellington, respectively) or (2) in relation to any sum payable in Euro, a day on which the TARGET2 System is open; or (3) in relation to any sum payable in Renminbi, a day on which commercial banks and foreign exchange markets in Hong Kong are open for general business and settlement of payments in Renminbi.

7.7 Interpretation of principal and interest

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 9 (*Taxation*);
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) in relation to Notes redeemable in installments, the Installment Amounts;
- (f) in relation to Zero Coupon Notes, the Amortized Face Amount (as defined in Condition 8.6 (*Redemption and Purchase—Early Redemption Amounts*)); and
- (g) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 9 (*Taxation*).

7.8 Currency of Payment

If any payment in respect of this Note is payable in a Specified Currency other than U.S. dollars that is no longer used by the government of the country issuing such currency for the payment of public and private debts or used for settlement of transactions by public institutions in such country or within the international banking community, or in a Specified Currency that is not expected to be available, when any payment on this Note is due as a result of circumstances beyond the control of the Issuer and the Guarantor, the Issuer and the Guarantor shall be entitled to satisfy their obligations in respect of such payment by making such payment in U.S. dollars on the basis of

the noon buying rate in U.S. dollars in New York City for wire transfers for such Specified Currency as published by the Federal Reserve Bank of New York on the second Business Day prior to such payment or, if such rate is not available on such second Business Day or is not so published, on the basis of the rate most recently available to the Calculation Agent on or prior to such second Business Day. Any payment made by the Issuer or the Guarantor under such circumstances in such other currency or U.S. dollars will constitute valid payment, and will not constitute a default in respect of this Note. For the purpose of this Condition 7.8, "Business Day" means a day on which the Federal Reserve Bank of New York is open for business in New York City.

8. REDEMPTION AND PURCHASE

8.1 *Redemption at maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date.

8.2 *Redemption for tax reasons*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note or a Dual Currency Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note or a Dual Currency Interest Note), on giving not less than 30 nor more than 60 days' notice to the applicable Agent and, in accordance with Condition 15 (*Notices*), the Noteholders (which notice shall be irrevocable), if:

- (a) the Issuer or (if the Guarantor is required to make payments under the Guarantee) the Guarantor has or will become obligated to pay the additional amounts as provided or referred to in Condition 9 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 9 (*Taxation*)) or any regulations or rulings promulgated thereunder, or any change in the official application or official interpretation of such laws or regulations or rulings, or any change in the official application or official interpretation of, or any execution of or amendment to, any treaty or treaties affecting in taxation to which the Tax Jurisdiction is a party, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes of the relevant Series; and
- (b) such obligation cannot be avoided by the Issuer or the Guarantor, taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor would be obligated to pay such additional amounts were a payment in respect of the Notes (or the Guarantee), then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer or the Guarantor shall deliver to the Principal Paying Agent a certificate signed by an authorized officer of the Issuer or the Guarantor, stating that the Issuer or the Guarantor is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer or the Guarantor so to redeem have occurred.

Notes redeemed pursuant to this Condition 8.2 will be redeemed at their Early Redemption Amount referred to in Condition 8.6 (*Redemption and Purchase—Early Redemption Amounts*) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

8.3 *Redemption at the option of the Issuer (“Issuer Call”)*

If Issuer Call is specified in the applicable Pricing Supplement, the Issuer may, having given:

- (a) not less than 15 nor more than 60 days’ notice to the Noteholders in accordance with Condition 15 (*Notices*); and
- (b) not less than three Business Days before the giving of the notice referred to in (a) above, notice to the Principal Paying Agent and, in the case of a redemption of Registered Notes, the Registrar; (which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a principal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Pricing Supplement. In the case of a partial redemption of Notes, the Notes to be redeemed (“**Redeemed Notes**”) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of DTC, CDS, Euroclear and/or Clearstream, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the “**Selection Date**”). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 15 (*Notices*) not less than 15 days prior to the date fixed for redemption. The aggregate principal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate principal amount of all Redeemed Notes as the aggregate principal amount of definitive Notes outstanding bears to the aggregate principal amount of the Notes outstanding, in each case on the Selection Date, provided that, such first mentioned principal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination and the aggregate principal amount of Redeemed Notes represented by a Global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 8.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 15 (*Notices*) at least five days prior to the Selection Date.

8.4 *Redemption at the option of the Noteholders (“Investor Put”)*

If Investor Put is specified in the applicable Pricing Supplement, then, if and to the extent specified in the applicable Pricing Supplement, upon the holder of any Note, giving to the Issuer, in accordance with Condition 15 (*Notices*), not less than 15 nor more than 30 days’ notice (or such other notice period as is specified in the applicable Pricing Supplement) (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Pricing Supplement in whole (but not in part), such Note on the Optional Redemption Date and at the relevant Optional Redemption Amount as specified in, or determined in the manner specified in, the applicable Pricing Supplement, together, if applicable,

with interest accrued to (but excluding) the relevant Optional Redemption Date. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions relating to such conditions and circumstances will be set out in the applicable Pricing Supplement. Registered Notes may be redeemed under this Condition 8.4 in any multiple of their lowest Specified Denomination.

While any Bearer Note that was issued in accordance with TEFRA D is held in the form of a Temporary Bearer Global Note, the right described in this Condition 8.4 will be available only to the extent that non-U.S. beneficial ownership certification has been received by the relevant Issuer or its agent pursuant to TEFRA D.

8.5 *Put Notices*

To exercise the right to require redemption of this Note pursuant to Condition 8.4 (*Redemption and Purchase—Redemption at the option of the Noteholders (“Investor Put”)*), the Noteholder must deliver, at the specified office of the relevant Paying Agent (in the case of Bearer Notes) or the relevant Registrar (in the case of Registered Notes), at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, the Note (except for a Global Note) together with a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of the Paying Agent or, as the case may be, the Registrar (a “**Put Notice**”) and in which the holder must specify a bank account (or, if payment is required to be made by check, an address) to which payment is to be made under this Condition or evidence satisfactory to the Paying Agent concerned or, as the case may be, the Registrar that the Note will, following delivery of the Put Notice, be held to its order or under its control and, in the case of Registered Notes, the principal amount thereof to be redeemed and, if less than the full principal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2 (*Transfers of Registered Notes—Transfers of Registered Notes in definitive form*). If this Note is in definitive form, the Put Notice must be accompanied by this Note or evidence satisfactory to the relevant Paying Agent concerned that this Note will, following delivery of the Put Notices, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through DTC, CDS, Euroclear or Clearstream, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Paying Agent of such exercise in accordance with the standard procedures of DTC, CDS, Euroclear and/or Clearstream (as the case may be) (which may include notice being given on his instruction by DTC, CDS, Euroclear and/or Clearstream or any common depository for them to the relevant Paying Agent by electronic means) in a form acceptable to DTC, CDS, Euroclear and/or Clearstream (as the case may be) from time to time and at the same time present or procure the presentation of the relevant Global Note to the Paying Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of DTC, CDS, Euroclear and/or Clearstream given by a holder of any Note pursuant to Condition 8.4 (*Redemption and Purchase—Redemption at the option of the Noteholders (“Investor Put”)*) shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event, such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to Condition 8.4 (*Redemption and Purchase—Redemption at the option of the Noteholders (“Investor Put”)*) and instead to declare such Note forthwith due and payable pursuant to Condition 11 (*Events of Default*).

8.6 *Early Redemption Amounts*

For the purpose of Condition 8.2 (*Redemption and Purchase—Redemption for tax reasons*) above and Condition 11 (*Events of Default*), each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (a) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (b) in the case of a Note (other than a Zero Coupon Note but including an Installment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the applicable Pricing Supplement, at its principal amount; or
- (c) in the case of a Zero Coupon Note, at an amount (the “**Amortized Face Amount**”) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

“**RP**” means the Reference Price;

“**AY**” means the Accrual Yield expressed as a decimal; and

“**y**” is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes of the relevant Series to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360, or on such other calculation basis as may be specified in the applicable Pricing Supplement.

8.7 *Installments*

Installment Notes will be redeemed in the Installment Amounts and on the Installment Dates. The outstanding principal amount of each such Note shall be reduced by the Installment Amount (or, if such Installment Amount is calculated by reference to a proportion of the principal amount of such Note, such proportion) for all purposes with effect from the related Installment Date, unless payment of the Installment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date (as defined in Condition 9 (*Taxation*)) relating to such Installment Amount. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 8.6 (*Redemption and Purchase—Early Redemption Amounts*) above.

8.8 *Partly Paid Notes*

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

8.9 *Purchases*

The Issuer, the Guarantor and any of their respective subsidiaries may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) by tender (available to all Noteholders alike) or in the open market at any price. If the Issuer, the Guarantor or any of their respective subsidiaries shall acquire any Notes, such acquisition shall not operate as or be deemed for any purpose to be a satisfaction of the indebtedness represented by such Notes unless and until such Notes are delivered to the relevant Paying Agent and/or the Registrar for cancellation and are cancelled and retired by such Paying Agent and/or the Registrar. Notes purchased or otherwise acquired or held by or on behalf of the Issuer, the Guarantor or any of their respective subsidiaries may be held, reissued, resold or, at their discretion, surrendered to any Paying Agent and/or the Registrar for cancellation. Notes purchased or otherwise acquired or held by or on behalf of the Issuer, the Guarantor or any of their respective subsidiaries shall not have voting rights at meetings of Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of Noteholders.

8.10 *Cancellation*

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 8.9 (*Redemption and Purchase—Purchases*) above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent (which shall notify the Registrar of such cancelled Notes in the case of Registered Notes) and cannot be reissued or resold.

8.11 *Late payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 8.1 (*Redemption and Purchase—Redemption at maturity*), 8.2 (*Redemption and Purchase—Redemption for tax reasons*), 8.3 (*Redemption and Purchase—Redemption at the option of the Issuer (“Issuer Call”)*), or 8.4 (*Redemption and Purchase—Redemption at the option of the Noteholders (“Investor Put”)*) above or upon its becoming due and repayable as provided in Condition 11 (*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (c) of Condition 8.6 (*Redemption and Purchase—Early Redemption Amounts*) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent or, in the case of Registered Notes, the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 15 (*Notices*).

8.12 *Obligation to redeem*

Upon the expiry of any notice as is referred to in Condition 8.2 (*Redemption and Purchase—Redemption for tax reasons*), 8.3 (*Redemption and Purchase—Redemption at the option of the Issuer*

(“Issuer Call”), or 8.4 (Redemption and Purchase—Redemption at the option of the Noteholders (“Investor Put”)) above, the Issuer, failing whom, the Guarantor, shall be bound to redeem the Notes to which the notice referred at the relevant redemption price applicable at the date of such redemption together with, if appropriate, interest accrued to (but excluding) the relevant redemption date.

9. TAXATION

All payments of principal and interest in respect of the Notes, Receipts and Coupons or under the Guarantee by or on behalf of the Issuer or the Guarantor will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the relevant Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer (or the Guarantor) will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) where such withholding or deduction is imposed on a payment to a holder or beneficial owner of such Note, Receipt or Coupon by reason of such holder or beneficial owner being or having been connected with the relevant Tax Jurisdiction (or any political subdivision thereof) other than merely by holding such Note, Receipt or Coupon or receiving principal or interest or other payments in respect thereof; or
- (b) where the holder or any other person who holds an interest in the Note, Receipt or Coupon is a fiduciary, a partnership or any person other than the sole beneficial owner of such payment, and such withholding or deduction would not have been imposed had the beneficiary or settlor with respect to such fiduciary, member of such partnership or beneficial owner of such payment been the actual holder of the Note, Receipt or Coupon; or
- (c) presented for payment (where presentation is required) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 7.6 (*Payments—Payment Day*)); or
- (d) [Intentionally omitted]; or
- (e) where such withholding or deduction is imposed pursuant to FATCA; or
- (f) presented for payment (where presentation is required) by or on behalf of a holder or any other person if such holder or other person would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a member state of the European Union; or
- (g) where such withholding or deduction is imposed on a payment to a holder or beneficial owner or any other person who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority if the Principal Paying Agent has been notified in writing by

the Issuer (or the Guarantor) of the opportunity to make such a declaration or claim (such notice to be provided by the Principal Paying Agent to the relevant clearing organization); or

- (h) where the Note was issued by the Canadian Issuer, the Canadian Issuer does not deal at arm's length (for the purposes of the *Income Tax Act* (Canada)) with either: (1) the holder or beneficial owner of such Note, Receipt or Coupon, or (2) in the case where a payment is made to a holder or beneficial owner of a Coupon, the holder or beneficial owner of the related Note (as applicable); or
- (i) where the Note was issued by the Canadian Issuer, the holder or beneficial owner of such Note is, or does not deal at arm's length (for the purposes of the *Income Tax Act* (Canada)) with any person who is, a "specified shareholder" of the Canadian Issuer for the purposes of the thin capitalization rules in the *Income Tax Act* (Canada); or
- (j) where the Note was issued by the Canadian Issuer, the holder or beneficial owner of such Note is a "specified entity" in respect of the Canadian Issuer for the purposes of the hybrid mismatch rules in the *Income Tax Act* (Canada); or
- (k) any combination of paragraphs (a), (b), (c), (d), (e), (f), (g), (h), (i) or (j) above.

As used herein:

- (i) "**Tax Jurisdiction**" means, with respect to the Labuan Issuer and the Guarantor, Malaysia or any political subdivision or any authority thereof or therein (including Labuan) having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Labuan Issuer or the Guarantor is or becomes subject in respect of payments made by it of principal and interest on the Notes, Receipts or Coupons or under the Guarantee, as the case may be, by reason of being organized or resident for tax purposes in or making payments from or through such jurisdiction, and with respect to Notes issued by the Canadian Issuer means Canada or any political subdivision or any authority thereof or therein (including Alberta) having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Canadian Issuer or the Guarantor is or becomes subject in respect of payments made by it of principal and interest on the Notes, Receipts or Coupons or under the Guarantee, as the case may be, by reason of being organized or resident for tax purposes in or making payments from or through such jurisdiction;
- (ii) the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the relevant Agent or the relevant Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 15 (*Notices*); and
- (iii) "**FATCA**" means Sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended, or any successor or amended version of these provisions, any agreement with the U.S. Treasury entered into with respect thereto, any U.S. Treasury regulation issued thereunder or any other official interpretations or guidance issued with respect thereto; any intergovernmental agreement entered into with respect thereto, and any law, regulation, or other official interpretation or guidance promulgated pursuant to such intergovernmental agreement.

The obligation to pay additional amounts shall not apply to (a) any estate, inheritance, gift, sales, transfer, personal property or any similar tax, assessment or other governmental charge or (b) any tax, assessment or other governmental charge which is payable otherwise than by deduction or withholding from payments of principal of, or interest or premium on, the Notes, Receipts or Coupons; provided that, except as otherwise set forth in these Conditions and in the Agency Agreement, the Issuer (or the Guarantor, as applicable) shall pay all stamp and other duties, if any, which may be imposed by Malaysia, Labuan, the United States or any respective political subdivision thereof or any taxing authority of or in the foregoing, with respect to the Agency Agreement or as a consequence of the issuance of the first Tranche of the Notes of the relevant Series.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any Note, Receipt or Coupon, such mention shall be deemed to include payment of additional amounts to the extent that, in such context, additional amounts are, were or would be payable in respect thereof.

10. PRESCRIPTION

Any monies paid by the Issuer or the Guarantor to the Paying Agents for the payment of the principal of or interest on any Notes and remaining unclaimed at the end of two years after such principal or interest shall have become due and payable shall then be repaid to the Issuer or the Guarantor, and upon such repayment, all liability of the Paying Agent with respect to such monies shall thereupon cease and any Holder representing a claim therefor shall thereafter look only to the Issuer or the Guarantor for payment thereof.

Under New York law, any legal action upon the Notes must be commenced within six years after the payment thereof is due. Thereafter, the Notes will generally become unenforceable.

11. EVENTS OF DEFAULT

The occurrence and continuance of the following will constitute events of default with respect to the Notes (“**Events of Default**”):

- (a) default in the payment of any installment of interest upon any of the Notes as and when the same shall become due and payable, and continuance of such default for a period of 30 days; or
- (b) default in the payment of all or any part of the principal of any of the Notes as and when the same shall become due and payable, whether at maturity, upon redemption or otherwise; or
- (c) failure on the part of the Issuer duly to observe or perform any of the other covenants or agreements on the part of the Issuer contained in the Notes of the relevant Series or in the Agency Agreement for a period of 90 days after the date on which written notice specifying such failure, stating that such notice is a “Notice of Default” under the Notes of the relevant Series and demanding that the Issuer remedy the same, shall have been given by registered or certified mail, return receipt requested, to the Issuer at the office of the Principal Paying Agent by the holders of at least 10 percent in aggregate principal amount of the Notes of the relevant Series at the time outstanding; or
- (d) failure on the part of the Guarantor to duly observe or perform any other of the covenants or agreements on the part of the Guarantor contained in the Guarantee or the Agency

Agreement for a period of 90 days after the date on which written notice specifying such failure, stating that such notice is a “Notice of Default” hereunder and demanding that the Guarantor remedy the same, shall have been given by registered or certified mail, return receipt requested, to the Guarantor at its specified office with a copy to the Principal Paying Agent at its specified office by the holders of at least 10 percent in aggregate principal amount of the Notes of the relevant Series at the time outstanding; or

- (e) any indebtedness of the Issuer for borrowed money in the aggregate outstanding principal amount of U.S.\$200,000,000 (or its equivalent in any other currency or currencies) or more either (i) becoming due and payable prior to the due date for payment thereof by reason of acceleration thereof following default by the Issuer or (ii) not being repaid at, and remaining unpaid after, maturity as extended by the period of grace, if any, applicable thereto, or any guarantee given by the Issuer in respect of any indebtedness of any other person in the aggregate outstanding principal amount of U.S.\$200,000,000 (or its equivalent in any other currency or currencies) or more not being honored when, and remaining dishonored after becoming, due and called; provided that, if any such default under any such indebtedness shall be cured or waived, then any default by reason thereof shall be deemed to have been cured and waived; or
- (f) any indebtedness of the Guarantor for borrowed money in the aggregate outstanding principal amount of U.S.\$200,000,000 (or its equivalent in any other currency or currencies) or more either (i) becoming due and payable prior to the due date for payment thereof by reason of acceleration thereof following default by the Guarantor or (ii) not being repaid at, and remaining unpaid after, maturity as extended by the period of grace, if any, applicable thereto, or any guarantee given by the Guarantor in respect of any indebtedness of any other person in the aggregate outstanding principal amount of U.S.\$200,000,000 (or its equivalent in any other currency or currencies) or more not being honored when, and remaining dishonored after becoming, due and called; provided that, if any such default under any such indebtedness shall be cured or waived, then any default by reason thereof shall be deemed to have been cured and waived; or
- (g) the Government of Malaysia ceasing to own and control (directly or indirectly) at least 51 percent of the issued and outstanding capital stock of the Guarantor; or
- (h) a court or administrative or other governmental agency or body having jurisdiction in the premises shall enter a decree or order for relief in respect of the Issuer or the Guarantor in an involuntary case under any applicable bankruptcy, insolvency, reorganization, compulsory composition or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Issuer or the Guarantor or for any substantial part of its property or ordering the winding up, dissolution or liquidation of its affairs, or shall otherwise adjudicate or find the Issuer or the Guarantor to be bankrupt or insolvent, and such decree or order shall remain unstayed and in effect for a period of 120 consecutive days; or
- (i) the Issuer or the Guarantor shall commence a voluntary case under any applicable bankruptcy, insolvency, reorganization, compulsory composition or other similar law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary case under any such law, or consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or the Guarantor or for any substantial part of its property, or cease to carry on the whole or substantially the whole of its business or make any general assignment for the benefit of

creditors, or enter into any composition with its creditors, or take corporate action in furtherance of any such action.

If an Event of Default with respect to the Notes of a given Series at the time outstanding occurs, the holders of not less than 25 percent in aggregate principal amount of the Notes of such Series then outstanding, by written demand to the Issuer and the Guarantor at their specified offices with a copy to the Principal Paying Agent at its specified address, may declare the principal (or, if the Notes of such Series are Original Issue Discount Notes (as defined below), such portion of the principal amount as may be specified in the terms of such Notes) of all the Notes of such Series and the interest accrued thereon immediately due and payable.

However, the Notes of such Series shall not be due and payable immediately if, prior to the time when the Issuer and the Guarantor receives such notice, all Events of Default provided for herein in respect of the Notes of such Series shall have been cured. Upon such declaration, the Principal Paying Agent shall give notice thereof to the Issuer or the Guarantor and to the holders of the Notes of such Series, by mail and publication as provided herein. If, at any time after any such declaration and before any judgment or decree for the payment of the monies due shall have been obtained or entered, the Issuer or the Guarantor pays or deposits with the Principal Paying Agent all amounts then due with respect to the Notes of such Series (other than amounts due solely because of such declaration) and cures all other Events of Default with respect to the Notes of such Series, such defaults may be waived and such declaration may be annulled and rescinded by the holders of more than 50 percent in aggregate outstanding principal amount of the Notes of such Series by written notice thereof to the Issuer or the Guarantor at their specified offices with a copy to the Principal Paying Agent at its specified office.

For the purpose of this Condition 11, “**Original Issue Discount Notes**” mean any Notes of a Series that provide for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the maturity thereof.

For the purposes of Conditions 11(e) and (f) above, any indebtedness which is in a currency other than U.S. dollars may be translated into U.S. dollars at the spot rate of the sale of U.S. dollars against the purchase of the relevant currency quoted by any leading bank on any day when a quotation is required for such purposes.

The Principal Paying Agent need not do anything to ascertain whether any Event of Default has occurred or is continuing and will not be responsible to the Issuer, the Guarantor, the Noteholders or any other person for any loss arising from any failure by it to do so, and, unless and until the Principal Paying Agent otherwise has received notice in writing to the contrary, the Principal Paying Agent may assume that no such event has occurred and that the Issuer is performing all its obligations under the Conditions.

12. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the relevant Paying Agent (in the case of Bearer Notes, Receipts or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and the Agents may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13. AGENTS

The names of the initial Agents and their initial specified offices are set out below.

The Issuer and the Guarantor are entitled to vary or terminate the appointment of any Agent and/ or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (a) there will at all times be a Principal Paying Agent and a Registrar;
- (b) so long as the Notes are listed on any Stock Exchange or admitted to trading by any other relevant authority, there will at all times be (in the case of Bearer Notes) a Paying Agent, which may be the Principal Paying Agent, and (in the case of Registered Notes) a Transfer Agent, which may be the Registrar, with a specified office in such place as may be required by the rules and regulations of the relevant Stock Exchange or any other relevant authority (and in the case of Bearer Notes, outside the United States); and
- (c) so long as any of the Registered Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in New York, London or Hong Kong.

In addition, the Issuer and the Guarantor shall immediately appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 7.5 (*Payments—General provisions applicable to payments*). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 15 (*Notices*).

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

14. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 10 (*Prescription*). Each Talon shall, for the purpose of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

15. NOTICES

All notices regarding the Bearer Notes will be deemed to be validly given if published by the Issuer or the Guarantor in a leading English language daily newspaper of general circulation in London (which is expected to be the Financial Times) and in a leading English language daily newspaper of general circulation in the United States (which is expected to be the Wall Street

Journal), or if publication in either such newspaper is not practicable, notice shall be given in such other English language newspaper of general circulation in Europe or in the United States, as the case may be, as the Principal Paying Agent may approve. The Issuer or the Guarantor, shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange (or any other relevant authority) on which the Bearer Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding the Registered Notes will be deemed to be validly given if (a) sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing, and (b) in addition, if and for so long as the Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of DTC, CDS, Euroclear and/or Clearstream, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to DTC, CDS, Euroclear and/or Clearstream, as applicable, for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or any other relevant authority so require, such notice will be published in a manner specified by those rules. Any such notice shall be deemed to have been given to the holders of the Notes one day after the day on which the said notice was given to DTC, CDS, Euroclear and/or Clearstream.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). So long as any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through DTC, CDS, Euroclear and/or Clearstream, as the case may be, in such manner as the Principal Paying Agent, the Registrar and DTC, CDS, Euroclear and/or Clearstream, as the case may be, may approve for this purpose.

Receiptholders and Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this condition.

16. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

16.1 *Meetings of Noteholders*

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer and the Guarantor or upon a requisition in writing of Noteholders holding not less than 25% in principal amount of the Notes of the applicable Series for the time being outstanding after such Notes shall have become due and payable due to an Event of Default. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50% in principal amount of the Notes of the applicable Series for the time being outstanding, or at any adjourned meeting one or more

persons being or representing Noteholders whatever the principal amount of the Notes of the applicable Series so held or represented. However, at any meeting the business of which includes the modification of certain provisions of the Notes, Receipts or Coupons (including modifying the due date for payment of principal, premium, redemption amount or interest thereof, reducing the amount of principal, premium or redemption amount or the rate of interest payable in respect of the Notes, varying the method of or basis for calculating redemption amount, altering the currency of payment of the principal, premium, redemption amount or interest of the Notes, Receipts or Coupons, modifying or cancelling the Guarantee, modifying the majority required to pass an Extraordinary Resolution, or sanctioning any scheme or proposal for the exchange or sale of the Notes), the quorum shall be one or more persons holding or representing not less than 75% in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than 25%, in principal amount of the Notes for the time being outstanding. Any resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting and whether or not they are voting, and on all Receiptholders and Couponholders.

16.2 *Modifications and Waivers*

The Agents, the Issuer and the Guarantor may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (a) any modification (except as mentioned above) of the Notes, the Receipts, the Coupons, the Conditions, the Agency Agreement or the Guarantee which is not materially prejudicial to the interests of the Noteholders; or
- (b) any modification of the Notes, the Receipts, the Coupons, the Conditions, the Agency Agreement or the Guarantee which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 15 (*Notices*) as soon as practicable thereafter. For the avoidance of doubt, the Agents shall not have any responsibility or liability whatsoever with respect to any determination as to material prejudice to the interests of the Noteholders, the Receiptholders and the Couponholders pursuant to this Condition 16.2.

17. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders, create and issue further Notes with the same terms and conditions as the Notes in all respects except for the amount and date of the first payment of interest thereon so that such further issue shall be consolidated and form a single Series with the outstanding Notes; provided that, in the case of Bearer Notes initially represented by interests in a Temporary Bearer Global Note exchangeable for interests in a Permanent Bearer Global Note or definitive Bearer Notes, such consolidation will occur only upon certification of non-U.S. beneficial ownership and exchange of interests in the Temporary Bearer Global Note for interests in the Permanent Bearer Global Note or definitive Bearer Notes; provided further that any further Notes that are not Bearer Notes (i) must, if the existing Notes were (or the further Notes will be) issued in reliance on Rule 144A, be assigned security number(s) that are different from the security number(s) assigned to the existing Notes unless the further Notes are issued pursuant to a “qualified reopening” of the existing Notes, are otherwise treated as part of the same “issue” of debt instruments as the existing Notes or are issued

with less than a *de minimis* amount of original issue discount, in each case for U.S. federal income tax purposes, and (ii) with respect to Notes issued by the Canadian Issuer, must be fungible with the existing Notes for Canadian federal income tax purposes.

18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

18.1 *Governing law*

The Agency Agreement, the Notes, the Guarantee, the Receipts and the Coupons are governed by, and shall be construed in accordance with, the law of the State of New York.

18.2 *Submission to jurisdiction; Waiver of immunity; Appointment of Agent*

Each of the Issuer and the Guarantor (a) agrees that any legal suit, action or proceeding arising out of or based upon the Notes, the Guarantee, the Receipts/or the Coupons may be instituted in any state or federal court in the State and County of New York, United States of America, (b) irrevocably waives, to the fullest extent permitted by law, any objection which it may have now or hereafter to the laying of the venue of any such suit, action or proceeding and any claim of inconvenient forum, and (c) irrevocably submits to the jurisdiction of any such court in any such suit, action or proceeding. To the extent that the Issuer or the Guarantor has or hereafter may acquire any immunity from any jurisdiction of any court or from any legal process with respect to itself or its property, each of the Issuer and the Guarantor hereby irrevocably waives such immunity in respect of its obligations under the Notes, the Guarantee, the Receipts and/or the Coupons and, without limiting the generality of the foregoing, agrees that such immunities are waived to the fullest extent permitted under the Foreign Sovereign Immunities Act of 1976 of the United States of America and that such waivers are intended to be irrevocable for purposes of such Act. Each of the Issuer and the Guarantor hereby designates Cogency Global Inc. as its authorized agent to accept and acknowledge on its behalf service of any and all process which may be served in any such suit, action or proceeding in any such court and agrees that service of process upon said agent at its office at 122 East 42nd Street, 18th Floor, New York, NY 10168, United States of America (or at such other address in the Borough of Manhattan, New York City, as such agent may designate by written notice to the Issuer, the Guarantor and the Principal Paying Agent), and written notice of said service to the Issuer or the Guarantor, mailed or delivered to it, at the addresses provided above, shall be deemed in every respect effective service of process upon the Issuer or the Guarantor in any such suit, action or proceeding and shall be taken and held to be valid personal service upon the Issuer or the Guarantor, whether or not the Issuer or the Guarantor shall then be doing, or at any time shall have done, business within the State of New York, and that any such service of process shall be of the same force and validity as if service were made upon it according to the laws governing the validity and requirements of such service in such State, and waives all claim of error by reason of any such service. Neither such appointment nor acceptance of jurisdiction shall be interpreted to include actions brought under the United States federal securities laws.

18.3 *Other documents*

In the Agency Agreement, the Issuers and the Guarantor submitted to the jurisdiction of the courts of the State of New York and appointed an agent for service of process in terms substantially similar to those set out above.

USE OF PROCEEDS

Unless otherwise stated in the applicable Pricing Supplement, PETRONAS Capital Limited intends to provide substantially all of the net proceeds from its issue of Notes to PETRONAS or its subsidiaries and associated companies. PETRONAS or its subsidiaries and associated companies is expected to, in turn, use the proceeds for general corporate purposes.

Unless otherwise stated in the applicable Pricing Supplement, PETRONAS Energy Canada Ltd. intends to utilize the net proceeds from its issue of Notes to fund its exploration, development and production activities, for debt refinancing and for general corporate purposes.

EXCHANGE RATES

United States

The table below sets forth, for the periods and dates indicated, information concerning the noon middle rates from the Interbank Foreign Exchange Market in Kuala Lumpur as reported by Bank Negara Malaysia (the “**Noon Middle Rate**”), expressed in ringgit per U.S. dollar. These rates differ from the actual rates in the preparation of the financial statements and other financial information appearing in this Offering Circular.

	Ringgit per U.S. Dollar	
	Average	Period End
2022	4.4005	4.4130
2023	4.5653	4.5915
2024	4.5718	4.4700

Fluctuations in the exchange rate between the ringgit and the U.S. dollar in the past are not necessarily indicative of fluctuations that may occur in the future.

This Offering Circular contains translations of ringgit amounts into U.S. dollars at the exchange rate of U.S.\$1.00 = RM4.4700 solely for the convenience of the reader. These translations should not be construed as representations that the ringgit amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated. See “*Risk Factors—Risks Relating to PETRONAS’ Business—PETRONAS is exposed to various treasury and trading risks, including liquidity risk, interest rate risk, foreign exchange risk, and credit risk. PETRONAS is affected by the global macroeconomic environment and the conditions of financial and commodity markets.*” The Noon Middle Rate was U.S.\$1.00 = RM4.4450 on March 14, 2025.

Canada

The table below sets forth, for the periods and dates indicated, information concerning the Noon Middle Rates expressed in ringgit per Canadian dollar. These rates differ from the actual rates in the preparation of the financial statements and other financial information appearing in this Offering Circular.

	Ringgit per Canadian Dollar	
	Average	Period End
2022	3.3817	3.2562
2023	3.3825	3.4714
2024	3.3387	3.1150

Fluctuations in the exchange rate between the ringgit and the Canadian dollar in the past are not necessarily indicative of fluctuations that may occur in the future. The Noon Middle Rate was C\$1.00 = RM3.0808 on March 14, 2025.

GLOSSARY OF OIL AND GAS INDUSTRY TERMS

“associated gas” — natural gas commonly known as gas-cap gas and/or solution gas dissolved in crude oil in a reservoir.

“barrel” — approximately 42 U.S. gallons.

“base oil” — an oil to which other oils or additives are added to produce a lubricant. This includes Group III base oil that has been subjected to the highest level of refining of the base oil groups, offering very high viscosity index to produce premium quality lubricants.

“bboe” — billion barrels of oil equivalent.

“boe” — barrels of oil equivalent. Conversion of gas reserves to barrels of oil equivalent is at the ratio of 6 billion standard cubic feet of gas to 1 million barrels of crude oil.

“bpd” — barrels per day.

“bscf” — billion standard cubic feet.

“bstb” — billion stock tank barrels.

“CO₂” — carbon dioxide.

“CO₂e” — carbon dioxide equivalent.

“coal seam gas” — natural gas contained in coal deposits, whether or not stored in gaseous phase.

“coal bed methane” — A form of natural gas extracted from coal beds, as opposed to the conventional natural gas found in reservoirs.

“condensate” — liquid hydrocarbon composed primarily of pentanes (C₅) and heavier molecules that are recovered from natural gas and/or oil fields.

“crude oil” — oil including condensate.

“E&P” — exploration and production.

“entitlement” — the share of Malaysia’s or international production of liquids and/or natural gas to which PETRONAS and its subsidiaries are entitled, including the share of cost oil and/or cost gas and that of profit oil and/or profit gas to which it is entitled under the terms of the production-sharing contracts with PSC Contractors.

“equity interest” — PETRONAS’ holding interest in the discovered reserves and resources and production based on the percentage defined in the relevant PSC or other contract.

“floating LNG” — “floating liquefied natural gas” and consists of either a ship or barge that can be sailed or towed to offshore gas fields, extract gas, freeze it to liquefied natural gas (LNG) and offload the LNG to tankers for shipping.

“FPSO” — a “floating, production, storage and offloading unit” and consists of a converted or custom-built ship-like structure, with modular facilities to process oil and gas and for temporary storage of oil prior to transfer to tankers.

“FSO” — a “floating, storage and offloading unit” and consists of a converted or custom-built ship-like structure for temporary storage of oil prior to transfer to tankers.

“gas” — natural gas.

“gas-cap gas” — free gas that overlies and is in contact with significant quantities of crude oil in a reservoir.

“GW” — gigawatt, equaling one billion watts.

“IPC” — integrated petrochemical complex.

“kbpd” — thousand barrels per day.

“ktpa” — thousand tonnes per annum.

“liquids” — crude oil, condensates and LPG.

“LNG” — liquefied natural gas.

“LPG” — liquefied petroleum gas.

“mmbbl” — million barrels of oil.

“mmboe” — million barrels of oil equivalent.

“mmbtu” — million British thermal units.

“mmscfd” — million standard cubic feet per day.

“mmstb” — million stock tank barrels.

“mmt” — million metric tons.

“mmtpa” — million metric tons per annum.

“MW” — megawatt, equaling one million watts.

“natural gas” — a mixture of hydrocarbons that originally exist in gaseous phase in natural underground reservoirs and is classified as either associated gas or non-associated gas.

“Nm³” — normal cubic meter.

“non-associated gas” — natural gas that is found in a reservoir that does not contain crude oil.

“oil” — crude oil, condensate and natural gas liquids.

“play” — a project associated with a prospective trend of potential prospects but required more data acquisition and/evaluation to define the specific prospects.

“processed gas” — natural gas that has been processed for sale to end-customers.

“sour crude” — crude oil that has a high level of sulfur content and requires more complex refining processes.

“sweet crude” — crude oil that has a low level of sulfur content and requires less complex refining processes.

“tpa” — metric tons per annum.

“tpd” — tons per day.

“tscf” — trillion standard cubic feet.

“unconventional resources” — those oil and gas resources other than conventional oil and gas that occur in sandstone and carbonate rocks, including gas hydrate resources, shale oil and gas, and oil sand.

“ultra-deepwater” — water depths of 1,000 meters or more.

RISK FACTORS

Investing in the Notes offered through this Offering Circular involves risk. You should carefully consider the risks set forth below as well as the other information contained in this Offering Circular before investing in the Notes. Our business is subject to a number of factors, many of which are outside our control. The risks set out below are not an exhaustive list of the challenges that we currently face or may develop in the future. These and other risks, whether known or unknown, may have a material adverse effect on our business.

Risks Relating to PETRONAS' Business

PETRONAS is subject to similar industry risks as other energy companies in Malaysia or elsewhere. PETRONAS' ability to maintain and develop its business and revenues will be affected by, among other things, the prevailing world price of oil and Malaysian domestic energy prices for gas, environmental and regulatory developments and other factors, including those set forth below.

Substantial or extended declines in the prices of crude oil and related oil and gas products, or volatility in the prices of these products, may have a material adverse effect on PETRONAS' business, results of operations and financial condition.

PETRONAS' financial results are affected by international oil and natural gas prices, which have historically fluctuated widely. The market prices of crude oil and natural gas are expected to continue to be volatile and are subject to a variety of factors beyond PETRONAS' control. These factors include global and regional supply and demand for crude oil, gas and related products; competition from other energy sources, including new and emerging sources, domestic and foreign government regulations with respect to oil, gas and the energy industry in general; weather conditions and seasonality; global conflicts or acts of terrorism, such as the Russia-Ukraine war, the Israel-Hamas war, and other conflicts in the Middle East; political instability; overall domestic and international economic conditions; inflation outlook; actions of commodity market participants; outbreaks of viruses or other communicable diseases, such as the COVID-19 pandemic; environmental and climate activism; and other factors over which PETRONAS has no control.

Like other international energy companies, PETRONAS faces a challenging environment. Brent crude oil prices, which averaged U.S.\$101.32 per barrel in 2022, fell to an average of U.S.\$82.64 per barrel in 2023. After a strong economic recovery from the lows of the COVID-19 pandemic in 2022, several forces, including the Russia-Ukraine war, international trade restrictions, high inflation in many advanced economies, and actions by central banks worldwide to increase interest rates to combat inflation, held global economic growth back in 2023. Moreover, as global trade flows experienced significant adjustments due to the disruption caused by the Russian invasion of Ukraine, coupled with changes in China-U.S. trade relations and increased global oil supply, supply security concerns have eased. This, along with a slower growth in market demand, led to less balance between supply and demand in 2023. In 2024, Brent crude oil prices declined further to an average of U.S.\$80.76 per barrel due to slower demand growth, particularly in the second half of 2024, and increased global oil supply.

As crude oil and natural gas prices provide a benchmark for gas and petrochemical feedstock prices, changes in these prices may also have an impact on gas and petrochemical prices, which typically tend to lag feedstock price changes. Decreases in oil, gas or product prices are likely to have an adverse effect on revenue, margins and profitability. Prolonged periods of low oil and gas prices could result in projects being delayed, deferred or cancelled, impairment of certain assets and the viability of projects being affected. Higher oil and natural gas prices generally have a positive effect on PETRONAS' operating profit, while lower prices generally have a corresponding negative

effect. The weighted average prices of crude oil and natural gas have fluctuated significantly in the past. Although the price fluctuation has narrowed recently, prices may remain volatile. For a discussion on crude oil prices movements, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Revenue—Commodity Prices.*”

PETRONAS is exposed to various treasury and trading risks, including liquidity risk, interest rate risk, foreign exchange risk, and credit risk. PETRONAS is affected by the global macroeconomic environment and the conditions of financial and commodity markets.

PETRONAS is exposed to changes in currency values and to exchange controls as a result of its substantial international operations. Most of PETRONAS’ revenue and costs are denominated in U.S. dollars, although a portion of PETRONAS’ revenue and expenses are denominated in ringgit. Accordingly, changes in the U.S. dollar to ringgit exchange rate could have an adverse impact on PETRONAS’ results of operations and financial condition, including as a result of translation adjustments in converting U.S. dollar amounts to ringgit for financial statement purposes. In addition, as a global company doing business in many countries and holding assets and exposed to liabilities in other currencies, PETRONAS is also exposed to changes in the value of other currencies.

While PETRONAS undertakes some foreign exchange hedging, it does not do so for all its activities. Even where hedging is in place, it may not function as expected. If any of the treasury risks materializes and hedging activities, if any, fail to adequately limit the risk, it could have a material adverse effect on PETRONAS’ earnings, cash flows and financial condition. For discussions on the impact of changes in exchange rates, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Risk Management*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Revenue—Other Factors Affecting Results of Operations.*”

Commodity trading is an important component of PETRONAS’ businesses. Processing, managing and monitoring many trading transactions across the world, some of which are complex and, depending on the terms of PETRONAS’ commodity contracts, exposes it to operational and market risks, including commodity price risks. PETRONAS uses derivative instruments such as futures, options and other types of contracts to hedge certain market risks. Due to differences between derivative instruments available in the market to hedge market risks and the actual market risks PETRONAS is exposed to, perfect hedging is not always achievable. Therefore, PETRONAS’ hedging has from time to time not functioned as expected and may not function as expected in the future. PETRONAS undertakes commodity trading to optimize commercial margins or to profit from expected market price movements. Even with sound risk management procedures and controls in place, these activities involve forecasting and hence PETRONAS is exposed to the risk of incurring significant losses if prices develop contrary to management expectations.

PETRONAS is exposed to credit risk; its counterparties could fail or be unable to meet their payment and/or performance obligations under contractual arrangements.

If any of the above risks materialize, they could have a material adverse effect on PETRONAS’ earnings, cash flows and financial condition.

PETRONAS could be adversely affected by the jurisdictional dispute over oil and gas legislation in Malaysia.

PETRONAS has significant upstream operations off the coast of Sarawak, primarily gas exploration and production pursuant to its regulatory role under the Petroleum Development Act of

1974 as well as its role as one of the PSC Contractors through its wholly owned subsidiary, PETRONAS Carigali Sdn Bhd. Also, the PETRONAS LNG Complex, located in Bintulu, Sarawak, accounted for a substantial majority of PETRONAS' LNG production capacity, and this complex sources its gas from off the coast of Sarawak under long-term gas supply agreements. For additional details, see "*Business—Gas and Maritime Segment—LNG Business—Domestic Operations.*" The integration of PETRONAS' LNG business and its upstream management have allowed PETRONAS and its PSC Contractors to commercially develop gas fields off the coast of Sarawak and make the projects viable for monetization.

In recent years, the State of Sarawak has sought to play a greater role in Sarawak's oil and gas industry, including through Petroleum Sarawak Berhad ("**PETROS**") (an oil and gas company owned by the State of Sarawak) acting as a PSC Contractor to PETRONAS and through the State's equity interests in the entities within the PETRONAS LNG Complex. In 2024, following amendments to Sarawak's Distribution of Gas Ordinance, 2016 (the "**DGO**"), Sarawak asserted its intention to appoint PETROS to act as the "gas aggregator" (as defined in the DGO) and regulator for all gas distribution in Sarawak. As contemplated by the State of Sarawak, the gas aggregator would purchase gas from gas producers and sell or allocate the gas to the gas buyers. The aggregator business role, has, since inception, been undertaken by PETRONAS pursuant to its role under the Petroleum Development Act of 1974 to ensure sustainable energy security through the development of gas fields offshore Malaysia, including off the coast of Sarawak. By doing so, PETRONAS has unlocked the development and production from gas discoveries that would have otherwise been technically and commercially challenging if developed on a stand-alone basis. Specifically, under this model PETRONAS has purchased the gas from the producers off the coast of Sarawak, treated and blended the gas for specific end uses, and sold the gas to end users, primarily to the PETRONAS LNG Complex, and also to onshore users in Sarawak, both the power sector and commercial users.

Negotiations regarding issues related to implementation of the DGO are ongoing and may be protracted, including the role of gas aggregator, whether PETRONAS' current role, in particular as it applies to supplying gas to the PETRONAS LNG Complex, will continue, and existing contractual arrangements will remain in place. The two sides have also been negotiating additional issues related to gas operations in Sarawak, including the level of supply for Sarawak's onshore uses and the pricing of that supply. To the extent that negotiations regarding these issues are protracted, PETRONAS' reputation may be adversely affected, which could also have a material adverse effect on its business prospects. If these issues cannot be resolved commercially, one or both sides could seek to litigate the disputes. If the State of Sarawak's views on these issues were to prevail, either through litigation or a negotiated settlement, PETRONAS' integrated LNG business could be impacted significantly, and PETRONAS' reputation could be adversely affected. In particular, if the supply of gas to the PETRONAS LNG Complex were not to be maintained at current contracted levels in terms of both price and volume, the profitability of this business and the value of assets used in it could be materially and negatively affected. Overall, the resolution of these issues on terms unfavorable to PETRONAS could have a material adverse effect on its business operations, cash flows, results of operations and financial condition.

A global or regional financial crisis and unfavorable credit and market conditions may negatively affect PETRONAS' liquidity, customers, business, and results of operations.

The effects of a global or regional financial crisis and related turmoil in the global financial system, which is likely to be more severe in emerging market economies like Malaysia, may have a negative impact on PETRONAS' business, financial condition and results of operations.

The effects of an economic crisis on PETRONAS and its customers cannot be predicted. Weak global and domestic economic conditions could lead to reduced demand or lower prices for oil and

gas and related products and petrochemicals, which could have a negative effect on PETRONAS' revenues. Economic factors such as unemployment, inflation and the unavailability of credit could also have a material adverse effect on the demand for energy and, therefore, on PETRONAS' business financial condition and results of operations.

The global economic crisis that began in the fourth quarter of 2008, triggering an international stock market crash and the insolvency of major financial institutions, limited the ability of companies in emerging market economies to access international financial markets as they had in the past or made such access significantly more costly. A similar global or regional financial crisis could limit PETRONAS' ability to access credit or the capital markets at a time when it requires financing, thereby impairing its flexibility to react to changing economic and business conditions. In addition, emerging markets became distressed beginning in the second quarter of 2018 as a result of a rise in interest rates by the U.S. Federal Reserve and they were further affected by the trade war between the U.S. and China. In 2020, a global economic recession caused by the COVID-19 pandemic led to sharp decline in economic activity, increased unemployment and lower commodity prices, including for oil and gas products. In 2022, a strong economic recovery from the lows of the COVID-19 pandemic, combined with Russia's invasion of Ukraine and low global crude oil inventories, lifted the 2022 crude oil price to the highest inflation-adjusted price since 2014, although prices have generally declined since then. Any of the foregoing or similar factors or events could together or independently have an adverse effect on PETRONAS' results of operations and financial condition.

Developments in the economic environment and in the oil and gas industry and other factors have resulted, and may result, in PETRONAS incurring substantial impairment losses, which would negatively affect PETRONAS' earnings and financial position.

PETRONAS may be required to record non-cash impairment losses on its assets, primarily including its resources and reserves and property, plant and equipment, to the extent that the carrying value of any of these assets exceeds its recoverable amount. Events or changes in circumstances, including the realization of certain of the risks outlined in this Offering Circular, may require PETRONAS' management to assess or re-evaluate the recoverability of the carrying value of its assets. These types of events or changes may include substantial or extended declines in the prices of crude oil and related oil and gas products, a lower oil and natural gas price outlook, a significant decrease in the market value of PETRONAS' assets, or significant changes in the economic conditions, business climate, political developments and other changes in applicable laws and regulations in the jurisdictions where PETRONAS operates. In arriving at its impairment loss amounts, PETRONAS uses a range of long-term assumptions including prices, volumes, costs, growth rates and discount rates. An impairment loss is reversed, which is recorded as an impairment write-back, only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. In 2022 and 2023, PETRONAS recognized net impairment losses of RM1,749 million and RM6,096 million, respectively. PETRONAS' net impairment losses in 2022 were primarily attributable to impairment of goodwill in the international lubricant business as a result of macroeconomic challenges arising from global inflation and supply chain disruption, which led to prolonged post-pandemic recovery. PETRONAS net impairment losses in 2023 were largely attributable to write-off of property, plant and equipment mainly due to the cessation of a portion of the Sabah-Sarawak Gas Pipeline operations. In 2024, PETRONAS recognized net impairment losses of RM4,882 million, which were primarily due to (i) accounting remeasurement of receivables as a result of deferment in expected recovery years of PETRONAS' joint venture entities and (ii) impairment of property, plant and equipment mainly due to unfavorable changes in economic outlook for LNG vessels under gas and maritime. PETRONAS re-validates its long-term assumptions at least annually in the third and fourth quarter of each year or as and when there is a need to revisit the assumptions.

PETRONAS is subject to competition and changes in the oil and gas industry dynamics, which may weaken its profitability and competitiveness.

The global oil and gas industries are highly competitive and dynamic and are subject to various risks, changes and uncertainties. They are also subject to regulations and directives of national and local governments with respect to matters such as limitations on production volumes and exports, pricing policies, environmental protection controls and possible nationalization of assets, expropriation and cancellation of rights. PETRONAS is subject to all these risks as a result of its business activities, both in Malaysia and internationally. On the other hand, PETRONAS' competitors, including major energy companies, may have greater financial, human, technical and other resources than PETRONAS, and may hence be in a better position to compete for future business opportunities. As customers' needs become more complex and challenging, demanding more customized solutions, innovations and attractive offerings, PETRONAS also faces significant competition in the development of innovative products and solutions, including the development of new technologies for its core upstream, downstream, gas, and clean energy businesses. In addition, other competitive sources of energy are expected to come into operation in the future, and the rapid development of unconventional resources and alternative energy sources also creates competition for the conventional energy industry. Accordingly, PETRONAS expects competition in the oil, gas, petrochemical and refining industries to increase, and failure to manage its costs and operational performance and to compete effectively could have a material adverse effect on its business, financial condition and results of operations.

PETRONAS operates in countries that have differing degrees of political, legal and fiscal stability. This exposes PETRONAS to a wide range of economic conditions and political developments as well as changes in applicable laws and regulations.

PETRONAS engages in significant operations outside Malaysia as well as its operations in Malaysia, including in a number of developing countries that have less predictable political, security and economic climates. As at January 1, 2025, 40.1% of PETRONAS' discovered resources were outside Malaysia. For example, in 2022, the political developments in Myanmar and PETRONAS' thorough techno-commercial review and asset rationalization strategy resulted in PETRONAS' withdrawal from investment in the country. Similarly, in 2024, the geopolitical development and operation challenges in the Republic of South Sudan, such as reduced production, caused PETRONAS to take steps to ensure the safety of its employees and subsequently announce its termination of operations there. PETRONAS' financial condition and results of operations are expected to be increasingly affected by international and local political, economic and operating conditions, including territorial or other conflicts, in or affecting countries where it operates, transacts business or has interests, including by possible recognition of impairment losses on assets located in these countries.

PETRONAS operates under a broad range of laws and governmental regulations, both in Malaysia and elsewhere. These laws and regulations cover virtually all aspects of PETRONAS' operations. Nationalistic economic policies and political trends and changes in countries where PETRONAS operates, such as opposition to globalization and free trade, trade restrictions, withdrawal from or re-negotiation of global trade agreements, tax and labor policies that favor domestic industries and interests, the exit of the United Kingdom from the European Union (known as Brexit), the distancing or potential exit of other countries from the European Union, the trade conflicts between the U.S. and China, the Russia-Ukraine war, the Israel-Hamas war, other conflicts in the Middle East, and other similar actions, political and economic developments could result in changes to laws, regulations and government policies, including expropriation of property or cancellation or forced renegotiation of contract rights, that can affect PETRONAS' operations and

future investment. PETRONAS cannot ensure that legal, regulatory, political or economic changes in the countries in which it operates will not have a material adverse effect on its business, results of operations or financial condition, including through the recognition of impairment losses.

PETRONAS is exposed to security threats, that could adversely impact its business.

PETRONAS operates in more than 30 countries that have differing degrees of geopolitical, operational, and security challenges and exposures. These challenges include acts of terrorism or other attacks against PETRONAS' production and exploration facilities, offices, pipelines, means of transportation or computer systems, or breaches of PETRONAS' security systems, which could result in significant losses. Failure to manage these risks could result in injury or loss of life, damage to the environment, damage to or the destruction of wells and production facilities, ships, pipelines and other property and could result in regulatory action, legal liability, damage to PETRONAS' reputation, a significant reduction in revenues, an increase in costs, a shutdown of operations and a loss of its investments in affected areas and could have a material adverse effect on PETRONAS' financial condition and results of operations.

Unless PETRONAS discovers and develops more commercially exploitable oil and gas resources, its resources and its production will decline over time as its existing oil and gas reserves are depleted; changes in PETRONAS' upstream commercial arrangements may negatively affect its results of operations and make its historical results less predictive of future financial performance.

Production from oil and gas fields declines as reserves are depleted, with the rate of decline depending on reservoir characteristics and production levels. The level of PETRONAS' future oil and gas resources and production, and therefore its cash flows and income, are highly dependent on its success in efficiently developing current reserves, entering into new investment agreements and economically discovering or acquiring additional reserves. While PETRONAS has been successful in identifying and developing commercially exploitable deposits, it may be unable to replicate that success in the future. PETRONAS may not be able to identify sufficient commercially exploitable deposits or successfully discover, develop and produce more oil or gas, and the wells that it has drilled and currently plans to drill may not result in the discovery or production of additional oil or natural gas. If PETRONAS is unable to maintain or improve its production level, the value of its reserves will decrease, and its results of operations and financial condition could be negatively affected.

PETRONAS' cash flows and income from its upstream operations also depend on its commercial arrangements for developing its oil and gas resources, including its terms with its PSC Contractors and other counterparties, in particular for its operations in Malaysia. The terms of PETRONAS' PSC have changed over time, including to address changes in market dynamics, the nature of the fields being developed (including the age and geology of the relevant fields) and developments in technology, including PETRONAS' technical capabilities; see "*Business—Domestic E&P Operations—Production Sharing Contracts.*" In some cases PETRONAS chooses to fully rely on its own in-house PSC Contractors, while in some cases it involves new PSC Contractors. With regards to new PSC Contractors, their strategies, size and technical focus may differ from those that PETRONAS has previously worked with. Changes in PETRONAS' upstream commercial arrangements may negatively affect its results of operations, and these arrangements may make PETRONAS' historical results in this area less predictive of its future financial performance.

PETRONAS must make significant capital expenditure to maintain its current extraction and production levels and to maintain or increase its resources levels; reductions in PETRONAS' income and inability to obtain financing may limit PETRONAS' ability to make capital investments.

PETRONAS' business is capital intensive. The exploration and development of oil and gas reserves, production, liquefaction, processing, refining and chemical manufacturing require substantial capital expenditures. PETRONAS must continue to invest significant capital to maintain the amounts of oil and gas that it produces and processes and to maintain or increase its levels of oil and gas reserves, both in Malaysia and internationally. In particular, PETRONAS will need to invest substantial capital to develop new oil and gas resources that are particularly challenging, such as ultra-deepwater resources and high carbon dioxide ("CO₂") concentration gas reserves. PETRONAS also needs to fund the maintenance of its existing plants, machinery and equipment.

PETRONAS cannot provide the assurance that it will be able to maintain or increase its current levels of production, downstream, gas, and clean energy business activities. Its inability to generate sufficient operating cash flow or raise sufficient external financing to fund its capital expenditure program may limit its ability to make the capital investments required to continue its business activities at or above present levels.

PETRONAS' business plans depend upon the successful execution of major projects in a timely manner, and failure to deliver major projects successfully could adversely affect PETRONAS' financial performance.

The success of PETRONAS' upstream, downstream, gas, maritime, and clean energy businesses depends on complex, long-term, capital-intensive projects. Successful execution of these projects in turn requires a high degree of project management expertise and skilled employees to maximize efficiency by PETRONAS and, where applicable, its joint venture partners. Specific factors that can affect the performance of major projects include the ability to negotiate successfully with joint venture partners, governments, suppliers, customers, or others; optimize reservoir performance; develop markets for products; manage changes in operating conditions and costs; and respond effectively to unforeseen technical difficulties, including fires and industrial accidents, that could delay project start-up or cause unscheduled project downtime. Additionally, where PETRONAS is not the project operator, it may lack the ability to influence the performance of project operations. A failure by PETRONAS to manage these or other factors and to deliver major projects successfully could have a material adverse effect on its business, financial condition and results of operations.

PETRONAS' crude oil and natural gas discovered resource estimates involve uncertainty and may prove to be incorrect over time or may not accurately reflect actual discovered resource levels, or even if accurate, technical limitations may prevent it from retrieving these discovered resources.

Crude oil and natural gas exploration and production activities are subject to various uncertainties, including those relating to the physical characteristics of crude oil and natural gas fields. These physical characteristics, including the proportion of discovered resources that can ultimately be produced, the rate of production and the costs of developing the fields, are difficult to estimate, and as a result, actual production may be materially different from current estimates of discovered resources. Factors affecting PETRONAS' discovered resource estimates include: new production or drilling activities, field reviews, the addition of newly discovered resources from discoveries or extensions of existing fields, and the application of improved recovery techniques and changed economic conditions (primarily oil and gas prices). As is customary among international energy companies, PETRONAS' discovered resources in Malaysia are estimated by PETRONAS and

its PSC Contractors. Failure to replace or maintain discovered resources levels could result in lower future production, cash flows and income.

The reliability of discovered resource estimates depends on the quality and quantity of technical and economic data, the production performance of the fields and consistency in governmental oil and gas policies. The quantities of crude oil and natural gas that are ultimately recovered could be materially different from PETRONAS' discovered resource estimates, and downward revisions of its estimates could affect its results of operations and business plans. Furthermore, reserve estimates are based on economic assumptions, including those related to future prices of crude oil and natural gas, which historically have been volatile. Accordingly, changes in prices and the outlook for future prices can significantly affect PETRONAS' reserves and estimates. Published discovered resources estimates may also be subject to revision due to changes in published rules and guidance.

PETRONAS invests significant amounts in the development of coal seam gas, shale gas and other unconventional resources. Shale gas, shale oil, tight-sand and coal bed methane projects become viable at relatively high oil and gas prices and as more advanced technology is developed to reduce the required capital investment. Commercially, oil and gas price risks are the critical factors affecting a project's viability. In addition, significant amounts of capital are required on drilling and completion programs, and rigs rates and prices of associated materials are also volatile depending on market conditions. Technical risks surrounding the discovered resource's estimation and production forecasts for all types of unconventional resources are very high due to geological uncertainty, reservoir properties and limitations of current technology. De-risking efforts are undertaken by drilling many wells to acquire more data, applying new technology as and when it becomes available, in addition to engaging third parties to evaluate and certify the discovered resource valuation.

PETRONAS can give no assurance that the discovered resources estimates upon which it has made investment decisions accurately reflect the actual discovered resource levels, or even if accurate, that technical limitations or market developments will not prevent it from profitably retrieving these discovered resources.

PETRONAS' ability to deliver competitive returns and pursue commercial opportunities depends in part on the accuracy of its price assumptions. Inaccurate price assumptions could adversely affect PETRONAS' business.

PETRONAS uses a range of commodity price and margin assumptions, which it reviews on a periodic basis. These ranges help PETRONAS to evaluate the robustness of its capital allocation for its evaluation of projects and commercial opportunities. PETRONAS' ability to deliver competitive returns and pursue commercial opportunities depends in part on the accuracy of these price assumptions. As such, if these price assumptions prove to be incorrect, this could have a material adverse effect on PETRONAS' earnings, cash flows and financial condition.

PETRONAS' future performance depends on the successful deployment of new technologies and production of new products.

Technology and innovation are essential for PETRONAS to remain competitive and to develop resources. For example, PETRONAS expects to increasingly rely on challenging fields that will require it to deploy advanced technologies, such as CO₂ separation and sequestration, or to use advanced technologies to produce advanced products, such as specialty chemicals. As global trends are reshaping the energy landscape, consumption patterns and consumer demand, PETRONAS has stepped out into specialty chemicals, and its specialty chemical products include silicones, lube oil

additives and other chemicals. It also expects to deploy new and developing technologies as it expands its clean energy portfolio. If PETRONAS does not effectively deploy the right technologies and use such technologies to produce new products, or if it does not have access to such technologies and products, there could be a material adverse effect on its ability to execute its strategies. PETRONAS operates in environments where advanced technologies to produce new products are required. In deploying new technologies and producing new products, unknown or unforeseeable technological failures or environmental and health effects could harm PETRONAS' reputation or expose it to litigation or regulatory actions. The associated costs of new technologies and products are sometimes underestimated, or delays in implementation of new technologies or production of new products may occur. If PETRONAS is unable to deploy the right technologies and produce new products in a timely and cost-effective manner, or if it inadvertently deploys technologies and produce products that adversely affect the environment or health of individuals, there could be a material adverse effect on its earnings, cash flows and financial condition.

PETRONAS is subject to critical laws and regulations such as international sanctions, antitrust, trade compliance laws and regulations, anti-bribery, anti-corruption, anti-money laundering and data protection laws that carry significant fines and expose PETRONAS and/or its employees to criminal sanctions and civil penalties.

Investing in certain countries and engaging in dealings with or involving certain countries, entities and individuals could result in adverse consequences to PETRONAS under existing or future trade or investment sanctions. The effect of any such sanctions would depend on their nature, but if sanctions were imposed on PETRONAS, or one of its subsidiaries or associated companies, it could affect the market for the Notes or the securities of that company or impair PETRONAS' ability to access the U.S. capital markets and other international financing. In addition, antitrust, anti-bribery, anti-corruption, anti-money laundering and data protection laws apply to PETRONAS and its joint ventures and associates in the vast majority of countries in which they operate. Failure to comply with these laws could expose PETRONAS to regulatory investigations which may result in fines and penalties. Violation of these laws is also a criminal offence in certain countries, and entities and individuals may either be imprisoned or fined.

In February 2022, countries around the world began imposing additional sanctions and export controls against Russia due to its invasion of Ukraine. These included regional trade bans, designations of entities (such as Russian banks and state-owned entities) and individuals as Specially Designated Nationals and Blocked Parties under U.S. sanctions laws and regulations, as well as restrictions on Russia's access to financial systems. Export controls have also been introduced by various countries targeting Russian defense, aerospace, oil and gas-related technology, IT, and maritime sectors.

The European Union, the U.S., and the UK have adopted a significant number of trade controls on oil, petroleum products, and a wide range of products and technologies. These restrictions are subject to different wind-down periods and limited exceptions. Furthermore, it is possible that sanctions against Russia will continue to escalate. Several countries have also implemented significant new sanctions against Belarus for its role in the Russian invasion. In response, Russia has adopted numerous countermeasures, including making it an offense to take steps to comply with foreign sanctions. Other nations are also adopting trade compliance programs similar to those administered by the European Union and the U.S.

Abiding by all the laws and regulations on trade compliance and sanctions is often complex and challenging due to factors such as the expansion of sanctions, the frequent addition of prohibited parties, the number of markets in which PETRONAS operates, and the risk of differences in how jurisdictions apply sanctions. Any violation by PETRONAS of applicable and relevant international

sanctions, trade compliance laws and regulations, anti-bribery, anti-corruption and anti-money laundering legislation could have a material adverse effect on its reputation, business, financial condition and results of operations.

Erosion of PETRONAS' reputation could have a significant negative impact on its business success.

PETRONAS' reputation is a vital corporate asset. The company adheres to its Code of Conduct and Business Ethics, which guide how it operates and set expectations and standards for employee behavior. Ensuring compliance with these standards is essential to maintaining trust. Factors that could negatively impact PETRONAS' reputation include operational incidents, cybersecurity disruptions, shifts in consumer perceptions, response to various challenges, and investor views on the oil and gas industry in the context of global climate change concerns. Furthermore, any failures in governance or regulatory compliance, along with any perceived disconnect between PETRONAS' operations and community impacts, could harm its standing.

As societal expectations increase, which focus on business ethics, product quality, safety, and environmental responsibility, PETRONAS faces growing scrutiny regarding various aspects of its business. These types of challenges can adversely affect its brand and ability to secure resources and attract talent. Ultimately, any erosion in PETRONAS' reputation may impede its strategic objectives and lead to significant negative effects on its earnings and financial condition.

The successful delivery of PETRONAS' strategy is dependent on its employees' ability to adapt a culture that aligns to its goals and reflects the changes it needs to make as part of the energy transition.

PETRONAS' culture is defined as the shared values, practices and beliefs of its employees. It is influenced by decisions on organizational structure and accountability, people and skills, and what mindset and behaviors exist. These elements need to act in harmony to create a desired culture and ensure successful and sustained performance in line with PETRONAS' strategy.

PETRONAS is pursuing an Energy Transition Strategy that focuses on enabling a balanced and orderly transition towards a lower-carbon future. As such, elements of PETRONAS' culture will need to change to ensure PETRONAS' ability to execute its strategy successfully. For example, PETRONAS will have to develop new skills, and adapt processes and systems that, in some areas, will need to be different from those required for its traditional oil and gas businesses. PETRONAS will have to continually leverage its learner mindset to anticipate and respond to the faster pace of change in the external market. At the same time, PETRONAS also will need to retain its shared values to ensure trust and openness in how it operates business, and to ensure employees feel valued and perform at their best.

If PETRONAS fails to effectively maintain, or its employees fail to adapt to, a culture that aligns to its strategy and the ability to adapt to strategic changes, this could limit its ability to effectively implement its strategy and have a material adverse effect on its earnings, cash flows and financial condition.

PETRONAS' compliance with environmental regulations in Malaysia, Canada and in the other countries in which it operates could materially adversely affect its results of operations.

PETRONAS is subject to various environmental laws and regulations concerning land use, greenhouse gas ("GHG") emissions, air emissions, discharges to waters, waste materials and decommissioning and abandonment of installations in connection with the design and operation of its

upstream and downstream oil and gas facilities in Malaysia, its subsidiaries' exploration, development and production activities in Canada, and the other countries in which PETRONAS operates, transacts business or has interests. Numerous government agencies and departments issue environmental rules and regulations, which are often difficult and costly to comply with and which carry substantial penalties for non-compliance. Accordingly, PETRONAS can give no assurance that it will not be subject to stricter enforcement or interpretation of existing environmental laws and regulations, or that such laws and regulations will not become more stringent in the future.

Energy companies around the world are periodically subject to adverse effects from unfavorable market perceptions of the environmental impact of their operations. Given certain regulatory developments such as the implementation of the Environmental Quality (Clean Air) Regulation 2014 in Malaysia and the enactment of the Greenhouse Gas Pollution Pricing Act (Canada) (the "GGPPA"), which came into effect on June 21, 2018, as well as the possibility of unanticipated regulatory or other developments, including more stringent environmental laws and regulations, the amount and timing of future environmental compliance expenditures could increase substantially from their current levels. As an increasing portion of PETRONAS' capital expenditures are targeted on investment in renewable energy projects, as well as to fund research and development to develop environment-friendly technologies, these changes could limit the availability of PETRONAS' funds for other purposes. PETRONAS cannot predict what additional environmental legislation or regulations will be enacted in the future relating to, for example, climate change and extraction methods used for unconventional assets or the potential effects on its financial position and results of operations. PETRONAS' subsidiaries have incurred and expect to continue to incur capital and operating expenditures to comply with applicable environmental laws and regulations. Changes in foreign environmental laws and regulations, or their interpretation, may require these subsidiaries to incur significant unforeseen expenditures to comply with such requirements, which could have an adverse effect on PETRONAS' business, financial condition and results of operations.

Rising climate change concerns have led and could lead to increased focus on transitioning to a lower carbon economy and changes in or additional legal and/or regulatory measures that could result in project delays or cancellations, a decrease in demand for fossil fuels, potential litigation and additional compliance obligations.

The Paris Agreement, which was signed in 2015, has been ratified or acceded to by 194 states (including Malaysia) and the European Union as of January 1, 2025, aims to limit increases in global temperatures to well below two degrees Celsius above pre-industrial levels. As a result of this and other agreements and government actions, PETRONAS expects continued and increased attention to climate change from all facets of society. This attention has led, and PETRONAS expects it to continue to lead, to additional regulations designed to reduce GHG emissions and the transition to a lower carbon economy.

Due to the strengthening of climate-related regulatory requirements in many of the countries where it operates, PETRONAS expects that a growing share of its GHG emissions will be subject to these regulations, resulting in increased compliance costs and operational restrictions. For example, the output-based pricing system implemented by the Government of Canada under the GGPPA could potentially result in substantial carbon trading-related costs on PETRONAS' Canadian operations. If PETRONAS' GHG emissions rise alongside its ambitions to increase the scale of its business, its regulatory burden will increase proportionally. PETRONAS also expects that GHG regulation, as well as emission reduction actions by customers, will continue to focus more on suppressing demand for fossil fuels, either through taxes, fees, incentives to promote the sale of electric vehicles or even through the future prohibition of sales of new diesel or gasoline vehicles, as have recently been enacted by several countries. PETRONAS also expects consumers and other market participants to insist on a transition to a lower carbon economy, which may drive the development of alternative

energy sources, and make these alternatives more economically attractive. These and other measures to limit GHG emissions could result in lower demand for many of PETRONAS' products, which could lead to lower revenue and, in the long term, potential impairment of its oil and gas assets, as they may no longer be economically viable for development or operation. PETRONAS is planning to deploy carbon capture and other developing technologies to limit its GHG emissions, but these technologies are new and they may prove to be less effective or more expensive than anticipated.

Additionally, some groups are pressuring certain investors to divest their investments in oil and gas companies. If this were to continue, it could have a material adverse effect on the price of PETRONAS' securities, including the Notes, and its ability to access the international capital markets. The World Bank announced that it will prioritize financing of renewable energy and gradually cease its financing of upstream oil and gas projects. Similarly, according to press reports, other development organizations and financial institutions also appear to be considering limiting their exposure to certain oil and gas projects. Accordingly, PETRONAS' ability to obtain financing for future projects may be adversely impacted. This could also adversely affect PETRONAS' potential partners' abilities to finance their portion of costs, either through equity or debt.

In addition, the physical effects of climate change, such as extreme weather events, rises in temperatures and sea-levels, and fluctuations in water levels, could adversely impact both PETRONAS' operations and supply chains.

If PETRONAS is unable to find economically viable and publicly acceptable solutions that reduce its GHG emissions and/or GHG intensity for new and existing projects or for the products it sells, it could experience additional costs or financial penalties, delayed or cancelled projects, and/or reduced production and reduced demand for its products, which could have a material adverse effect on its earnings, cash flows and financial condition.

PETRONAS' expansion into the clean energy market may expose it to different and additional risks than the oil and gas industry.

Historically, PETRONAS' main business focused on the oil and gas industry. In recent years, PETRONAS has increased its investment in, and its management's attention on, renewable energy projects, including providing solar and wind power to commercial, industrial and utility customers in Malaysia and internationally. These projects usually require PETRONAS to make significant up-front payments for, among other things, land rights and facility construction, and revenue from these projects may not be recognized for a long-time following contract signing. Any inability or significant delays in entering into sales contracts with customers after making such up-front payments could adversely affect PETRONAS' business and results of operations and constrain its ability to simultaneously fund other business operations and invest in other projects.

Moreover, PETRONAS' expansion into the clean energy market may expose it to a variety of risks that PETRONAS may not have sufficient expertise, experience or qualified personnel to deal with, such as the intense market competition from business models and companies that PETRONAS is unfamiliar with, evolving regulations and policies in different jurisdictions, insufficient demand for power generated from clean energy projects, rapid technological advancements, as well as the failure of its power generation and delivery facilities. Any of these types of events could divert the attention of PETRONAS' management and adversely affect PETRONAS' business operations, results of operations or financial condition. PETRONAS' revenue and liquidity may also be adversely affected to the extent the market for clean energy projects weakens or that PETRONAS is unable to successfully meet customer expectations due to technical difficulties, equipment failure, or adverse weather, or is unable to sell the energy generated from clean energy projects at prices and on terms and timing that are acceptable to PETRONAS.

Increased concerns regarding the safe use of products that PETRONAS produces and their potential impact on the environment have resulted in more restrictive regulations and could lead to new regulations.

Concerns regarding products that PETRONAS produces, including various oil and gas products, chemicals and plastics, including their safe use and potential impact on the environment, reflect a growing trend in societal demands for increasing levels of product safety, environmental protection, transition to a lower carbon economy and recycling. These concerns have led to more restrictive regulations and could lead to new regulations. These could also result in delays or failures in obtaining or retaining regulatory approvals, increased costs related to complying with more restrictive regulations, delayed product launches, lack of market acceptance, lower sales volumes or discontinuance of various products, continued pressure for more stringent regulatory intervention and increased litigation. These consequences could also have an adverse effect on PETRONAS' business, financial position, results of operations and reputation.

PETRONAS is exposed to exploration, development, production, project, equipment, distribution, transportation and storage risks that could interrupt its operations and result in substantial potential liability for which PETRONAS may not be fully insured.

PETRONAS is subject to several risks that are common among oil and gas companies. These risks include exploration, development and production risks (fluctuations in production may be affected by reserve levels, operational hazards, work stoppages, natural disasters or weather, accidents, etc.), project risks (relating to management of third party contractors and accidents), equipment risks (relating to the adequacy and condition of PETRONAS' facilities and equipment), distribution and transportation risks (relating to the condition and vulnerability of pipelines and other modes of transportation, such as oil and LNG tankers) and storage risks (relating to the operation and condition of tanks and other storage facilities). More specifically, PETRONAS' business is subject to the risks of explosions in pipelines (oil and gas), refineries, plants, drilling wells and other facilities; typhoons and other natural or geological disasters; fires, accidents and mechanical failures; suspension of refinery and/or plant operations for scheduled and unscheduled maintenance and repairs; oil spills and leaks; unexpected geological formations or pressures resulting in blow-outs (sudden, violent explosions of oil, natural gas or water from a drilling well, followed by an uncontrolled flow from the well) or cratering (the caving in and collapse of the earth's structure around a blow-out well); mechanical failures and collapsed holes, particularly in horizontal well bores. Partly as a result of these risks and other concerns among certain groups, PETRONAS, like other oil and gas companies, faces risks associated with protests and other mass actions.

As an example of the types of risks that can affect PETRONAS in the industries in which it operates, on October 27, 2022, an explosion and fire occurred at the PETRONAS Refinery and Petrochemical Corporation Sdn. Bhd. within the Pengerang Integrated Complex, which was undergoing initial operational activities, that resulted in injuries and damages to its interconnecting pipeline in the Pengerang Integrated Complex. Operations at other refinery units and petrochemical plants within the complex were shut down to allow for a thorough investigation of the incident and to assess operational issues and plan for an integrated restart of both the refinery and the petrochemical facility.

The occurrence of any of these events or other accidents connected with production, processing and transporting PETRONAS' products could result in personal injuries, loss of life, environmental damage with the resulting containment, clean-up and repair expenses, equipment damage and damage to PETRONAS' facilities. A shutdown of the affected facilities could disrupt PETRONAS' production and significantly increase its production costs.

Although PETRONAS has purchased insurance policies covering some of the risks discussed above, these policies may not cover all liabilities, and insurance may not be available for all risks or on commercially reasonable terms. There can be no assurance that accidents will not occur in the future, that insurance will adequately cover the entire scope or extent of PETRONAS' losses or that it may not be found directly liable in connection with claims arising from these and other events. PETRONAS' operations could also be subject to disruptions as a result of protests and other mass actions. The occurrence of any of these events not fully covered by insurance could have a material adverse effect on PETRONAS' financial condition and results of operations.

PETRONAS is exposed to procurement risks, including potential disruptions to and delays in project deliveries and increased costs associated with acquiring goods and services for PETRONAS' operations, any of which could significantly impact PETRONAS' project timelines, business operations and financial performance.

PETRONAS procures various goods and services from its suppliers in its ordinary course of business. Any disruption to PETRONAS' supply chain, including shortages in supplies of goods and services from suppliers and industry-wide disruptions in the supply chain for reasons beyond PETRONAS' control, such as pandemics and economic and geopolitical instability, particularly in critical areas such as transportation and installation and offshore fabrications, could result in delays in project delivery and higher costs.

In addition, PETRONAS' suppliers and counterparties are subject to various regulations. If they violate any of these regulations, PETRONAS might not be able to, or might incur additional costs, to find alternative suppliers or counterparties. In addition, suppliers' or other counterparties' violation of regulations, particularly those on integrity and human rights, could also adversely affect PETRONAS' reputation.

There is no assurance that PETRONAS will be able to, at all times, procure adequate service from its third-party service providers or on commercially reasonable terms, in a timely manner or at all. The availability and prices of these services may be affected by various reasons that are beyond PETRONAS' control. For example, a significant increase in the cost of services due to market price fluctuations or made by third-party service providers may directly and negatively affect PETRONAS' profitability, and PETRONAS might not be able to find alternative third-party service providers on commercially reasonable terms, in a timely manner or at all. Failure to obtain sufficient supply of third-party services could delay the project deliveries, thereby adversely affecting PETRONAS' ability to satisfy the market demand and adversely affecting its operation, financial condition and prospects.

PETRONAS' investment in joint ventures and associated companies may reduce its degree of control as well as its ability to identify and manage risks.

Many of PETRONAS' major projects and operations are conducted through joint ventures or associated companies. In some of its joint ventures, PETRONAS may have limited influence over and control of the behavior, performance and cost of operations in which a PETRONAS company holds an equity interest. Additionally, its partners or members of a joint venture or associated company (particularly local partners in developing countries) may not be able to meet their financial or other obligations to the projects, potentially resulting in legal liability or significant delays in operations and ultimately threatening the viability of a given project. Many of PETRONAS' major projects are developed over long periods of time, and the interests of joint venture partners may diverge as a result of changes in market conditions, strategy or due to operational issues, and any such developments could result in renegotiation of joint venture terms, changes in ownership interests or partners exiting from joint ventures. Any of these factors could cause PETRONAS'

major projects to be less successful than originally anticipated, negatively affect PETRONAS' results of operations, cash flow, financial condition and business prospects and increase its capital expenditure requirements.

Failures in the information technology systems, data and cyber security, or telecommunications systems can adversely impact PETRONAS' operations and reputation.

PETRONAS' operations depend on information technology and communications systems and services. Interruptions or malfunctions affecting these systems and/or their infrastructure, as a result of obsolescence, technical failures, natural disasters, and/or human errors and sabotage, may harm or disrupt its business and adversely affect PETRONAS' operations and reputation.

Moreover, cybersecurity and information security failures, either due to external acts, such as malware, cyber-espionage, cyber-attacks and cyber-terrorism; or internal ones, such as negligence or misuse by employees or PETRONAS' partners, may also adversely impact PETRONAS' reputation, relationships with its stakeholders, strategic and competitive positioning, as well as its operational results. Additionally, authorized third-party information technology systems could be compromised and used to gain access or introduce malware to PETRONAS' systems during the normal course of business. PETRONAS has limited control and visibility over such third-party's systems. These types of cyber events could subject PETRONAS to legal consequences from the relevant jurisdictions, resulting in significant financial losses, legal or regulatory violations, reputational harm, and legal liability, which could adversely affect the company's reputation, business and results of operations.

Unfavorable results of legal proceedings could harm PETRONAS' business and result in substantial costs.

PETRONAS is subject to various claims, suits and legal proceedings that arise from time to time. Additional legal claims or regulatory matters may arise and could involve shareholder, labor, intellectual property, tax and other matters. Disputes and legal proceedings in which PETRONAS may be involved are subject to many uncertainties, and their outcomes are often difficult to predict. The defense of any such claims and any associated settlement costs can be substantial, even with respect to claims that have no merit. In addition, adverse judgments arising from litigation could result in restrictions or limitations on PETRONAS' operations or result in a material adverse impact on its reputation or financial condition.

Due to the inherent uncertainty of the litigation and dispute resolution process, there is no assurance that the resolution of any particular legal proceeding or dispute will not have a material adverse effect on PETRONAS' business operations, future cash flow, results of operations or financial condition.

PETRONAS seeks to optimize its asset portfolio; transactions it takes in managing this portfolio may not always have the effects that it intends or may otherwise be unsuccessful.

PETRONAS seeks to optimize the value of its portfolio of assets, which includes assets that it holds directly, its interests in subsidiaries (including six companies listed on Bursa Malaysia, out of which four are direct subsidiaries and two are indirect subsidiaries) and those subsidiaries' assets, and its interests in joint ventures and affiliates. Although PETRONAS intends to maintain control of subsidiaries and other assets related to its core oil and gas business, transactions to manage its portfolio could include divestments of assets and sales of shares in its publicly listed or other subsidiaries, including through possible listings of its non-listed subsidiaries. Divestments by PETRONAS of its interests in its subsidiaries could result in those entities ceasing to be consolidated as subsidiaries in PETRONAS' consolidated financial statements, which could substantially affect its results of operations, financial position and cash flows. PETRONAS' efforts

to optimize its asset portfolio may not always have the effects that it intends, and they could result in lower margins or loss of value. Such transactions could also result in PETRONAS being exposed to additional risks or liabilities, place additional demands on management time and other resources, or be unsuccessful due to market conditions or other transaction execution problems. Accordingly, PETRONAS' efforts to optimize its asset portfolio could have a material adverse effect on its earnings, cash flows and financial condition.

Risks Relating to Malaysia

PETRONAS is wholly owned by the Government of Malaysia, which may intervene in PETRONAS' operations.

The Government of Malaysia is the sole shareholder of PETRONAS. As the sole shareholder, it controls the approval of all corporate matters requiring a shareholder resolution under the Malaysian Companies Act, 2016, including, but not limited to, the approval of dividends and the appointment of directors. However, the repayment obligations under the Notes remain the sole obligation of the Issuer, and the ownership and control of PETRONAS by the Government of Malaysia do not correlate to, or provide any assurance as to, PETRONAS' financial condition. PETRONAS' financing obligations, including its obligations under the Guarantees, do not constitute obligations of, and are not guaranteed by, the Government of Malaysia. In addition, under the Petroleum Development Act of 1974, PETRONAS is subject to the control and direction of the Prime Minister of Malaysia, who may from time to time issue such direction to PETRONAS as he may deem fit. Through its position as sole shareholder and the Prime Minister's powers under the Petroleum Development Act of 1974, the Government of Malaysia has the power to intervene directly or indirectly in PETRONAS' commercial and operational affairs.

Although the relationship between PETRONAS and the Government of Malaysia to date has generally been commercially oriented, there can be no assurance that the Government of Malaysia will not intervene in the commercial affairs of PETRONAS in a manner that would have a material adverse effect on PETRONAS.

Ongoing maritime boundaries delimitation in Malaysia could affect PETRONAS' operations and exploration activities offshore Malaysia.

Malaysia shares maritime boundaries with a number of countries including Brunei, Thailand, Indonesia, the Philippines, Singapore and Vietnam.

While some of Malaysia's maritime boundaries have been delimited, a number of these boundaries have yet to be, including disputed areas believed to contain substantial unexplored oil and gas resources in the Celebes Sea and the South China Sea, where countries have overlapping territorial claims. Malaysia and the relevant countries, including Indonesia and China, have been conducting discussions to resolve the delimitation of maritime boundaries applying relevant principles of international law, including the 1982 United Nations Convention on the Law of the Sea. These discussions are conducted both on a bilateral basis as well as through initiatives advanced through ASEAN. In December 2019, Malaysia submitted a claim to the United Nations to increase Malaysia's continental shelf beyond the standard 200 nautical miles. China has objected to these claims because they fall within the "ten-dash line" area in the South China Sea claimed by China, a position Malaysia has rejected in a subsequent submission.

There can be no assurance that Malaysia's maritime boundaries can be delimited through peaceful means or at all, and these disputes could affect PETRONAS' operations and oil & gas exploration activities in Malaysia, particularly in the Celebes Sea and the South China Sea, including by discouraging PSC Contractors from bidding on offshore areas subject to disputes.

Risks Relating to Canada

PETRONAS' assets in Canada may be subject to aboriginal claims and treaty rights.

In Western Canada, where PETRONAS' Canadian operations and joint ventures are located, aboriginal groups have filed claims in respect of aboriginal title and rights in certain areas against the governments of Canada, Alberta and British Columbia, and certain government bodies. In particular, portions of PETRONAS' Canadian gas production fields and the Coastal GasLink pipeline that connects PETRONAS' Canadian gas production fields to the future LNG Canada export facility have been subject to challenge and protests from aboriginal groups. No certainty exists that any lands currently unaffected by claims brought by aboriginal groups will remain unaffected by future claims. If a claim arose and was successful, such claim may affect PETRONAS' ability to obtain approvals on a timely basis, or at all, and dependent on the nature of the claim, may have a material adverse effect on PETRONAS' business, financial condition and results of operations. In addition, due to traditional land claims and treaty rights, aboriginal consultation on surface activities is required and may result in timing uncertainties or delays of future development activities, which, if significant, could have a material adverse effect on the development of PETRONAS' affected assets.

Risk Related to the Structure of a Particular Issue of Notes

A wide range of Notes may be issued under the Program. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain of such features.

The Notes may be subject to optional redemption by the Issuer.

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Issuer may issue Dual Currency Notes.

The Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- they may receive no interest;
- payment of principal or interest may occur at a different time or in a different currency than expected; and
- they may lose all or a substantial portion of their principal.

The Issuer may issue Partly Paid Notes.

The Issuer may issue Notes where the issue price is payable in more than one installment. Failure to pay any subsequent installment could result in an investor losing all of its investment.

The Issuer may issue variable rate Notes with a multiplier or other leverage factor.

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes.

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as EURIBOR. The market values of these Notes are typically more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes.

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favorable than prevailing spreads on comparable floating rate notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

The investment in the Notes is subject to interest rate risks.

The Notes may carry a fixed or variable interest rate, or a combination of fixed and variable interest rates. Where the issuance carries a variable interest rate, the investor of the Notes should be aware of the variability in the coupon payments at each interval period due to the interest rate volatility of short term interest rates.

Notes may be issued at a substantial discount or premium.

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Perpetual Notes may be issued for which investors have no right to require redemption.

Any perpetual Notes issued under the Program are perpetual and have no fixed final maturity date. Holders of perpetual Notes have no right to require the Issuer to redeem perpetual Notes at any

time, and an investor who acquires perpetual Notes may only dispose of such perpetual Notes by sale. Holders of perpetual Notes who wish to sell their perpetual Notes may be unable to do so at a price at or above the amount they have paid for them, or at all. Therefore, holders of perpetual Notes should be aware that they may be required to bear the financial risks of an investment in perpetual Notes for an indefinite period of time.

The regulation and reform of “benchmarks” may adversely affect the value of Notes linked to such “benchmarks.”

Interest rates and indices which are deemed to be “benchmarks” (including the EURIBOR) are the subject of national and international regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or to have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes referencing such a benchmark.

Regulation (EU) 2016/1011 (the “**Benchmarks Regulation**”) was published in the Official Journal of the EU on June 29, 2016 and mostly applies, subject to certain transitional provisions, from January 1, 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorized or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognized or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorized or registered (or, if non-EU-based, not deemed equivalent or recognized or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark. More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Separate work streams are also underway in Europe to reform EURIBOR using a hybrid methodology and to provide a fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate). On September 13, 2018, the working group on euro risk-free rates recommended Euro Short-term Rate (“**ESTR**”) as the new risk free rate. ESTR was published by the ECB for the first time on October 2, 2019, reflecting trading activity on October 1, 2019. In addition, on January 21, 2019, the euro risk free-rate working group published a set of guiding principles for fallback provisions in new euro denominated cash products (including bonds). The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts may increase the risk to the euro area financial system.

It is not possible to predict with certainty whether, and to what extent, EURIBOR or any other -IBOR will continue to be supported going forward. This may cause EURIBOR or any other -IBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or

investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

The Conditions provide for certain fallback arrangements in the event that a Benchmark Event (as defined in the Conditions) occurs, including if a Reference Rate (as defined in the Conditions) ceases to be published for a period of at least five Business Days (as defined in the Conditions) or ceases to exist, or it has become unlawful for any Paying Agent, Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using such Reference Rate. Such fallback arrangements include the possibility that the Rate of Interest (as defined in the Conditions) could be set by reference to a Successor Rate or an Alternative Reference Rate (both as defined in the Conditions), with or without the application of an adjustment spread and may include amendments to the Conditions to ensure the proper operation of the successor or replacement benchmark, the Independent Adviser (as defined in the Conditions) or the Issuer (as applicable) may also specify changes to the Conditions in order to follow market practice in relation to the Successor Rate or the Alternative Reference Rate (as applicable). An adjustment spread, if applied, could be positive or negative and would be applied with a view to reducing or eliminating, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of an Original Reference Rate (as defined in the Conditions). However, it may not be possible to determine or apply an adjustment spread and, even if an adjustment is applied, such adjustment spread may not be effective to reduce or eliminate economic prejudice to investors. If no adjustment spread can be determined, a Successor Rate or Alternative Reference Rate may nonetheless be used to determine the Rate of Interest. The use of a Successor Rate or Alternative Reference Rate (including with the application of an adjustment spread) will still result in any Notes linked to or referencing an Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the Original Reference Rate were to continue to apply in its current form.

If, following the occurrence of a Benchmark Event, no Successor Rate or Alternative Reference Rate is determined, the ultimate fallback for the purposes of calculation of the Rate of Interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. Due to the uncertainty concerning the availability of Successor Rates and Alternative Reference Rates, the involvement of an Independent Adviser and the potential for further regulatory developments, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation or any of the international or national reforms in making any investment decision with respect to any Notes referencing a benchmark.

The use of Secured Overnight Financing Rate (SOFR) as a reference rate is subject to important limitations.

The rate of interest on the Floating Rate Notes may be calculated on the basis of SOFR (as further described under Condition 5.2(b)(i) of the Conditions).

In June 2017, the New York Federal Reserve's Alternative Reference Rates Committee (the ARRC) announced SOFR as its recommended alternative to U.S. dollar LIBOR. However, the composition and characteristics of SOFR are not the same as those of LIBOR. SOFR is a broad U.S. Treasury repo-financing rate that represents overnight secured funding transactions. This means that SOFR is fundamentally different from LIBOR for two key reasons. First, SOFR is a secured rate, while LIBOR is an unsecured rate. Second, SOFR is an overnight rate, while LIBOR represents

interbank funding over different maturities. As a result, there can be no assurance that SOFR will perform in the same way as LIBOR would have at any time, including, without limitation, as a result of changes in interest and yield rates in the market, market volatility or global or regional economic, financial, political, or regulatory events. For example, since publication of SOFR began in April 2018, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmark or other market rates.

As SOFR is an overnight funding rate, interest on SOFR-based Notes with interest periods longer than overnight will be calculated on the basis of either the arithmetic mean of SOFR over the relevant interest period or compounding SOFR during the relevant interest period. As a consequence of this calculation method, the amount of interest payable on each interest payment date will only be known a short period of time prior to the relevant interest payment date. Noteholders therefore will not know in advance the interest amount which will be payable on such Notes.

Although the Federal Reserve Bank of New York has published historical indicative SOFR information going back to 2014, such publication of historical data inherently involves assumptions, estimates and approximations. Noteholders should not rely on any historical changes or trends in SOFR as an indicator of future changes in SOFR.

The Federal Reserve Bank of New York notes on its publication page for SOFR that use of SOFR is subject to important limitations and disclaimers, including that the Federal Reserve Bank of New York may alter the methods of calculation, publication schedule, rate revision practices or availability of SOFR at any time without notice. In addition, SOFR is published by the Federal Reserve Bank of New York based on data received from other sources, and the Issuer has no control over its determination, calculation or publication. There can be no guarantee that SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of the Noteholders. If the manner in which SOFR is calculated is changed or if SOFR is discontinued, that change or discontinuance may result in a reduction or elimination of the amount of interest payable on the Notes and a reduction in the trading prices of the Notes which would negatively impact the Noteholders who could lose part of their investment.

The Conditions provide for certain fallback arrangements in the event that a SOFR Benchmark Event occurs, which is based on the ARRC recommended language. There is however no guarantee that the fallback arrangements will operate as intended at the relevant time or operate on terms commercially acceptable to all Noteholders. Any of the fallbacks may result in interest payments that are lower than, or do not otherwise correlate over time with, the payments that would have been made on the Notes if SOFR had been provided by the Federal Reserve Bank of New York in its current form. Investors should consult their own independent advisers and make their own assessment about the potential risks in making any investment decision with respect to any Notes linked to SOFR.

The market continues to develop in relation to SOFR as a reference rate for Floating Rate Notes.

Investors should be aware that the market continues to develop in relation to SOFR as a reference rate in the capital markets and its adoption as an alternative to U.S. dollar LIBOR. Market participants and relevant working groups are exploring alternative reference rates based on SOFR (which seek to measure the market's forward expectation of a SOFR rate over a designated term). The market or a significant part thereof may adopt an application of SOFR that differs significantly from that set out in the Conditions. In addition, the manner of adoption or application of SOFR in the bond markets may differ materially compared with the application and adoption of SOFR in other markets, such as the derivatives and loan markets. Investors should carefully consider how any

mismatch between the adoption of SOFR in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing SOFR. In addition, the development of SOFR as an interest reference rate for the bond markets, as well as continued development of SOFR-based rates, indices and averages for such markets and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of Notes referencing SOFR. Similarly, if SOFR do not prove widely used in securities such as the Notes referencing SOFR, investors may not be able to sell such Notes referencing SOFR at all or the trading price of the Notes referencing SOFR may be lower than those of bonds linked to indices that are more widely used.

The use of SOFR as a reference rate for bonds is nascent, and may be subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing such rates. Notes referencing SOFR may have no established trading market when issued, and an established trading market may never develop or may not be very liquid which, in turn, may reduce the trading price of such Notes or mean that investors in such Notes may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. Investors should consider these matters when making their investment decision with respect to Notes referencing SOFR.

The use of Canadian Overnight Repo Rate Average (CORRA) as a reference rate is subject to important limitations.

The rate of interest on the Floating Rate Notes may be calculated on the basis of CORRA (as further described under Condition 5.2(b)(iv)).

If CORRA is no longer published following a CORRA Cessation Event, the terms of the Notes will require that the Issuer use another Applicable Rate. In so acting, the Issuer would not assume any obligations or relationship of agency or trust, including, but not limited to, any fiduciary duties or obligations, for or with any of the holders of any such Notes. There is no assurance that the characteristics and behaviour of any other Applicable Rate will be similar to CORRA, and such rates may result in interest payments that are lower than or that do not otherwise correlate over time with the payments that would have been made on the Notes if CORRA was available in its current form. In addition, such rates may not always operate as intended (including, without limitation, as a result of limited history and changes and developments in respect of such rates, the availability of rates information and the determination of the applicable adjustment spread (if any) at the relevant time). Uncertainty with respect to market conventions related to the calculation of another Applicable Rate and whether such alternative reference rate is a suitable replacement or successor for the CORRA Benchmark may adversely affect the liquidity, return on, value and trading market for the Notes. Further, the Issuer may in the future issue Notes referencing CORRA that differ materially in terms of interest determination when compared with previous Notes or any other previous CORRA-referenced securities issued by it, which could result in increased volatility or could adversely affect the liquidity, return on, value and trading market for the Notes. Any of the outcomes noted above may result in different than expected distributions and could materially affect the value of any Notes issued.

Upon the occurrence of a CORRA Cessation Event, the Issuer or its designee will make changes and adjustments as set forth above that may adversely affect the liquidity, return on, value and trading market for the Notes issued.

As CORRA is published by the Bank of Canada, the Issuer has no control over its determination, calculation or publication. There can be no guarantee that CORRA will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in securities that reference CORRA, including the Notes issued. If the manner in which CORRA is calculated is changed, then that change might result in a reduction of the amount of interest payable on the relevant securities and the market prices of such securities, including the Notes issued.

Investors should be aware that the market continues to develop in relation to risk free rates, such as CORRA, as reference rates in capital markets. Further, limited market precedent exists for securities that use a compounded daily reference rate (such as Compounded CORRA Average or Compounded CORRA Index) as the reference rate, and the method for calculating a rate of interest based upon a compounded daily reference rate in those precedents varies. In addition, market participants and relevant working groups are exploring alternative reference rates based on different applications of CORRA. As such, the formula and related documentation conventions used for the Notes issued pursuant to this Program may not be widely adopted by other market participants, if at all. Adoption by the market (including by the Issuer) of a different calculation method from the formula and related documentation conventions used for any Notes issued pursuant to this Program likely would adversely affect the liquidity, return on, value and trading market for such Notes. Investors should also be aware that for Floating Rate Notes where the Reference Rate is specified as being CORRA Benchmark, the Rate of Interest will only be capable of being determined on the relevant Interest Determination Date near the end of the relevant Interest Period and immediately or shortly prior to the relevant Interest Payment Date relating to such Interest Period. It may be difficult for investors to reliably estimate the amount of interest which will be payable on such Notes in advance of the Interest Determination Date, and some investors may be unable or unwilling to trade such Notes without changes to their information technology systems, both of which factors could adversely affect the liquidity, return on, value and trading market for such Notes issued.

In addition, the manner of adoption or application of a Reference Rate specified as CORRA Benchmark in the debt securities market may differ materially compared with application and adoption of CORRA in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of CORRA Benchmark as a Reference Rate across these markets may impact any hedging or other financial instruments which they may put into place in connection with any acquisition, holding or disposal of securities that reference CORRA, including the Notes issued pursuant to this Program.

Enforcement in Malaysian courts of a judgment of a United States court in respect of the Notes and the Guarantees may be subject to uncertainty.

Substantially all of the assets of PETRONAS Capital Limited and a significant part of the assets of PETRONAS are located in Malaysia. In addition, all of the directors and executive officers of PETRONAS and PETRONAS Capital Limited are located in Malaysia and all or a substantial portion of the assets of such persons are located in Malaysia. Under current Malaysian law, any judgment obtained for a fixed sum against PETRONAS or PETRONAS Capital Limited in a court of a foreign jurisdiction with which Malaysia has no arrangement for reciprocal enforcement of judgments, after due service of process, may, at the discretion of the courts of Malaysia be actionable in the courts of Malaysia by way of a suit on a debt if such judgment is final and conclusive. However, such action may be met with defenses. There is currently no agreement for reciprocal enforcement of judgments between Malaysia and the United States, and as such the United States is not a reciprocating country under the First Schedule of the Enforcement Act and the Enforcement Act does not apply to judgments obtained in the United States. Accordingly, even if a United States court were to rule in an investor's favor, it may be difficult to enforce such judgments

in Malaysia. Due to the absence of reciprocal arrangements, judgments obtained in a United States court will only be enforced in Malaysia in accordance with the common law principles and fresh proceedings must be instituted by the judgment creditor and upon re-litigation and re-examination of the issues.

In addition, where the sum payable under a judgment which is to be registered is expressed in a currency other than the ringgit, the judgment will be registered as if it were a judgment for such sum in the ringgit as would be equivalent to the sum so payable on the basis of the rate of exchange prevailing at the date of the judgment of the original court.

Enforcement outside of Canada in respect of the Notes and the Guarantees may be subject to uncertainty.

PETRONAS is incorporated in Malaysia with limited liability. PETRONAS Capital Limited is incorporated in the Federal Territory of Labuan, Malaysia with limited liability. The Notes and the Guarantees will be governed by the law of the State of New York. In addition, all of the directors and executive officers of PETRONAS and PETRONAS Capital Limited, and some of the directors and executive officers of PETRONAS Energy Canada Ltd., are located in Malaysia and, as a result, it may not be possible for Canadian investors to effect service of process within Canada upon PETRONAS, PETRONAS Capital Limited or such persons. Substantially all of the assets of PETRONAS Capital Limited and a significant part of the assets of PETRONAS are located in Malaysia and, as a result, it may not be possible to satisfy a judgment against PETRONAS, PETRONAS Capital Limited or such persons in Canada or to enforce a judgment obtained in Canadian courts against PETRONAS, PETRONAS Capital Limited or such persons outside of Canada.

Enforcement in Canadian courts of a foreign judgment in respect of the Notes and the Guarantees may be subject to uncertainty.

PETRONAS Energy Canada Ltd. is incorporated under the laws of the Province of Alberta, Canada. The Notes and the Guarantees will be governed by, and construed in accordance with, the laws of the State of New York, United States. In addition, some of the directors and executive officers of PETRONAS Energy Canada Ltd. are located in Canada and, as a result, it may not be possible for investors outside of Canada to effect service of process in Canada upon PETRONAS Energy Canada Ltd. or such persons or to enforce in Canada judgments obtained against PETRONAS Energy Canada Ltd. or such persons in courts outside of Canada.

Risks Relating to the Notes

PETRONAS Capital Limited is, and any new Issuer may be, a special purpose vehicle with no business activities of its own and will be dependent on funds from the Guarantor to make payments under the Notes.

PETRONAS Capital Limited is, and any new Issuer may be, a financing vehicle for the Guarantor and has no other operations nor any subsidiaries (a “**FinCo Issuer**”). Unless otherwise stated in the applicable Pricing Supplement, any FinCo Issuer will provide substantially all proceeds of its borrowings to the Guarantor or its subsidiaries and associated companies. Any FinCo Issuer does not and will not have any material assets but it will receive repayments from the Guarantor and/or its subsidiaries in respect of loans made by such FinCo. As a result, any FinCo Issuer is subject to all the risks to which the Guarantor is subject, to the extent that such risks could limit their ability to satisfy in full and on a timely basis their respective obligations to such FinCo Issuer under any such loans.

The ratings of the Notes may be lowered, suspended or withdrawn; changes in such credit ratings or the credit ratings of PETRONAS may adversely affect the value of the Notes.

The Notes are expected to be assigned a rating of A2 by Moody's and A- by S&P. Ratings are limited in scope, and do not address all material risks relating to an investment in the Notes, but rather reflect only the view of each rating agency at the time the rating is issued. PETRONAS' credit ratings may also adversely affect the value of the Notes. PETRONAS' credit ratings are impacted by its business performance and leverage and other factors such as the prevailing world price of oil and Malaysian domestic energy prices for gas, environmental and regulatory developments and other factors beyond its control. PETRONAS' credit ratings are capped by Malaysia's sovereign rating and could also be negatively impacted if Malaysia's sovereign rating is downgraded. Actual or anticipated changes or downgrades in PETRONAS' credit ratings, including any announcement that its ratings are under further review for a downgrade, could affect the market value of your Notes.

Ratings are not recommendations to buy, sell or hold securities, and there can be no assurance that ratings will remain in effect for any given period of time or that ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in each rating agency's judgment, circumstances so warrant. Each rating should be evaluated independently of any other rating.

Developments in other markets may adversely affect the market price of the Notes.

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for Malaysian securities is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including Malaysia. Since the global financial crisis in 2008, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

The Notes are a new issue of securities for which there is currently no public market; you may be unable to sell the Notes if a trading market for the Notes does not develop or if the Notes have limited liquidity.

The Notes are a new issuance of securities with no established trading market. If a trading market does not develop or is not maintained, holders of the Notes may experience difficulty in reselling the Notes or may be unable to sell them at all. The liquidity of any market for the Notes will depend on the number of holders of the Notes, the interest of securities dealers in making a market in the Notes and other factors. If the Notes are traded, they may trade at a discount from their initial offering price depending upon prevailing interest rates, the market for similar securities, general economic conditions, PETRONAS' performance and business prospects and other factors. No assurance can be given as to the development of, liquidity of, or the continuation of a trading market for the Notes. If an active trading market does not develop, the market price and liquidity of the Notes may be adversely affected.

The Notes will be unsecured obligations, will be structurally subordinated to the claims of creditors of PETRONAS' other subsidiaries and will be subordinated to the claims of PETRONAS' secured creditors.

The claims of all existing and future third-party creditors of PETRONAS' subsidiaries (other than the Issuer) as to the cash flows and assets of such companies will have priority over the claims of the shareholders of such subsidiaries, including PETRONAS, and the creditors of such

shareholders (such as holders of the Notes seeking to enforce the Guarantee). As at December 31, 2024, PETRONAS had total consolidated borrowings of RM110,897 million, of which RM48,579 million was third-party debt of PETRONAS' subsidiaries (including PETRONAS Capital Limited and PETRONAS Energy Canada Ltd.). The terms and conditions of the Notes do not contain any restrictions on the ability of PETRONAS Capital Limited, PETRONAS Energy Canada Ltd., PETRONAS or its subsidiaries to incur additional indebtedness.

The Notes are subject to restrictions on resales and transfers.

The Notes have not been registered under the Securities Act or any U.S. state securities laws or under the securities laws of any other jurisdiction and are being issued and sold in reliance upon exemptions from registration provided by such laws. No Notes may be sold or transferred unless such sale or transfer is exempt from the registration requirements of the Securities Act (for example, in reliance on the exemptions provided by Rule 144A or Regulation S under the Securities Act) and applicable state securities laws. For certain restrictions on resales and transfers, see “*Subscription and Sale and Transfer and Selling Restrictions—Transfer Restrictions.*”

Noteholders are required to rely on the procedures of the relevant clearing system and its participants while the Notes are cleared through the relevant clearing system.

Notes issued under the Program will be represented on issue by one or more Global Notes that may be deposited with a common depository for DTC, CDS, Euroclear or Clearstream. Except in the circumstances described in each Global Note, investors will not be entitled to receive Notes in definitive form. Each of DTC, CDS, Euroclear and Clearstream and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

A listing of the Notes on a securities exchange cannot be guaranteed.

With respect to any Notes that may be issued by the Labuan Issuer pursuant to the Program and which are agreed at or prior to the time of issue thereof to be listed, approval-in-principle has been obtained on March 5, 2015 for (a) listing of such Notes on, and admission to the Official List of, the Labuan International Financial Exchange and (b) for listing of such Notes on, and admission to the Official List of, Bursa Malaysia under the Bursa Malaysia (Exempt Regime). With respect to any Notes that may be issued by the Canadian Issuer pursuant to the Program and which are agreed at or prior to the time of issue thereof to be listed, approval-in-principle, if applicable, will be obtained for (a) listing of such Notes on, and admission to the Official List of, the Labuan International Financial Exchange and (b) for listing of such Notes on, and admission to the Official List of, Bursa Malaysia under the Bursa Malaysia (Exempt Regime). The Issuer and PETRONAS cannot guarantee that the application for listing the Notes on the Hong Kong Stock Exchange will be approved and/or that the Notes will be so listed, or that Notes sought to be listed on the Labuan International Financial Exchange or Bursa Malaysia (Exempt Regime) will be so listed, or there will be no delay in any of these listings. The offering and settlement of the Notes are not conditional on obtaining any of these listings or the listing of the Notes on any exchange or trading market. Moreover, even if the Notes are so listed at the time of issuance, PETRONAS may seek an alternative listing for such Notes on another stock exchange, but there can be no assurance that such alternative listing will be obtained.

Bearer Notes where denominations involve integral multiples; definitive Bearer Notes.

In relation to any issue of Bearer Notes which have denominations consisting of a minimum specified denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum specified denomination. In such a case, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum specified denomination in its account with the relevant clearing system at the relevant time may not receive a definitive Bearer Note in respect of such holding (should definitive Bearer Notes be printed), and would need to purchase a principal amount of Notes such that its holding amounts to a specified denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

Modifications and waivers may be made in respect of the terms and conditions of the Notes by the Principal Paying Agent, the Issuer and the Guarantor without the consent of the Noteholders and Extraordinary Resolutions may be passed without the consent of each affected Noteholder.

The terms and conditions of the Notes will provide that the Principal Paying Agent, the Issuer and the Guarantor may (but shall not be obliged to), without the consent of Noteholders, agree to any modification of the terms and conditions of the Notes which will not be materially prejudicial to the interests of the Noteholders or which is of a formal, minor or technical nature, to correct a manifest error or to comply with mandatory provisions of the law. In addition, the terms and conditions of the Notes and the Agency Agreement will provide that an Extraordinary Resolution may be passed (i) as a written resolution signed by or on behalf of holders of not less than 75% in principal amount of the Notes for the time being outstanding or (ii) at a meeting of Noteholders attended by one or more persons holding or representing not less than 75% in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than 25%, in principal amount of the Notes for the time being outstanding, upon a majority of not less than 75% of the persons voting on such Extraordinary Resolution. A duly passed Extraordinary Resolution may amend the terms of the Notes, including modifying the due date for payment of principal, premium, redemption amount or interest thereof, reducing the amount of principal, premium or redemption amount or the rate of interest payable in respect of the Notes, varying the method of or basis for calculating redemption amount, altering the currency of payment of the principal, premium, redemption amount or interest of the Notes, modifying or cancelling the Guarantee, modifying the majority required to pass an Extraordinary Resolution, or sanctioning any scheme or proposal for the exchange or sale of the Notes. As such, an Extraordinary Resolution may be passed without the consent of each affected Noteholder.

Risks relating to Notes Denominated in Renminbi

Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into and outside the PRC.

Renminbi is not freely convertible for all purposes at present. The government of the PRC (the “**PRC Government**”) continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar. However, there has been significant reduction over the years by the PRC Government of control, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

Remittance of Renminbi by foreign investors into and out of the PRC for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

Although starting from October 1, 2016, Renminbi has been added to the Special Drawing Rights (the international reserve assets created by the International Monetary Fund to supplement its member countries' official reserves) basket created by the International Monetary Fund and policies further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies were implemented by the People's Bank of China (the "**PBOC**"), the central bank of the PRC in 2018, there is no assurance that the PRC Government will continue to gradually liberalize control over cross border remittance of Renminbi in the future or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Renminbi Notes.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service such Renminbi Notes.

As a result of the restrictions imposed by the PRC Government on cross border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While the PBOC has entered into agreements on the clearing of Renminbi business with financial institutions (each a "**RMB Clearing Bank**"), including, but not limited to, Hong Kong and are in the process of establishing Renminbi clearing and settlement mechanisms in a number of other jurisdictions (the "**Settlement Arrangements**"), the current size of Renminbi denominated financial assets outside the PRC is limited. There are restrictions imposed by the PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC. The relevant RMB Clearing Bank only has access to onshore liquidity support from the PBOC for the purpose of squaring open positions of participating banks for limited types of transactions. The relevant RMB Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source Renminbi from outside the PRC to square such open positions. Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the Issuer is required to source Renminbi outside the PRC to service the Renminbi Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all. If Renminbi is not available in certain circumstances as described in the Conditions applicable to Renminbi Notes, the Issuer can make payments in U.S. dollars or other specified currencies as set out in the applicable Pricing Supplement.

Payments in respect of the Notes will only be made in accordance with prevailing rules and regulations in the manner specified in the Notes.

Except in limited circumstances, all payments of Renminbi under the Notes to an investor will be made solely by transfer to a Renminbi bank account maintained in Hong Kong by such investor in accordance with the prevailing rules and regulations and in accordance with the terms and conditions of the Notes. The Issuer and the Guarantor cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC). If access to Renminbi deliverable in Hong Kong becomes unavailable, the terms of the Notes allow the Issuer and the Guarantor to make payments in U.S. dollars at the prevailing spot rate of exchange, all as provided for in more detail in “*Terms and Conditions of the Notes—Condition 7.8 (Payments—Currency of Payment)*.” As a result, the value of these Renminbi payments in the U.S. dollar may vary with the prevailing exchange rates in the market place. If the value of Renminbi depreciates against the U.S. dollar, the value of the investment in the U.S. dollars will decline.

Investment in the Notes is subject to exchange rate risks.

The value of the Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by changes in the PRC, international political and economic conditions and by several other factors. As a result, the value of payments under the Notes may vary with the prevailing exchange rates in the marketplace. If the value of the Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of a Noteholder’s investment in the U.S. dollar or other applicable foreign currency terms will decline.

The investment in the Notes is subject to interest rate risks.

The PRC Government has gradually liberalized the regulation of interest rates in recent years. Further liberalization may increase interest rate volatility. The Notes may carry a fixed interest rate. Consequently, the trading price of such Notes would vary with fluctuations in Renminbi interest rates. If a Noteholder tries to sell such Notes before their maturity, the Noteholder may receive an offer that is less than the original investment.

CAPITALIZATION

The following table sets forth the consolidated non-current borrowings and shareholders' equity of PETRONAS as at December 31, 2024. This table should be read in conjunction with PETRONAS' consolidated financial statements and the accompanying notes included elsewhere in this Offering Circular.

	As at December 31, 2024⁽¹⁾⁽³⁾	
	(in millions)	
Non-current borrowings	RM90,837	U.S.\$ 20,321
Shareholders' equity:		
Share capital	100	22
Reserves	451,115	100,921
Total equity attributable to shareholders of PETRONAS	451,215	100,943
Total capitalization ⁽²⁾	RM542,052	U.S.\$121,264

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- (1) On February 24, 2025, the Board of Directors of PETRONAS declared dividends of RM32,000 million. Except as disclosed herein, there have been no material changes in the consolidated capitalization of PETRONAS since December 31, 2024.
- (2) Consists of consolidated non-current borrowings and shareholders' equity.
- (3) U.S. dollar translations are calculated using an exchange rate of RM4.4700 to U.S.\$1.00.

SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial data as at December 31, 2023 and 2024, and for each of the years ended December 31, 2022, 2023 and 2024 set forth below have been derived from PETRONAS' audited consolidated financial statements included elsewhere in this Offering Circular. The selected consolidated statement of financial position data as at December 31, 2022 set forth below has been derived from PETRONAS' audited consolidated financial statements not included in this Offering Circular. The selected consolidated financial data should be read in conjunction with PETRONAS' audited financial statements and notes thereto as well as the section entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" included elsewhere in this Offering Circular.

	Year Ended December 31,			
	2022	2023	2024	2024 ⁽¹⁾
	(in millions)			
Selected Consolidated Statements of Profit or Loss Data:				
Continuing operations				
Revenue ⁽²⁾	RM330,009	RM305,755	RM305,131	U.S.\$68,262
Operating profit	135,950	98,126	87,430	19,559
Financing costs	(4,929)	(5,500)	(5,878)	(1,315)
Share of profit after tax and non-controlling interests of equity accounted associates and joint ventures	957	872	581	130
Profit before taxation	131,978	93,498	82,133	18,374
Tax expense	(34,173)	(14,559)	(26,348)	(5,894)
Profit for the year from continuing operations	97,805	78,939	55,785	12,480
Discontinued operations				
Profit/(Loss) for the year from discontinued operations, net of tax ...	3,813	1,775	(693)	(155)
Profit for the year	101,618	80,714	55,092	12,325
Profit for the year attributable to non-controlling interests	9,305	6,353	5,988	1,340
Profit for the year attributable to shareholders of PETRONAS	RM92,313	RM74,361	RM49,104	U.S.\$10,985
Included in operating profit from continuing operations above:				
Depreciation and amortization ⁽³⁾	33,612	37,787	38,980	8,720
Net impairment (reversals)/losses on property, plant and equipment	(842)	407	948	212

	As at December 31,			
	2022	2023	2024	2024 ⁽¹⁾
	(in millions)			
Selected Consolidated Statements of Financial Position Data:				
Total current assets	RM299,093	RM305,788	RM290,425	U.S.\$ 64,972
Property, plant and equipment	301,218	326,398	327,356	73,234
Other assets ⁽⁴⁾	110,259	141,115	148,892	33,309
Total assets	<u>RM710,570</u>	<u>RM773,301</u>	<u>RM766,673</u>	<u>U.S.\$171,515</u>
Total current liabilities	RM91,547	RM93,951	91,431	U.S.\$ 20,454
Non-current borrowings ⁽⁵⁾	96,345	98,754	90,837	20,321
Deferred tax liabilities	11,829	13,297	13,029	2,915
Other long-term liabilities and provisions	50,418	64,434	64,766	14,489
Shareholders' equity:				
Share capital	100	100	100	22
Reserves	401,509	443,369	451,115	100,921
Total equity attributable to shareholders of PETRONAS	401,609	443,469	451,215	100,943
Non-controlling interests	58,822	59,396	55,395	12,393
Total equity and liabilities	<u>RM710,570</u>	<u>RM773,301</u>	<u>RM766,673</u>	<u>U.S.\$171,515</u>

	Year Ended December 31,			
	2022	2023	2024	2024 ⁽¹⁾
	(in millions)			

Other Financial Data:

Non-GAAP Measures:

Capital Expenditures and Other

Investments⁽⁶⁾

Adjusted EBITDA⁽⁷⁾

Ratio of Adjusted EBITDA to Fixed

Charges⁽⁸⁾

Ratio of Non-current Borrowings to

Adjusted EBITDA

ROACE⁽⁹⁾

GAAP (IFRS and MFRS) Measures:

Ratio of profit for the year to Fixed

Charges⁽⁸⁾

Ratio of non-current borrowings to profit

for the year

Ratio of non-current borrowings to

non-current borrowings plus shareholders'

equity

Ratio of profit for the year to average

capital employed⁽¹⁰⁾

(1) U.S. dollar translations are calculated using an exchange rate of RM4.4700 to U.S.\$1.00.

(2) See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a breakdown of the major sources of PETRONAS' revenue.

(3) Includes depreciation of property, plant and equipment and investment properties as well as amortization of intangible assets and contract costs.

(4) Consists of investment properties, land held for development, investments in associates, investments in joint ventures, intangible assets, long term receivables, non-current fund and other investments and deferred tax assets.

(5) Consists of notes and bonds, term loans, lease liabilities and Islamic financing facilities. See note 21 (Borrowings) to the financial statements included elsewhere in this Offering Circular.

(6) Consists of expenditure on property, plant and equipment, investment properties, intangible assets, land held for development, acquisition of subsidiaries and investments in associates and joint ventures from continuing operations.

- (7) Adjusted EBITDA consists of profit for the year from continuing operations before tax expense, with the addition of amounts previously deducted for depreciation and amortization^(b), financing costs, net impairment (reversals)/losses and provisions, net changes in provision for decommissioning, dismantling, removal or restoration of property, plant and equipment and the exclusion of interest income. A reconciliation of profit for the year to Adjusted EBITDA, which is the most directly comparable financial measure calculated and presented in accordance with MFRS Accounting Standards, is provided below:

	Year Ended December 31,			
	2022	2023	2024	2024 ^(a)
	(in millions)			
Continuing operations				
Profit for the year	RM97,805	RM78,939	RM55,785	U.S.\$12,480
Add:				
Tax expense	RM34,173	RM14,559	RM26,348	U.S.\$ 5,894
Profit before taxation	RM131,978	RM93,498	RM82,133	U.S.\$18,374
Add:				
Depreciation and amortization ^(b)	RM33,592	RM37,771	RM38,954	U.S.\$ 8,715
Financing costs	RM4,929	RM5,500	RM5,878	U.S.\$ 1,315
Net impairment losses and provisions ^(c)	RM1,577	RM800	RM247	U.S.\$ 55
Net changes in provision for decommissioning, dismantling, removal or restoration of property, plant and equipment	RM(317)	RM(337)	RM(188)	U.S.\$ (42)
Less:				
Interest income	RM(5,645)	RM(11,514)	RM(12,682)	U.S.\$ (2,837)
Adjusted EBITDA	<u>RM166,114</u>	<u>RM125,718</u>	<u>RM114,342</u>	<u>U.S.\$25,580</u>

(a) U.S. dollar translations are calculated using an exchange rate of RM4.4700 to U.S.\$1.00.

(b) Includes depreciation of property, plant and equipment and investment properties as well as amortization of intangible assets.

(c) Includes net impairment losses on property, plant and equipment and intangible assets and provisions for onerous contract and loss on remeasurement/derecognition of financial assets measured at amortized cost.

Adjusted EBITDA should not be viewed as an alternative measure of operating results or cash flows from operating activities as determined in accordance with MFRS Accounting Standards or U.S. GAAP. Adjusted EBITDA has been included because it is widely used as a financial measure of the potential capacity of a company to incur and service debt. Adjusted EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare PETRONAS' Adjusted EBITDA to adjusted EBITDA presented by other companies because not all companies use the same definition.

- (8) Fixed Charges consist of interest expense and interest capitalized during construction for the applicable period less unwinding of discount of provision for decommissioning, dismantlement, removal or restoration of property, plant and equipment.
- (9) ROACE is calculated as Adjusted Profit divided by average of opening and closing balance of total equity and long term debt during the year. Adjusted Profit consists of profit for the year from continuing operations, with the addition of financing costs and the exclusion of tax expense on financing costs.

ROACE should not be viewed as an alternative measure of operating results or cash flows from operating activities as determined in accordance with MFRS Accounting Standards or U.S. GAAP. ROACE has been included because it is widely used as a financial measure of the potential capacity of a company to incur and service debt. ROACE presented in this document may not be comparable to similarly titled measures presented by other companies. Investors should not compare PETRONAS' ROACE to ROACE presented by other companies because not all companies use the same definition.

A reconciliation of profit for the year from continuing operations to Adjusted Profit, which is the most directly comparable financial measure calculated and presented in accordance with MFRS Accounting Standards, is provided below:

	Year Ended December 31,			
	2022	2023	2024	2024 ^(a)
	(in millions)			
Continuing operations				
Profit for the year	RM97,805	RM78,939	RM55,785	U.S.\$12,480
Add:				
Financing costs ^(b)	RM3,322	RM3,239	RM3,829	U.S.\$ 857
Less: Tax expense on financing costs	RM(797)	RM(777)	RM(919)	U.S.\$ (206)
Adjusted Profit	<u>RM100,330</u>	<u>RM81,401</u>	<u>RM58,695</u>	<u>U.S.\$13,131</u>

(a) U.S. dollar translations are calculated using an exchange rate of RM4.4700 to U.S.\$1.00.

- (b) Excludes unwinding of discount for the provision for decommissioning, dismantling, removal or restoration of property, plant and equipment.
- (10) Ratio of profit for the year to average capital employed is calculated as profit for the year from continuing operations divided by average of opening and closing balance of total equity and long term debt during the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the selected consolidated financial data and PETRONAS' audited financial statements and notes thereto included elsewhere in this Offering Circular. PETRONAS' financial statements have been prepared in accordance with MFRS Accounting Standards and IFRS Accounting Standards.

Overview

PETRONAS derives its revenue primarily from sales of petroleum products, crude oil and condensates, LNG, natural and processed gas, and chemical products. The main factors affecting results of operations are described below.

Factors Affecting Revenue

PETRONAS is a fully integrated global energy company with a diversified revenue base. Revenue in any period may be influenced by changing economic, regulatory and political environments globally, regionally or in the various countries in which PETRONAS operates. The primary factors affecting PETRONAS' revenue generation capability include commodity prices, production and entitlement volumes and the terms of production sharing contracts.

Commodity Prices

The primary factor affecting PETRONAS' operating results is the international market prices for crude oil and natural gas, which are primarily denominated in U.S. dollars. Higher prices generally have a positive effect on PETRONAS' operating profit, as PETRONAS' upstream segment benefits from the increase in prices realized from production. Lower prices generally have a corresponding negative effect. Changes in the price of crude oil also affect the world market prices for petrochemical feedstocks, such as naphtha. As a result, the market prices of a number of chemical products tend to vary with crude oil prices. The effect of changes in crude oil prices on PETRONAS' refined petroleum products business depends on the rate and extent to which the prices of such products adjust to reflect those changes.

In 2022, a strong economic recovery from the lows of the COVID-19 pandemic, combined with Russia's invasion of Ukraine and low global crude oil inventories, lifted the 2022 crude oil prices to the highest inflation-adjusted price since 2014. In 2023, global markets adjusted to new trade dynamics, more available supply eased the supply security concerns, and global crude oil demand fell short of expectations. As a result, Brent crude oil prices, which averaged U.S.\$101.32 per barrel in 2022, fell to an average of U.S.\$82.64 per barrel in 2023. In 2024, the global markets navigated a complex landscape of controlled supply and variable demand, heightened geopolitical tensions tied to conflicts in the Middle East, macroeconomic weakness, and a continued focus on energy transition. As a result, Brent crude oil further fell to an average of U.S.\$80.76 per barrel in 2024. See "*Risk Factors—Risks Relating to PETRONAS' Business—Substantial or extended declines in the prices of crude oil and related oil and gas products, or volatility in the prices of these products, may have a material adverse effect on PETRONAS' business, results of operations and financial condition*" and "*Risk Factors—Risks Relating to PETRONAS' Business—PETRONAS is subject to competition and changes in the oil and gas industry dynamics, which may weaken its profitability and competitiveness.*"

Crude Oil. PETRONAS generally sells its crude oil to its term customers, primarily on the basis of market benchmark prices, and spot customers. Like other companies in the oil and gas

industry, PETRONAS is exposed to volatility in oil-related revenue throughout the year, as prices can vary on a daily basis depending on a number of factors, including global supply and demand.

The following table sets forth, for each of the periods indicated, the weighted average prices for Malaysian crude oil and the average prices for Brent crude oil and West Texas Intermediate crude oil.

Crude Oil Data	Year Ended December 31,		
	2022	2023	2024
Malaysian crude oil ⁽¹⁾			
(average price per barrel)	U.S.\$112.06	U.S.\$91.52	U.S.\$88.45
Brent Crude Oil			
(average price per barrel)	U.S.\$101.32	U.S.\$82.64	U.S.\$80.76
West Texas Intermediate crude oil			
(average price per barrel)	U.S.\$ 94.43	U.S.\$77.67	U.S.\$75.76

Source: Platts Assessment and PETRONAS Trading Corporation Sdn. Bhd. (“PETCO”).

(1) Malaysian crude oil refers to a basket of Malaysian crude, namely Labuan, Miri Light, Kikeh and Kimanis.

Gas. PETRONAS primarily sells its LNG pursuant to long-term contracts with offtakers in Japan, China and Korea. The price of LNG is generally established in U.S. dollars. LNG prices, which, under these contracts, are determined for each cargo by reference to Japan Customs-Cleared Crude price or other benchmarks, are generally affected by changes in crude oil prices, although there is typically a lag between changes in crude oil prices and contracted LNG sales prices. Contracted LNG prices are also affected by LNG supply and demand dynamics, including seasonal demand for heating and cooling. PETRONAS sells the remaining portion of its LNG volumes on a spot basis.

PETRONAS sells its processed gas generally pursuant to long-term contracts, principally to domestic power generators, such as Tenaga Nasional Berhad and independent power producers in Malaysia. The balance of gas is delivered to industrial users such as PETRONAS’ refineries and petrochemical plants and Gas Malaysia Energy and Services Sdn. Bhd., a wholly-owned subsidiary of Gas Malaysia Berhad (“**Gas Malaysia**”), and also exported to Singapore.

From 1997, the Government of Malaysia established maximum prices for sales of processed gas to the Malaysian power and non-power sectors. In line with its strategy of rationalizing gas subsidies, the Government of Malaysia approved periodic increases in regulated gas prices to both the power and non-power sectors to reach price liberalization.

Following the commencement of the LNG regasification terminal operations in June 2013, the Government of Malaysia approved a two-tiered pricing mechanism for the power sector. This mechanism uses the Malaysia Reference Price (“**MRP**”), which is based on the ex-Malaysia LNG weighted average price free-on-board. This price was selected as the appropriate reference price to determine the domestic gas market price because it reflects the value of internationally-traded Malaysian gas.

The contract prices for most of PETRONAS’ sales to the power and non-power sectors are now indexed to MRP. Gas prices for the non-power sector were liberalized effective from July 2019, while, for the power sector, the price mechanism uses the MRP, and the prices remain subject to government capping regulations.

The following table sets forth, for each of the periods indicated, the relevant average price for PETRONAS' LNG and processed gas.

Natural Gas Data	Year Ended December 31,		
	2022	2023	2024
Japan Customs-Cleared Crude price for LNG (average price per barrel) ⁽¹⁾	U.S.\$102.18	U.S.\$86.37	U.S.\$83.90
Processed gas (weighted average price per mmbtu) ⁽²⁾	RM47.44	RM42.11	RM41.81

(1) Japan Ministry of Finance & Custom.

(2) Malaysian Reference Price published by Department of Statistics Malaysia.

Chemicals. PETRONAS' chemicals business is consolidated under its Bursa Malaysia-listed subsidiary, PETRONAS Chemicals Group Berhad. The majority of the petrochemical products that PETRONAS produces are chemical commodities and, to a lesser but growing extent, specialty chemical products. For commodities, low production cost is key to their competitiveness. In this market, plants with economies of scale, high reliability, diversified feedstock and customer bases and value-chain integration will normally enjoy higher profitability than others. The competitiveness of specialty chemical products, on the other hand, is normally subject to producers' access to feedstock, markets and technologies. Integrated chemical plants also benefit from efficiencies in logistics and savings in energy, transportation, purchasing and infrastructure costs. The chemical industry is facing challenges due to excess capacity, as additional capacity came online, and uncertain demand. PETRONAS has adopted a flexible approach in managing production and inventory to respond to these market challenges.

Production and Entitlement Volumes

The following table sets forth, for each of the periods indicated, PETRONAS' natural gas and liquids (including crude and condensates) production and entitlement volumes.

Natural Gas Data ⁽¹⁾	Year Ended December 31,		
	2022	2023	2024
Production volumes:			
Gross production in Malaysia (bscf)	2,715	2,729	2,805
PETRONAS' equity interest in international production (bscf) ⁽²⁾	533	529	582
Total gross production in Malaysia and PETRONAS' equity interest in international natural gas production (bscf)	<u>3,248</u>	<u>3,258</u>	<u>3,387</u>
Entitlement volumes:⁽³⁾			
PETRONAS' entitlement to Malaysia's production (bscf)	1,900	1,925	1,927
PETRONAS' entitlement to international production (bscf)	463	434	476
Total of PETRONAS' entitlement to Malaysia and international production (bscf)	<u>2,363</u>	<u>2,359</u>	<u>2,403</u>

	Year Ended December 31,		
	2022	2023	2024
Liquids Data			
Production volumes:			
Gross production in Malaysia (mmbbl)	189	186	180
PETRONAS' equity interest in international production (mmbbl) ⁽²⁾	124	125	117
Total gross production in Malaysia and PETRONAS' equity interest in international production (mmbbl)	313	311	297
Entitlement volumes:⁽³⁾			
PETRONAS' entitlement to Malaysia's production (mmbbl)	129	126	123
PETRONAS' entitlement to international production (mmbbl) ..	65	63	63
Total of PETRONAS' entitlement to Malaysia and international production (mmbbl)	194	189	186
Natural Gas and Liquids Data			
Total of PETRONAS' entitlements to production (mmboe)	612	607	611

(1) Natural gas production available for sale.

(2) The difference between PETRONAS' equity interest in international natural gas or liquids production and its entitlement to international natural gas or liquids production is due to the timing difference of liquids lifting, and is net of free natural gas or liquids provided to host governments, as specified in the relevant contracts.

(3) Entitlement refers to the division of gross production to all contract parties based on the agreed terms and principles of the petroleum arrangement.

PETRONAS' gas production volumes are driven primarily by customer demand and the need to balance that demand with future sustainability of PETRONAS' gas reserves and future growth of PETRONAS' operations. Production volumes of crude oil from Malaysia's domestic crude oil reserves are determined by PETRONAS on an annual basis.

PETRONAS' entitlement to Malaysia's natural gas production increased by 1.3% in 2023 compared to 2022 and remained essentially unchanged in 2024 compared to 2023. The increase in 2023 was primarily attributable to higher gas production from the Palas field.

PETRONAS' entitlement to Malaysia's liquids production decreased since 2022; it decreased by 2.3% in 2023 compared to 2022 and decreased by 2.4% in 2024 compared to 2023. The decreases in both 2023 and 2024 were primarily attributable to lower crude oil production from the Malikai and Gumusut-Kakap fields.

Production Sharing Contracts. PETRONAS' entitlement to Malaysia's oil and gas production includes the share of cost oil and/or cost gas and that of profit oil and/or profit gas to which it is entitled under the terms of the production sharing contracts agreed with the PSC Contractors, including PETRONAS Carigali. PETRONAS' share of crude oil and natural gas production and its revenue are affected by market prices, the total amount of oil and gas produced, the amount of oil and gas retained by the PSC Contractors for cost recovery as well as their share of the profit oil and gas. Under the terms of the various production sharing contracts that PETRONAS has entered into, the PSC Contractors bear all costs. The PSC Contractors may recover specified capital and operating costs in barrels of crude oil or gas equivalent in accordance with the terms of their respective

production sharing contracts. A portion of PETRONAS' entitlement to Malaysia's liquid production is sold as crude oil and a portion is used as a feedstock for PETRONAS' refineries and sold as refined petroleum products. PETRONAS uses its entitlement to Malaysia's gas production for processing, liquefaction, and domestic and international sales. Production sharing contracts have evolved to include attractive fiscal terms and incentives to the PSC Contractors that are commensurate with the level of risk exposure, whether for deepwater, high contaminant, marginal, mature, or small field areas. See "*Business—Upstream Segment—Domestic E&P Operations.*"

In respect of its international operations, PETRONAS' entitlement to international natural gas production decreased by 6.3% in 2023 compared to 2022 and increased by 9.7% in 2024 compared to 2023. The decrease in 2023 mainly resulted from the lower production in Indonesia in 2023 and the divestment of Azerbaijan operations in 2022. The increase in 2024 was mainly attributable to higher production from the North Montney Joint Venture. PETRONAS' entitlement to international liquids production decreased by 3.1% in 2023 compared to 2022, mainly as a result of the divestment of Chad operations in 2023. PETRONAS' entitlement to international liquids production remained unchanged in 2024 compared to 2023 despite its withdrawal of operations in South Sudan, as that was offset by higher production from Argentina La Amarga Chica.

PETRONAS recovers its exploration, development and production costs in its international operations in accordance with the terms of the production sharing contracts or such other arrangements to which it is a party. See "*Business—Upstream Segment—International E&P Operations.*"

Factors Affecting Costs and Margins

The principal component of PETRONAS' operating expenses is cost of revenue, which includes costs of exploring, developing and producing crude oil and natural gas, and costs of purchasing a portion of the crude oil and natural gas used as feedstock for PETRONAS' refineries and gas processing, chemical and LNG plants, and for trading operations. Other operating expenses mainly include cash payments, employee costs, selling and distribution expenses and depreciation.

The volatility of crude oil prices observed from 2022 through 2024 caused many industry players to reduce their investments and contain their costs. In response to this volatility, PETRONAS, as a multinational, fully integrated energy company, has also generally been seeking to maintain a stable level of capital expenditures to support its Energy Transition Strategy while strengthening its cost discipline. PETRONAS' Capital Expenditures and Other Investments, which includes expenditure on property, plant and equipment, investment properties, intangible assets, land held for development, acquisition of subsidiaries and investments in associates and joint ventures from continuing operations, were RM49,245 million, RM52,218 million and RM54,117 million in 2022, 2023 and 2024, respectively.

The prices of refining and petrochemical products and their underlying key feedstocks, crude oil and natural gas, are subject to fluctuations, as they are influenced by global supply and demand. Consequently, the margins of these products have historically been cyclical and are sensitive to supply and demand imbalances both domestically and internationally. Supply is affected by significant capacity expansions by producers, and if such additions are not matched by corresponding growth in demand, which is generally linked to the level of economic activity, average industry operating margins will face downward pressures. PETRONAS is able, to some extent, to mitigate the effects of these fluctuations and cyclicity by using a significant portion of its own crude oil and natural gas production as feedstock for its refineries and chemical facilities.

The utilization rates of refining and chemical facilities are also critical to PETRONAS' refining and chemical operations. In addition, PETRONAS undertakes commodity hedging under a program that is intended to protect value and margins against adverse commodity price movements.

For PETRONAS' refining and chemicals businesses, margins are key to their profitability and competitiveness. In this market, plants with economies of scale, high reliability, diversified feedstock and customer bases and value-chain integration will normally capture higher margins than other plants without these advantages. Through maintaining and expanding its efforts in enhancing integration across its value chain, controlling costs, improving efficiencies and use of commodity hedging, PETRONAS improves its refining and chemicals margins and enhances the margins of its consolidated businesses.

Other Factors Affecting Results of Operations

Net impairment losses. Net impairment losses and the write-back of these losses can affect PETRONAS' results of operations. At each reporting date, PETRONAS performs impairment assessments of its assets to determine if there is any indication on impairment. An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. These losses are recognized in the profit or loss. An impairment loss is reversed (an impairment write-back) only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Factors impacting impairment of PETRONAS' assets are primarily the long-term assumptions on product prices, volume, costs, growth rate and discount rate. In 2022, 2023 and 2024, PETRONAS recognized net impairment losses of RM1,749 million, RM6,096 million and RM4,882 million, respectively. PETRONAS' net impairment losses in 2022 were primarily attributable to impairment of goodwill in the international lubricant business as a result of macroeconomic challenges arising from global inflation and supply chain disruption, which led to prolonged post-pandemic recovery. PETRONAS net impairment losses in 2023 were largely attributable to write-off of property, plant and equipment mainly due to the cessation of a portion of the Sabah-Sarawak Gas Pipeline operations. In 2024, PETRONAS recognized net impairment losses of RM4,882 million, which were primarily due to (i) accounting remeasurement of receivables as a result of deferment in expected recovery years of PETRONAS' joint venture entities and (ii) impairment of property, plant and equipment mainly due to unfavorable changes in economic outlook for LNG vessels under the gas and maritime segment. PETRONAS re-validates its long-term assumptions at least annually in the third and fourth quarter of each year or as and when there is a need to revisit the assumptions.

Exchange Rate-Related Matters. Although most of PETRONAS' revenue and costs are denominated in U.S. dollars, a portion of PETRONAS' revenue and expenses are denominated in ringgit and other currencies, including, for example, employee costs in Malaysia and other countries. In addition, borrowings in currencies other than the ringgit are translated into the ringgit at each reporting date, and these translations may positively or negatively affect PETRONAS' results of operations for that period. A strengthening of the U.S. dollar against the ringgit generally has a positive effect on PETRONAS' results of operations, and a weakening of the U.S. dollar against the ringgit generally has a negative effect on PETRONAS' results of operations. See "Risk Factors—Risks Relating to *PETRONAS' Business*—*PETRONAS is exposed to various treasury and trading risks, including liquidity risk, interest rate risk, foreign exchange risk, and credit risk. PETRONAS is affected by the global macroeconomic environment and the conditions of financial and commodity markets.*"

Tax Matters. PETRONAS is subject to all taxes generally applicable to companies incorporated under the Malaysian Companies Act, 2016. Under the Malaysian Petroleum (Income Tax) Act, 1967,

PETRONAS and PETRONAS Carigali are subject to a petroleum income tax rate of 38% on taxable income from sales of crude oil and natural gas. Pursuant to the Malaysian Income Tax Act, 1967, taxable income from other activities of PETRONAS and its subsidiaries, including sales of LNG, processed gas, refined petroleum products, and chemicals, is subject to the statutory corporate income tax rate of 24%. Additionally, operations in Sabah and Sarawak are subjected to State Sales Tax rate of 5% on sales values of certain goods. PETRONAS' subsidiaries are also subject to taxation in the various jurisdictions where they operate outside Malaysia.

Material Accounting Policies

The preparation of PETRONAS' financial statements requires PETRONAS' management to select and apply material accounting policies and to make estimates and judgments that affect PETRONAS' reported financial condition and results of operations. See note 1.4 (Use of estimates and judgments) and note 2 (Material Accounting Policies) to the financial statements for the years ended December 31, 2022, 2023 and 2024, included elsewhere in this Offering Circular, for a summary of PETRONAS' material accounting policies that are critical to the portrayal of PETRONAS' financial condition.

Results of Operations

Except otherwise identified, the discussions and financial information in respect of PETRONAS' consolidated statement of profit or loss and other financial information in this section are in respect of continuing operations only, and amounts for discontinued operations are separately discussed.

2024 Compared to 2023

The following table presents a summary of PETRONAS' consolidated statement of profit or loss and changes therein for 2024 and 2023.

	Year Ended December 31,		Changes	
	2023	2024	Amount	%
	(in millions, except percentages)			
Continuing operations				
Revenue	RM305,755	RM305,131	RM(624)	(0.2)
Cost of revenue	(182,465)	(187,892)	(5,427)	3.0
Gross profit	123,290	117,239	(6,051)	(4.9)
Selling and distribution expenses	(8,943)	(9,950)	(1,007)	11.3
Administration expenses	(15,245)	(17,993)	(2,748)	18.0
Net impairment (losses)/write-off ⁽¹⁾	(6,096)	(4,882)	1,214	(19.9)
Other expenses	(3,359)	(3,000)	359	(10.7)
Other income	8,479	6,016	(2,463)	(29.0)
Operating profit	98,126	87,430	(10,696)	(10.9)
Financing costs	(5,500)	(5,878)	(378)	6.9
Share of profits after tax and non-controlling interests of equity accounted associates and joint ventures	872	581	(291)	(33.4)
Profit before taxation from continuing operations	93,498	82,133	(11,365)	(12.2)
Tax expense	(14,559)	(26,348)	(11,789)	81.0

	Year Ended December 31,		Changes	
	2023	2024	Amount	%
	(in millions, except percentages)			
Profit for the year from continuing operations . . .	78,939	55,785	(23,154)	(29.3)
Discontinued operations				
Profit/(Loss) for the year from discontinued operations, net of tax	1,775	(693)	(2,468)	(139.0)
Profit for the year	<u>RM80,714</u>	<u>RM55,092</u>	<u>RM(25,622)</u>	<u>(31.7)</u>

(1) Excludes well costs and includes loss on remeasurement/derecognition of financial assets measured at amortized cost.

Revenue. The following table sets forth, for 2023 and 2024, the consolidated revenues of PETRONAS by operating segments, by products and services, and by geographical markets, and expresses each as a percentage of PETRONAS' consolidated revenue and changes therein for 2023 and 2024. As noted above, a significant portion of PETRONAS' oil and gas production from its upstream segment is sold internally and utilized in its gas and downstream segments; these sales are eliminated in the table presented below.

For detailed disclosure of the segment eliminations, please refer to note 36 (Operating Segments, Products and Services and Geographical Information) to the financial statements included elsewhere in this Offering Circular.

Sources of Revenue from Continuing Operations	Year Ended December 31,		Changes			
	2023	% of Consolidated Revenue	2024	% of Consolidated Revenue	Amount	%
	(in millions)		(in millions)		(in millions)	
Operating Segments:						
Upstream	41,577	13.6	43,451	14.3	1,874	4.5
Gas & maritime	111,367	36.4	115,474	37.8	4,107	3.7
Downstream	142,150	46.5	135,522	44.4	(6,628)	(4.7)
Corporate and others	10,661	3.5	10,684	3.5	23	0.2
Consolidated Revenue	<u>RM305,755</u>	<u>100.0</u>	<u>RM305,131</u>	<u>100.0</u>	<u>RM(624)</u>	<u>(0.2)</u>
Products and Services:						
Petroleum products	94,953	31.1	89,320	29.3	(5,633)	(5.9)
Crude oil and condensates	38,727	12.6	35,794	11.7	(2,933)	(7.6)
LNG	74,055	24.2	76,447	25.0	2,392	3.2
Natural and processed gas	38,203	12.5	39,960	13.1	1,757	4.6
Chemicals	27,522	9.0	29,505	9.7	1,983	7.2
Shipping services	4,394	1.4	5,698	1.9	1,304	29.7
Interest income	9,704	3.2	10,376	3.4	672	6.9
Others	18,197	6.0	18,031	5.9	(166)	(0.9)
Consolidated Revenue	<u>RM305,755</u>	<u>100.0</u>	<u>RM305,131</u>	<u>100.0</u>	<u>RM(624)</u>	<u>(0.2)</u>
Geographical Markets:						
Rest of Asia	134,942	44.1	136,135	44.6	1,193	0.9
Malaysia	107,768	35.3	112,225	36.8	4,457	4.1
Rest of the World	63,045	20.6	56,771	18.6	(6,274)	(10.0)
Consolidated Revenue	<u>RM305,755</u>	<u>100.0</u>	<u>RM305,131</u>	<u>100.0</u>	<u>RM(624)</u>	<u>(0.2)</u>

Revenue—Overview.

PETRONAS' consolidated revenue remained relatively stable at RM305,755 million in 2023 as compared with the RM305,131 million in 2024.

Revenue—Operating Segments.

PETRONAS' revenue from each operating segment discussed below has been adjusted to eliminate the inter-segment revenue arising from transactions between the operating segments. For detailed disclosure regarding PETRONAS' operating segments, see "*Business.*"

Revenue for the upstream segment increased in 2024 by RM1,874 million to RM43,451 million, a 4.5% increase from the RM41,577 million reported in 2023. The increase was primarily attributable to higher sales volume from international assets, primarily in Brazil.

Revenue for the gas and maritime segment increased in 2024 by RM4,107 million to RM115,474 million, a 3.7% increase from the RM111,367 million reported in 2023. The increase was primarily attributable to higher sales volume, mainly from LNG, and more trading activities.

Revenue for the downstream segment decreased in 2024 by RM6,628 million to RM135,522 million, a 4.7% decrease from the RM142,150 million reported in 2023. The decrease was primarily attributable to lower average realized prices for petroleum and chemicals products.

Revenue for the corporate and others segment remained relatively stable at RM10,684 million in 2024 as compared with the RM10,661 million reported in 2023.

Revenue—Geographical Markets.

PETRONAS' revenue by the geographical markets of customers is divided into Rest of Asia, Malaysia, and Rest of the World. Revenue from Rest of Asia made the largest contribution to revenue in 2024, followed by revenue from Malaysia and Rest of the World. In 2024, Rest of Asia mainly comprised customers in Singapore, China, Japan and Thailand. Rest of the World mainly comprised customers in Australia, the United States of America, Brazil, Italy, Argentina and Canada.

The slight decrease in total revenue reported by PETRONAS in 2024 was mainly attributable to lower revenue from Rest of the World. Revenue from Rest of the World decreased by 10.0% to RM56,771 million from the RM63,045 million in 2023, primarily due to lower sales volume from Europe and Africa. Revenue from Malaysia increased by 4.1% in 2024 to RM112,225 million from the RM107,768 million reported in 2023, primarily due to higher natural and processed gas volumes, and revenue from Rest of Asia increased by 0.9% in 2024 to RM136,135 million from the RM134,942 million reported in 2023, primarily due to higher LNG sales volumes.

Cost of Revenue.

Cost of revenue increased in 2024 by RM5,427 million to RM187,892 million, a 3.0% increase from the RM182,465 million reported in 2023. The increase was primarily attributable to higher amortization as a result of upward revision in decommissioning, dismantlement, removal or restoration ("**DDRR**") of property, plant and equipment for assets in the upstream segment as well as higher net impairment/write-off of well costs.

Gross Profit and Gross Profit Margin.

PETRONAS' gross profit decreased in 2024 by RM6,051 million to RM117,239 million, a 4.9% decrease from the RM123,290 million reported in 2023. Gross profit margin in 2024 was lower at 38.4%, compared to 40.3% in 2023, primarily due to higher cost of revenue as discussed above.

Gross profit margin is calculated as gross profit for the year divided by the corresponding revenue for the year and expressed as a percentage.

Selling and Distribution Expenses.

Selling and distribution expenses increased in 2024 by RM1,007 million to RM9,950 million, an 11.3% increase from the RM8,943 million reported in 2023. The increase was primarily attributable to higher transportation costs as a result of higher rental for short-term vessels and higher fuel consumption of vessels.

Administration Expenses.

PETRONAS' administration expenses increased in 2024 by RM2,748 million to RM17,993 million, an 18.0% increase from the RM15,245 million reported in 2023. The increase was primarily attributable to higher manpower costs.

Net Impairment (Losses)/Write-Back.

PETRONAS' recorded lower net impairment losses in 2024 of RM4,882 million, compared to RM6,096 million reported in 2023. The net impairment losses in 2024 were largely attributable to accounting remeasurement of receivables mainly due to deferment in expected recovery years of PETRONAS' joint venture entities.

Other Expenses.

Other expenses decreased in 2024 by RM359 million to RM3,000 million, compared to the RM3,359 million reported in 2023. The decrease was primarily attributable to lower decommissioning expenses for DRR in 2024.

Other Income.

Other income decreased in 2024 by RM2,463 million to RM6,016 million, a 29.0% decrease from the RM8,479 million reported in 2023. This decrease was primarily because in 2023, a reversal of provision for onerous contract and a reversal of tax-related expenses were recorded, while there were no such amounts in 2024.

Operating Profit.

As a result of the factors discussed above, in 2024 PETRONAS recorded an operating profit of RM87,430 million, as compared with an operating profit of RM98,126 million reported in 2023.

Financing Costs.

Financing costs increased in 2024 by RM378 million to RM5,878 million, a 6.9% increase from the RM5,500 million reported in 2023, mainly due to higher borrowing costs for international assets.

Share of Profits After Tax and Non-Controlling Interests of Equity Accounted Associates and Joint Ventures.

Share of profits after tax and non-controlling interests of equity-accounted associates and joint ventures decreased in 2024 by RM291 million to RM581 million, a 33.4% decrease from the RM872 million reported in 2023. The decrease was primarily attributable to lower production of associated petrochemical companies following turnaround activities.

Profit before Taxation from continuing operations.

PETRONAS recorded a profit before taxation from continuing operations in 2024 of RM82,133 million, compared to RM93,498 million reported in 2023, for the reasons discussed above.

Tax Expense.

PETRONAS' tax expense increased in 2024 by RM11,789 million to RM26,348 million, an 81.0% increase from the RM14,559 million reported in 2023. This increase was primarily because there were recognition of deferred tax assets and finalization of tax adjustment in 2023, which did not occur in 2024.

Profit for the Year from continuing operations.

PETRONAS recognized a profit for the year from continuing operations in 2024 of RM55,785 million, as compared with profit for the year in 2023 of RM78,939 million.

Profit/(Loss) for the Year from discontinued operations, net of tax.

On February 7, 2023, PETRONAS, through a wholly-owned subsidiary, signed a sale and purchase agreement with Vitol Emerald Bidco (Pty) Ltd and Vitol Africa B.V. for the sale of its entire 74% equity interests in Engen Limited and its subsidiaries (“**Engen**”). In May 2024, the transaction was completed. The business of Engen represents the major composition of the Company's geographical segment for Africa and has been classified as disposal group held for sale and discontinued operations since December 31, 2022.

PETRONAS' recorded a loss for the year from discontinued operations, net of tax in 2024 of RM693 million, as compared to a profit for the year from discontinued operations, net of tax in 2023 of RM1,775 million, mainly due to the impact of de-consolidation of subsidiaries following realization of foreign currency translation reserve.

Profit for the Year.

PETRONAS' profit for the year decreased in 2024 by RM25,622 million to RM55,092 million, a 31.7% decrease from the RM80,714 million reported in 2023, for the reasons discussed above.

Profit/(Loss) for the Year—Operating Segments.

The following table sets forth, for 2023 and 2024, the consolidated profits/(losses) of PETRONAS by operating segment, and expresses each as a percentage of PETRONAS' consolidated profit/(loss) and changes therein for 2023 and 2024.

	Year Ended December 31,				Changes	
	2023	% of	2024	% of	Amount	%
		Consolidated Profit		Consolidated Profit		
	(in millions)		(in millions)		(in millions)	
Operating Segments⁽¹⁾:						
Upstream	39,578	50.1	34,898	62.6	(4,680)	(11.8)
Gas & maritime	31,859	40.4	19,887	35.7	(11,972)	(37.6)
Downstream	5,322	6.7	(29)	(0.1)	(5,351)	(>100)
Corporate and others	2,289	2.9	(773)	(1.4)	(3,062)	(>100)
Consolidation adjustments and eliminations	(109)	(0.1)	1,802	3.2	1,911	(>100)
Total	RM78,939	100.0	RM55,785	100.0	(23,154)	(29.3)

(1) Includes profit and losses from continuing operations only.

Profit/(loss) for the year by operating segments includes the inter-segment profit/(loss) arising from transactions between the operating segments, which is adjusted and eliminated in deriving PETRONAS' consolidated profit for the year discussed above.

Profit for the year for the upstream segment decreased in 2024 by RM4,680 million to RM34,898 million, an 11.8% decrease from the RM39,578 million reported in 2023. The decrease was primarily attributable to higher product costs and higher taxation.

Profit for the year for the gas and maritime segment decreased in 2024 by RM11,972 million to RM19,887 million, a 37.6% decrease from the RM31,859 million reported in 2023. The decrease was primarily attributable to higher taxation mainly due to recognition of deferred tax assets in 2023 and net impairment losses on assets as well as lower net product margins in 2024.

Loss for the year for the downstream segment in 2024 was RM29 million, as compared with the profit of RM5,322 million reported in 2023. This change was primarily attributable to higher taxation in 2024.

Loss for the year for the corporate and others segment in 2024 was RM773 million, as compared with the profit of RM2,289 million reported in 2023. Loss for the year was primarily attributable to net impairment losses on receivables and impact on foreign exchange on net assets.

Total consolidation adjustments and eliminations were RM1,802 million in 2024 and negative RM109 million in 2023.

2023 Compared to 2022

The following table presents a summary of PETRONAS' consolidated statement of profit or loss and changes therein for 2023 and 2022.

	Year Ended December 31,		Changes	
	2022	2023	Amount	%
(in millions, except percentages)				
Continuing operations				
Revenue	RM330,009	RM305,755	RM(24,254)	(7.3)
Cost of revenue	(175,509)	(182,465)	(6,956)	4.0
Gross profit	154,500	123,290	(31,210)	(20.2)
Selling and distribution expenses	(7,324)	(8,943)	(1,619)	22.1
Administration expenses	(13,888)	(15,245)	(1,357)	9.8
Net impairment (losses)/write-off ⁽¹⁾	(1,749)	(6,096)	(4,347)	>100
Other expenses	(3,312)	(3,359)	(47)	1.4
Other income	7,723	8,479	756	9.8
Operating profit	135,950	98,126	(37,824)	(27.8)
Financing costs	(4,929)	(5,500)	(571)	11.6
Share of profits after tax and non-controlling interests of equity accounted associates and joint ventures	957	872	(85)	(8.9)
Profit before taxation from continuing operations	131,978	93,498	(38,480)	(29.2)
Tax expense	(34,173)	(14,559)	19,614	(57.4)
Profit for the year from continuing operations	97,805	78,939	(18,866)	(19.3)
Discontinued operations				
Profit for the year from discontinued operations, net of tax	3,813	1,775	(2,038)	(53.4)
Profit for the year	<u>RM101,618</u>	<u>RM80,714</u>	<u>RM(20,904)</u>	<u>(20.6)</u>

(1) Excludes well costs and includes loss on remeasurement/derecognition of financial assets measured at amortized cost.

Revenue. The following table sets forth, for 2022 and 2023, the consolidated revenues of PETRONAS by operating segments, by products and services, and by geographical markets, and expresses each as a percentage of PETRONAS' consolidated revenue and changes therein for 2022 and 2023. As noted above, a significant portion of PETRONAS' oil and gas production from its upstream segment is sold internally and utilized in its gas and maritime and downstream segments; these sales are eliminated in the table presented below.

For detailed disclosure of the segment eliminations, please refer to note 36 of the consolidated financial statements included elsewhere in this Offering Circular.

Sources of Revenue from Continuing Operation	Year Ended December 31,				Changes	
	2022	% of Consolidated Revenue	2023	% of Consolidated Revenue	Amount	%
	(in millions)		(in millions)		(in millions)	
Operating Segments:						
Upstream	60,458	18.3	41,577	13.6	(18,881)	(31.2)
Gas & maritime	133,572	40.5	111,367	36.4	(22,205)	(16.6)
Downstream	129,584	39.3	142,150	46.5	12,566	9.7
Corporate and others	6,395	1.9	10,661	3.5	4,266	66.7
Consolidated Revenue ...	<u>RM330,009</u>	<u>100.0</u>	<u>RM305,755</u>	<u>100.0</u>	<u>RM(24,254)</u>	<u>(7.3)</u>
Products and Services:						
Petroleum products	86,951	26.3	94,953	31.1	8,002	9.2
Crude oil and condensates	49,215	14.9	38,727	12.6	(10,488)	(21.3)
LNG	98,151	29.7	74,055	24.2	(24,096)	(24.5)
Natural and processed gas	39,364	11.9	38,203	12.5	(1,161)	(2.9)
Chemicals	27,963	8.5	27,522	9.0	(441)	(1.6)
Shipping services	3,320	1.0	4,394	1.4	1,074	32.3
Interest income	4,355	1.3	9,704	3.2	5,349	>100
Others	20,690	6.3	18,197	6.0	(2,493)	(12.0)
Consolidated Revenue ...	<u>RM330,009</u>	<u>100.0</u>	<u>RM305,755</u>	<u>100.0</u>	<u>RM(24,254)</u>	<u>(7.3)</u>
Geographical Markets:						
Rest of Asia	159,099	48.2	134,942	44.1	(24,157)	(15.2)
Malaysia	93,635	28.4	107,768	35.3	14,133	15.1
Rest of the World	77,275	23.4	63,045	20.6	(14,230)	(18.4)
Consolidated Revenue ...	<u>RM330,009</u>	<u>100.0</u>	<u>RM305,755</u>	<u>100.0</u>	<u>RM(24,254)</u>	<u>(7.3)</u>

Revenue—Overview.

PETRONAS' consolidated revenue in 2023 decreased by RM24,254 million to RM305,755 million, a 7.3% decrease from the RM330,009 million reported in 2022. The decrease was primarily attributable to lower average realized prices recorded for major products. This decrease was in line with the decrease in the average price of benchmark Brent crude oil, which averaged U.S.\$82.64 per barrel in 2023, 18.4% lower than the average of U.S.\$101.32 per barrel in 2022. The decrease in total revenue in 2023 was partially offset by higher sales volume of petroleum and chemical products and the favorable effects of the strengthening U.S dollar against the ringgit. In 2023, the average exchange rate of the ringgit to the U.S dollar was approximately RM4.57, as compared to an average of approximately RM4.40 in 2022.

Revenue—Operating Segments.

PETRONAS' revenue from each operating segment discussed below has been adjusted to eliminate the inter-segment revenue arising from transactions between the operating segments. For detailed disclosure regarding PETRONAS' operating segments, see "*Business.*"

Revenue for the upstream segment decreased in 2023 by RM18,881 million to RM41,577 million, a 31.2% decrease from the RM60,458 million reported in 2022. The decrease was primarily attributable to the impact of lower average realized prices for liquids and gas. This was partially offset by the favorable effects of the strengthening of the U.S. dollar against the ringgit.

Revenue for the gas and maritime segment decreased in 2023 by RM22,205 million to RM111,367 million, a 16.6% decrease from the RM133,572 million reported in 2022. The decrease was primarily attributable to the impact of lower average realized prices for LNG and processed gas coupled with lower LNG sales volume, partially offset by the strengthening of the U.S. dollar against the ringgit.

Revenue for the downstream segment increased in 2023 by RM12,566 million to RM142,150 million, a 9.7% increase from the RM129,584 million reported in 2022. The increase was primarily attributable to higher sales volume of petroleum products and the impact of foreign exchange rate changes, offset in part by lower average realized product prices.

Revenue for the corporate and others segment increased in 2023 by RM4,266 million to RM10,661 million, a 66.7% increase from the RM6,395 million reported in 2022. The increase was primarily attributable to the impact of higher average rate of return from investments.

Revenue—Geographical Markets.

PETRONAS' revenue by the geographical markets of customers is divided into Rest of Asia, Malaysia, Africa, and Rest of the World. Revenue from Rest of Asia made the largest contribution to revenue, followed by revenue from Malaysia and Rest of the World. In 2023, Rest of Asia mainly comprised customers in Singapore, Japan, China, Thailand, Korea, Indonesia and India.

The 7.3% decrease in total revenue reported by PETRONAS was mainly attributable to lower revenue from Rest of Asia and Rest of the World. Revenue from the Rest of Asia decreased by 15.2% to RM134,942 million from the RM159,099 million reported in 2022; revenue from Rest of the World decreased by 18.4% in 2023 to RM63,045 million from the RM77,275 million reported in 2022. The decreases were mainly due to lower average realized prices recorded for major products, partially offset by an increase in Malaysia primarily as a result of higher sales volumes of petroleum products.

Cost of Revenue.

Cost of revenue increased in 2023 by RM6,956 million to RM182,465 million, a 4.0% increase from the RM175,509 million reported in 2022. The increase was primarily attributable to an RM3,347 million increase in depreciation, amortization, write-off and write-down as a result of upward revision in DRRR of property, plant and equipment for assets in the upstream segment, as well as an RM3,299 million increase in production costs, which was in line with higher sales volume.

Gross Profit and Gross Profit Margin.

PETRONAS' gross profit decreased in 2023 by RM31,210 million to RM123,290 million, a 20.2% decrease from the RM154,500 million reported in 2022. Gross profit margin in 2023 was lower at 40.3%, compared to 46.8% in 2022, primarily because of lower average realized prices recorded for all products.

Gross profit margin is calculated as gross profit for the year divided by the corresponding revenue for the year and expressed as a percentage.

Selling and Distribution Expenses.

Selling and distribution expenses increased in 2023 by RM1,619 million to RM8,943 million, a 22.1% increase from the RM7,324 million reported in 2022. The increase was primarily attributable to higher transportation costs in line with higher sales volume.

Administration Expenses.

PETRONAS' administration expenses increased in 2023 by RM1,357 million to RM15,245 million, a 9.8% increase from the RM13,888 million reported in 2022. The increase was primarily attributable to higher manpower cost.

Net Impairment Losses.

PETRONAS' recorded net impairment losses in 2023 of RM6,096 million, compared to a net impairment losses of RM1,749 million reported in 2022. The net impairment losses in 2023 were largely attributable to write-off of property, plant and equipment mainly due to the cessation of a portion of the Sabah-Sarawak Gas Pipeline operations. See "*Business—Gas and Maritime Segment—LNG Business—Domestic Operations.*" The net impairment losses in 2022 were mainly attributable to impairment of goodwill in the international lubricant business as a result of macroeconomic challenges arising from global inflation and supply chain disruption, which led to prolonged post-pandemic recovery.

Other Expenses.

Other expenses remained relatively stable at RM3,359 million in 2023 and RM3,312 million in 2022. Other expenses mainly consist of fair value adjustments to assets classified as held for sale and provision for DRRR.

Other Income.

Other income increased in 2023 by RM756 million to RM8,479 million, a 9.8% increase from the RM7,723 million reported in 2022. This increase was primarily attributable to gain on disposal of property, plant and equipment.

Operating Profit.

As a result of the factors discussed above, PETRONAS' operating profit decreased by RM37,824 million to RM98,126 million in 2023, a 27.8% decrease from the RM135,950 million reported in 2022.

Financing Costs.

Financing costs increased in 2023 by RM571 million to RM5,500 million, an 11.6% increase from the RM4,929 million reported in 2022, mainly due to higher accretion for provision for DDDR following upward revision in DDDR cost estimates.

Share of Profits After Tax and Non-Controlling Interests of Equity Accounted Associates and Joint Ventures.

Share of profits after tax and non-controlling interests of equity-accounted associates and joint ventures decreased in 2023 by RM85 million to RM872 million, an 8.9% decrease from the RM957 million reported in 2022. The decrease was primarily attributable to lower dividends received from associates.

Profit before Taxation from continuing operations.

PETRONAS' profit before taxation from continuing operations decreased in 2023 by RM38,480 million to RM93,498 million, a 29.2% decrease from the RM131,978 million reported in 2022 for the reasons discussed above.

Tax Expense.

PETRONAS' tax expense decreased in 2023 by RM19,614 million to RM14,559 million, a 57.4% decrease from the RM34,173 million reported in 2022. PETRONAS had an effective tax rate of 15.6% in 2023, lower than the Malaysian statutory rate of 24.0%, primarily due to finalization of tax adjustments in relation to prior financial years. In 2022, PETRONAS had an effective tax rate of 25.9%.

Profit for the Year from continuing operations.

As a result of the factors discussed above, PETRONAS' profit for the year from continuing operations decreased in 2023 by RM18,866 million to RM78,939 million, a 19.3% decrease from the RM97,805 million reported in 2022.

Profit for the Year from discontinued operations, net of tax.

PETRONAS' profit for the year from discontinued operations, net of tax decreased in 2023 by RM2,038 million to RM1,775 million, a 53.4% decrease from the RM3,813 million reported in 2022, mainly due to lower average realized prices recorded for products.

Profit for the Year.

PETRONAS' profit for the year decreased in 2023 by RM20,904 million to RM80,714 million, a 20.6% decrease from the RM101,618 million reported in 2022 for the reasons discussed above.

Profit for the Year—Operating Segments.

The following table sets forth, for 2022 and 2023, the consolidated profits of PETRONAS by operating segments, and expresses each as a percentage of PETRONAS' consolidated profit and changes therein for 2022 and 2023.

	Year Ended December 31,				Changes	
	% of Consolidated Profit		% of Consolidated Profit		Amount	%
	2022 (in millions)	2023 (in millions)	2022 (in millions)	2023 (in millions)	(in millions)	
Operating Segments⁽¹⁾:						
Upstream	51,766	52.9	39,578	50.1	(12,188)	(23.5)
Gas & maritime	45,060	46.1	31,859	40.4	(13,201)	(29.3)
Downstream	3,701	3.8	5,322	6.7	1,621	43.8
Corporate and others	1,748	1.8	2,289	2.9	541	30.9
Consolidation adjustments and eliminations	(4,470)	(4.6)	(109)	(0.1)	4,361	(97.6)
Total	<u>RM97,805</u>	<u>100.0</u>	<u>RM78,939</u>	<u>100.0</u>	<u>RM(18,866)</u>	<u>(19.3)</u>

(1) Includes profit from continuing operations only.

Profit for the year by operating segments includes the inter-segment profit arising from transactions between the operating segments, which is adjusted and eliminated in deriving PETRONAS' consolidated profit for the year discussed above.

Profit for the year for the upstream segment decreased in 2023 by RM12,188 million to RM39,578 million, a 23.5% decrease from the RM51,766 million reported in 2022. The decrease was primarily attributable to lower revenue in line with lower average realized prices, higher amortization following additional capitalization of assets and higher net impairment losses, offset in part by lower tax expenses.

Profit for the year for the gas and maritime segment decreased in 2023 by RM13,201 million to RM31,859 million, a 29.3% decrease from the RM45,060 million reported in 2022. The decrease was primarily attributable to lower revenue, which was partially offset by lower tax expenses and production cost.

Profit for the year for the downstream segment increased in 2023 by RM1,621 million to RM5,322 million, a 43.8% increase from the RM3,701 million reported in 2022. The increase was primarily attributable to lower tax expenses.

Profit for the year for the corporate and others segment increased in 2023 by RM541 million to RM2,289 million, a 30.9% increase from the RM1,748 million reported in 2022. The increase was primarily attributable to higher fund investment income, partially offset by higher operating expenses.

Total consolidation adjustments and eliminations were negative RM109 million in 2023 and negative RM4,470 million in 2022.

Liquidity and Capital Resources

PETRONAS financed its total funding requirements during the three years ended December 31, 2024—including capital expenditures, satisfaction of debt obligations, investments, taxes, other working capital requirements, dividends and other cash outlays—primarily with funds generated from operations. PETRONAS met the balance of its funding requirements primarily through external borrowings and, from time to time, sales of certain assets.

Cash flows from operating activities were RM102,460 million in 2024, 10.2% lower than the RM114,158 million in 2023, primarily attributable to lower operating profit before changes in working capital from continuing operations. Cash flows from operating activities in 2023 represented a 15.6% decrease from the RM135,286 million as compared with 2022 due to lower operating profit before changes in working capital from continuing operations.

At December 31, 2024, PETRONAS' cash and cash equivalents and fund and other investments totaled RM220,807 million, of which RM171,024 million were bank deposits, primarily in ringgit and U.S. dollars in financial institutions in Malaysia. Among these bank deposits, certain deposits were for restricted uses, including RM32,156 million which was held for future decommissioning and restoration activities of oil and gas properties. Fund investments consist of investments in quoted and unquoted shares and securities inside and outside Malaysia, Malaysian Government securities, and corporate bonds and Sukuk. As at December 31, 2022 and 2023, total cash and cash equivalents and fund and other investments stood at RM213,590 million and RM230,890 million, respectively. The decrease of RM10,083 million as at December 31, 2024 compared to December 31, 2023 mainly resulted from lower cash flows from operating activities. The increase of RM17,300 million in 2023 compared to 2022 resulted primarily from lower dividends paid and lower repayment of borrowings.

At December 31, 2024, PETRONAS' total fund and other investments, consisting of long-term quoted and unquoted shares, other unquoted securities, corporate private debt securities and short-term marketable securities, totaled RM32,331 million, compared to RM12,370 million and RM22,398 million at December 31, 2022 and 2023, respectively. See notes 16 (Cash and Cash Equivalents) and 11 (Fund and Other Investments) to the financial statements included elsewhere in this Offering Circular for a more detailed breakdown of PETRONAS' cash, cash equivalents, fund investments and other investments.

PETRONAS' total borrowings amounted to RM104,157 million, RM111,621 million and RM110,897 million at December 31, 2022, 2023 and 2024, respectively. At December 31, 2024, PETRONAS' total borrowings were equivalent to 14.5% of its total assets. The total borrowings in 2024 is comparable to 2023. The increase in total borrowings in 2023 compared to 2022 was primarily due to the impact of foreign currency translation following from strengthening of the U.S. dollar against the Malaysian ringgit.

For a discussion of the various interest rates applicable to each facility, see note 21 (Borrowings) and note 38 (Financial Instruments) to the financial statements included elsewhere in this Offering Circular. As at December 31, 2024, PETRONAS' contractual cash flows from debt obligations that are scheduled to mature within five years was 36.3% of total contractual cash flows from debt obligations.

The following table sets forth information with regard to PETRONAS' total contractual cash flows from debt obligations, by currency, at December 31, 2024:

Total Contractual Cash Flows From Debt Obligations⁽¹⁾	2025	2026	2027 - 2029	Thereafter	Total
	(in millions) ⁽²⁾				
USD	RM13,048	RM5,591	RM19,572	RM83,721	RM121,932
RM	RM1,662	RM663	RM814	RM1,092	RM4,231
Euro	—	RM1,716	—	—	RM1,716
INR	RM1,936	RM638	RM266	RM284	RM3,124
SEK	RM337	RM293	—	—	RM630
Others	RM1,633	RM147	RM559	RM503	RM2,842
Total	RM18,616	RM9,048	RM21,211	RM85,600	RM134,475

(1) Includes contractual principal and interest payments.

(2) These amounts are expressed in the ringgit as translated using the relevant Bank Negara Malaysia rate on December 31, 2024.

Restrictions Relating to Funding

PETRONAS' loan agreements and the agreements for its outstanding notes contain a number of covenants that could potentially affect its ability to borrow additional funds, enter into loan agreements or issue new debt securities. These covenants are generally similar to covenants contained in loan agreements and debt securities of similarly situated issuers, and include cross-acceleration provisions, negative pledge provisions and limitations on certain sale-and-leaseback transactions. For a more detailed discussion of these covenants, see note 21 (Borrowings) to the financial statements included elsewhere in this Offering Circular.

Dividends

PETRONAS paid dividends of RM50,000 million in 2022, RM40,000 million in 2023 and RM32,000 million in 2024. The Board of Directors of PETRONAS approved the dividend payment based on PETRONAS' affordability.

On February 24, 2025, the Board of Directors of PETRONAS declared dividends of RM32,000 million. The dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending December 31, 2025.

Contractual Obligations

The following table summarizes PETRONAS' contractual obligations as at December 31, 2024.

Contractual Obligations⁽¹⁾	Less than 1 year	Between 1 to 5 years	More than 5 years	Total
	(in millions)			
Capital Commitments ⁽²⁾	RM34,779	RM42,051	RM5,464	RM82,294
Long-Term Debt Obligations	RM18,616	RM30,259	RM85,600	RM134,475
Other Long-Term Liabilities	RM485	RM2,623	RM5,555	RM8,663
Total	RM53,880	RM74,933	RM96,619	RM225,432

(1) Includes related contractual interest obligations.

(2) Represents capital commitments that have been approved and contracted for.

Abandonment Costs

PETRONAS makes provisions for decommissioning of upstream oil and gas properties and other property, plant and equipment under which it has legal and contractual obligations. For upstream oil and gas properties in Malaysia, through production sharing contracts, the contractors under production sharing contracts (“**PSC Contractors**”) have the obligation to undertake these abandonment work as approved/directed by PETRONAS and are required to make abandonment cess contribution for abandonment work as stipulated in the relevant production sharing contracts, for the purpose of ensuring the safety and protection of people, environment, assets and reputation in the course of Petroleum Operations. In performing these functions, PETRONAS conforms to international and national laws and conventions, including but not limited to the United Nations Convention on the Law of the Sea, International Maritime Organization standards, Malaysia’s Petroleum Development Act 1974 and Exclusive Economic Zone Act 1984. Additionally, PETRONAS also assumes the constructive obligation to fund and/or execute the abandonment works for those oldest production sharing contracts that have either partial or no abandonment provisions, as well as other upstream oil and gas properties that PETRONAS owns.

PETRONAS’ liability for the future decommissioning, dismantling, removal and/or restoration of all upstream oil and gas properties in Malaysia was estimated at RM44,859 million as at December 31, 2024. PETRONAS’ Asset Decommissioning unit provides the estimates on a yearly basis based on the latest producing oil and gas properties, abandonment strategy reflecting international best practices, advances in technology and Malaysia’s experience in decommissioning. PETRONAS established a trust fund known as the Abandonment Cess Fund, for which a board of trustees was appointed to hold, manage and administer the fund. As at December 31, 2024, PETRONAS has accumulated RM34,605 million in the Abandonment Cess Fund. The international production sharing contract in which PETRONAS acts as a contractor have economic terms largely similar to those under Malaysian production sharing contracts, subject to the relevant laws and regulations in the respective countries. For abandonment funding for most of these countries, PETRONAS makes contribution into escrow accounts or other approved accounts.

Contingent Liabilities and Off-balance Sheet Arrangements

PETRONAS provides financial guarantees to banks in respect of banking facilities granted to certain subsidiaries, joint arrangements and associates. Among these financial guarantees as at December 31, 2024 is a completion guarantee for a project financing facility undertaken by a joint operation entity and joint venture entity under an integrated borrowing structure up to the project completion date. After project completion, the joint operation entity and joint venture entity provide cross-guarantee to the lenders for each other’s outstanding loan. The balance of the outstanding loans as at December 31, 2024 for the joint operation entity and joint venture entity based on PETRONAS’ shareholdings were RM1,607 million and RM14,837 million, respectively. These amounts represent the outstanding loans undertaken by these entities for the purpose of repaying a bridge loan facility and other expenditures used for construction of refinery and steam cracker and petrochemical facilities in the Pengerang Integrated Complex. See “*Business—Pengerang Integrated Complex*” for detailed information on the Pengerang Integrated Complex. PETRONAS monitors, on an ongoing basis, the operating results of these entities and the loan repayments made by them. For details of financial guarantees, please refer to note 38 (Financial Instruments) to the financial statements included elsewhere in this Offering Circular.

Other than the obligations discussed above, PETRONAS did not have any material contingent liabilities or off-balance sheet arrangements as at December 31, 2024.

Capital Expenditures and Other Investments

The following table provides historical information regarding Capital Expenditures and Other Investments.

	Year Ended December 31,			Change (%)	
	2022	2023	2024	2022 v. 2023	2023 v. 2024
	(in millions, except for percentages)				
Capital Expenditures and Other Investments ⁽¹⁾	RM49,245	RM52,218	RM54,117	6.0	3.6
Capital Expenditures and Other Investments (Domestic) ⁽¹⁾	RM18,610	RM26,187	RM33,315	40.7	27.2
Capital Expenditures and Other Investments (International) ⁽¹⁾	RM30,635	RM26,031	RM20,802	(15.0)	(20.1)

(1) Consists of expenditure on property, plant and equipment, investment properties, intangible assets, land held for development, acquisition of subsidiaries and investments in associates and joint ventures from continuing operations.

PETRONAS' capital expenditures relate mainly to its upstream, gas and maritime, and downstream segments, as well as Gentari within the corporate and others segment. Domestically, the capital expenditures in 2024 were primarily attributable to exploration and development projects under the upstream segment. Internationally, the capital expenditures in 2024 were primarily attributable to exploration and development projects with respect to upstream assets and LNG project development in Canada. The increase in PETRONAS' capital expenditures in 2023 was primarily attributable to its international growth in the upstream segment, particularly in Canada and Angola. Given that a significant portion of PETRONAS' capital expenditures is typically related to major projects, as indicated in the table above, capital expenditures can vary substantially from year to year as projects are completed and new projects are initiated.

PETRONAS has capital commitments that have been approved by the Board of Directors. The following table sets forth PETRONAS' outstanding approved capital commitments, including both those that have been approved and contracted for and those that have been approved but not contracted for, as at December 31, 2024.

Capital Commitments

	As at December 31, 2024
	(in millions)
Approved and contracted for	RM82,294
Approved but not contracted for	RM109,346
Total	<u>RM191,640</u>

Commitments that have been approved but not contracted for are subject to change as projects are reviewed or contracts are entered into. PETRONAS' outstanding capital commitments as at December 31, 2024 primarily include oil and gas field developments and LNG projects. As at December 31, 2024, PETRONAS had capital expenditures for 2025 of RM34,779 million that have been approved and contracted for and RM19,959 million in capital expenditures that had been

approved but not contracted for. See “*Business—Upstream Segment*,” “*Business—Gas and Maritime Segment*,” “*Business—Downstream Segment*” and note 33 (Commitments) to the financial statements included elsewhere in this Offering Circular.

Since capital commitments, especially those that have been approved but not contracted for, may be subject to change, and because PETRONAS may from time to time decide to undertake additional capital projects, actual capital expenditures may be more or less than the amounts presented and discussed in the table and paragraph above. PETRONAS reviews its capital commitments at reasonable intervals, including those for 2025, to remain focused on its cash generators, expand its core business portfolio and explore new opportunities in specialty chemical products and clean energy. This allocation of capital expenditures involved, and will continue to involve, a reassessment of economic conditions, project viability and a focus on cost optimization.

PETRONAS expects to fund its future capital expenditures through funds generated from operations, utilization of its current cash balances, drawdowns under existing term loans and additional external borrowings.

Risk Management

As an integrated energy company, PETRONAS is exposed to various risks that are particular to its upstream, downstream, and gas and maritime businesses and its operating environment. PETRONAS has in place an ongoing process for managing significant risks affecting the achievement of its business objectives, which includes identifying, evaluating, managing and monitoring these risks. While various risk management measures are in place to mitigate and manage risks, depending on the mitigation strategies, PETRONAS is still exposed to certain residual risks.

Risk management and its ongoing improvement in strengthening the quantification, review and monitoring of all significant risk areas (including credit, market, project, country, plant and facilities, operations, health, safety, environment and information and communication technology) remain a key focus of PETRONAS’ Board of Directors in building a successful and sustainable business.

PETRONAS’ Risk Committee provides oversight and in-depth discussion on risk management matters at the board level. The Risk Committee reviews risk management policies and practices, assesses principal risks and risk appetite and oversees the adequacy and effectiveness of the risk management system to monitor and manage risks in PETRONAS. The Risk Management Committee is in place to serve as a central platform to assist management in identifying principal risks at the enterprise level and providing assurance on the effective implementation of risk management practices with guidance and directions from the PETRONAS Executive Leadership Team and the Risk Committee. The Risk Management Committee also promotes sound risk management practices through the sharing of information and best practices to enhance the risk management culture across PETRONAS.

Enterprise risks are managed on an integrated basis and their evaluation is incorporated into the PETRONAS decision-making process, such as strategic planning and project feasibility studies. Dedicated risk management units or functions also exist within PETRONAS at various operating unit levels, including at its listed subsidiaries, to assess and evaluate the risk management processes for reporting to their respective board and management levels.

PETRONAS endeavors to become a risk-resilient organization, through the implementation of the PETRONAS Risk Policy, enhanced by a “tone from the top” commitment to risk management

culture and the need to be agile in managing risk. To support the implementation of the PETRONAS Risk Policy and to provide its personnel with an integrated and holistic view of its overall strategy for managing risk within its various businesses, PETRONAS has introduced a resiliency model that provides a framework focusing on three key areas of risk management: enterprise risk management, crisis management and business continuity management. This resiliency model is supported by a number of more granular risk frameworks and guidelines that have been implemented to govern, guide and institutionalize PETRONAS' risk management practices and, together with the resiliency model, aim to further entrench a risk management culture across PETRONAS.

As one of its key risk management strategies, PETRONAS Financial Policy sets out clear principles towards achieving financial resiliency. By being financially resilient, the organization is able to weather all business cycles and maintain a consistently strong financial position with a robust business portfolio and strong cash generators. PETRONAS relies on natural hedges arising through its business transactions such as buying and selling products in the same currency. Where needed, PETRONAS uses approved financial derivatives such as forwards and swap contracts to provide greater predictability of financial results and to mitigate downside risk or the negative impact of movements in financial risk factors to its key financial performance, such as operational cash flow, revenue, margin and profitability. Hedging strategies are considered in managing underlying exposures (such as foreign exchange risk, interest rate risk or price risk) that are firm and committed, as well as underlying exposures that are highly probable or anticipated. Decisions to hedge may differ from entity to entity within PETRONAS based on each entity's strategic objectives and risk appetite towards the underlying exposures. PETRONAS ensures that adequate internal governance and operational risk controls are in place for the proper authorization, execution, monitoring and reporting of its hedging strategy and the use of derivatives by entities within PETRONAS, in addition to compliance with pertinent governing regulations and laws. PETRONAS does not engage in speculative derivative activities or speculative derivative trading activities.

Counterparty Credit Risk. Counterparty credit risk refers to risk of loss resulting from a counterparty failing to perform its contractual financial obligation or making payment for goods and services, due to circumstances such as bankruptcy, financial constraints, political restrictions or government directives. PETRONAS' exposures to credit risk arise principally from its receivables from third party customers, fund and other investments, and financial guarantees given to financial institutions for credit facilities granted to subsidiaries, joint arrangements and associates. Credit risks are controlled in accordance with PETRONAS' policies, standards and guidelines implemented across PETRONAS group.

PETRONAS has established specific methodologies to assess different exposures arising from counterparties' performance risk that are applicable across the organization. The PETRONAS Credit Risk Rating System assesses potential and existing customers' creditworthiness. For contractors, PETRONAS has in place vendor financial evaluation and contractor risk assessment methodologies that assess potential contractors' performance risk. For joint venture partners, PETRONAS also has in place partner and partnership risk assessment methodology to assess potential partners' performance risk. PETRONAS has developed a comprehensive standard Know-Your-Counterparties to facilitate assessments on performance risks arising from all types of counterparties.

Liquidity Risk. Liquidity risk is the risk that PETRONAS will have insufficient funds to meet financial commitments in a timely manner. PETRONAS' exposure to liquidity risk arises principally from its trade and other payables, and borrowings. In managing its liquidity risk, PETRONAS maintains sufficient cash and liquid marketable assets. PETRONAS' current credit rating enables it to access banking facilities in excess of its current and immediate future requirements. PETRONAS' borrowing power is not limited by its articles of association; however, certain covenants included in agreements impose limited restrictions on the debt level of some of PETRONAS' subsidiaries.

Market Risk. Market risk is the risk or uncertainty arising from changes in market prices and their impact on the performance of the business. The market price changes that PETRONAS is exposed to include interest rates, foreign currency exchange rates, commodity prices, equity prices and other indices that could affect the value of PETRONAS' financial assets, liabilities or expected future cash flows. PETRONAS uses "value at risk" as one of its main market risk measurement tools. Value at risk is a statistical approach that estimates possible losses for a given portfolio over a certain period at a particular confidence level using past market movement data. Although past market movements are not necessarily a good indicator of future events, PETRONAS believes value-at-risk analysis is generally appropriate for its purposes in managing its market risk.

- *Interest rate risk.* PETRONAS' investments in fixed rate debt securities and fixed rate borrowings are exposed to a risk of change in their fair values due to changes in interest rates. Its variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. PETRONAS manages interest rate exposures in line with its policies and guidelines. For more detailed discussion on PETRONAS' interest rate risk, see note 38 (Financial Instruments) to the financial statement included elsewhere in this Offering Circular.
- *Foreign exchange risk.* PETRONAS is exposed to varying levels of foreign exchange risk when it enters into transactions that are not denominated in the respective companies' functional currencies and when foreign currency monetary assets and liabilities are translated at the reporting date. PETRONAS implements foreign exchange management policy is to minimize these risks arising from currency movements. For more detailed discussion on PETRONAS' foreign exchange risk, see note 38 (Financial Instruments) to the financial statement included elsewhere in this Offering Circular.
- *Equity price risk.* Equity price risk arises from PETRONAS' investments in equity securities. PETRONAS manages exposures to equity price risk in accordance with' existing policies and guidelines. For more detailed discussion on PETRONAS' equity price risk, see note 38 (Financial Instruments) to the financial statement included elsewhere in this Offering Circular.
- *Commodity price risk.* PETRONAS faces exposure to fluctuations in commodity prices resulting from its involvement in the marketing and trading of commodities. PETRONAS utilizes various derivative instruments to manage and mitigate these risks. For more detailed discussion on PETRONAS' commodity price risk, see note 38 (Financial Instruments) to the financial statement included elsewhere in this Offering Circular.

Procurement Risk. Procurement risk is governed by the PETRONAS Tender and Contract Administrative Manual established for group-wide adoption. PETRONAS' Group Procurement Leadership Team provides stewardship on overall strategic direction of group procurement, including resolving key issues of mutual concern and interest with business. Oversight on tendering is obtained through various tender committees while contractors' and/or vendors' performance matters are deliberated at the Contractor Performance Review and Appeal Committee and Vendor Evaluation Committees. Group Procurement has also established clearly defined authorization procedures for awarding tenders and procurement transactions, as well as procurement assurance programs to assess compliance of the procurement process with regards to the comprehensiveness and effectiveness of the procurement management implementation.

Project Risk. With respect to each new project into which it enters, PETRONAS conducts a multi-phased decision-making process under PETRONAS' Group Project Management System

("PGPMS"). The PGPMS is designed to retain and maximize project value across a project's life cycle from the identification of business opportunity until operationalization of the project. Under the PGPMS framework, PETRONAS undertakes a number of project risk assessment and assurance reviews during the course of each project at critical points in the project timeline, which are designed to reduce the risk of unexpected technical, commercial and/or other factors affecting project viability.

Country Risk. PETRONAS has established its Country Risk Management Framework and Guidelines that prescribes oversight structure, roles and responsibilities, and assessment tools in ensuring that country risk of international investments are managed in a systematic and structured manner to support decision making. It also prescribes requirements on pre-entry, in country and exit management as well as preparedness during a crisis.

Plant and Facilities Risk. Plant and facilities risk management in PETRONAS is governed by management systems, guidelines and standards that prescribe the principles and structured processes in managing operational risks in accordance with the PETRONAS Resiliency Model as well as the specific system and work processes required by the PETRONAS' plant and facilities over the asset life cycle in order to operate safely and achieve the targeted reliability, integrity, and performance. It guides plant and facilities to systematically identify, assess, control, monitor and review operational risks to improve the ability to reduce risks. PETRONAS also has in place emergency, crisis and business continuity plans for foreseeable emergencies.

Health, Safety, Security & Environment ("HSSE") Risk. PETRONAS' HSSE governance is guided by its group HSSE Policy and supported by its HSSE Mandatory Control Framework, while PETRONAS Security Policy is supported by the Security Management System with Minimum Mandatory Security Standard. The HSSE Mandatory Control Framework includes clear requirements on operational safety, environment and health for consistent and effective group-wide implementation. The Minimum Mandatory Security Standard outlines the minimum security standards required to effectively manage security risks and protect PETRONAS' assets. In addition, a risk-based group HSSE assurance program is carried out to provide independent assurance on the adequacy and effectiveness of HSSE controls and compliance to HSSE regulatory requirements in areas where PETRONAS operates.

Sustainability Risk. PETRONAS has embedded, as part of its key strategies, the aspiration to achieve Net Zero Carbon Emissions by 2050, and has established its Net Zero Carbon Emissions by 2050 Pathway that outlines the key efforts required to realize this aspiration. These efforts are subject to compliance with emerging and evolving regulations and policies and their regional variations, as well as changing consumer preferences, and must be made in a just and equitable manner with minimal impact on the environment, including impact on nature and biodiversity. In managing the sustainability risk, PETRONAS has established a wholly owned subsidiary, Gentari, as its clean energy solution arm, pursuing projects in renewable energy, hydrogen and green mobility. In addition, PETRONAS has established a Human Rights Policy to enhance and strengthen the management of human rights. The operationalization and implementation of PETRONAS' sustainability risk management policies are within the purview of PETRONAS' Sustainable Committee, which consists of members from across key functions in PETRONAS, to ensure effective embedment of sustainability risk management across the organization.

Digital Risk. PETRONAS digital and information security is guided by information and communication technology principles, standards and guidelines to uphold governance across PETRONAS in the areas of enterprise data, enterprise architecture and digital project delivery. Additionally, PETRONAS' enterprise cyber security governance framework has been developed

based on leading industry standards and best practices, which provides a single consolidated view of the frameworks, standards and guidelines required to govern and manage cyber security across PETRONAS. PETRONAS has also established a security operations center and its related cyber-security monitoring, threat hunting and incident management capabilities to protect PETRONAS 24/7 from internal and external threats for information technology and operational technology systems and assets. In order to support working from home, PETRONAS has deployed enhanced cyber security capabilities to protect it against a wider attack surface. PETRONAS also has in place a disaster recovery plan for identified critical business applications. Scheduled drills and exercises are conducted annually to ensure readiness in the event of an IT disaster.

Reputation Risk. The PETRONAS Reputation Management Framework outlines the guidance and requirements for consistent and integrated reputation management process across PETRONAS. Risks and issues impacting PETRONAS' reputation are constantly monitored and reported to management in providing insight for formulation of effective response strategies. PETRONAS conducts assurance activities to review adequacy and effectiveness of controls for reputation management activities across its domestic and international operations.

Human Capital Risk. The Group Human Resources Management Leadership Team is the main platform to deliberate and decide on matters related to human resource management strategies, investments, policies, guidelines, project prioritization and performance review. Matters related to human capital risk strategies, policies reviews and enhancement are further deliberated at the Executive Leadership Team People Development Committee. In addition, PETRONAS established Group Human Resource Management Governance, Risk and Compliance Committee to deliberate and sanction/approve high-impact risk and assurance initiatives for implementation while the PETRONAS Talent Council deliberates on issues and risks impacting PETRONAS corporate critical positions. In addition, PETRONAS conducts human capital assurance programs to assess compliance and effectiveness of its human resource management's internal control based on established governing documents, as well as to address business dynamics, and sustain continuous talents at all levels to achieve PETRONAS' business strategies.

BUSINESS

OVERVIEW

PETRONAS is a leading diversified, global energy company with a presence in over 100 countries. Established in 1974 under the Malaysian Companies Act, 1965 (as repealed and replaced by the Malaysian Companies Act, 2016), PETRONAS is wholly-owned by the Government of Malaysia. Its powers are derived from the Petroleum Development Act of 1974, which vests in PETRONAS the “*entire ownership in, and the exclusive rights, powers, liberties and privileges of exploring, exploiting, winning and obtaining petroleum whether onshore or offshore of Malaysia.*” As at January 1, 2025, PETRONAS had discovered resources of 8.64 bboe of 2P reserves and 15.08 bboe of 2C contingent resources. For details, see “—Upstream Segment—Discovered Resources.”

PETRONAS is a fully integrated energy company engaged in a broad spectrum of upstream and downstream oil and gas, LNG and clean energy, chemical, and other operations. PETRONAS conducts its operations directly and through its subsidiaries and associated companies.

- *Upstream Segment.* PETRONAS’ upstream segment encompasses exploration, development and production of crude oil and natural gas, covering a broad portfolio of resources and play types in more than 20 countries. PETRONAS also serves as the custodian to Malaysia’s oil and gas resources, providing stewardship throughout the lifecycle of all upstream petroleum activities in the country.
- *Gas and Maritime Segment.* PETRONAS’ gas and maritime segment is a one-stop center for lower-carbon-intensive energy, offering a comprehensive range of natural gas solutions both in Malaysia and abroad. This segment includes the liquefaction, marketing, and trading of LNG on a global basis; the processing, marketing, and trading of natural gas products in Malaysia and international markets; and the operation of gas infrastructure and utilities in Malaysia. This segment also encompasses PETRONAS’ maritime and logistics business MISC Berhad (“**MISC**”), which delivers energy-related maritime solutions and services across petroleum, gas, and other energy products.
- *Downstream Segment.* PETRONAS’ downstream segment comprises multiple businesses and plays a strategic role in enhancing value to molecules through an integrated operation, underpinned by operational and commercial excellence. The downstream segment’s diverse activities include refining, trading, and marketing of crude oil and petroleum products, as well as manufacturing and marketing of chemical and lubricant products for local and international consumption. In recent years, PETRONAS has also ventured into development of bio-based products and specialty chemicals.
- *Corporate and Others Segment.* PETRONAS’ corporate and others segment primarily includes Gentari Sdn Bhd. (“**Gentari**”)—PETRONAS’ clean energy platform—and its real estate business. This segment also includes supporting functions such as central treasury, project delivery, and technology. Established in 2022 as PETRONAS’ clean energy solutions arm, Gentari aims to capture opportunities in the energy transition across renewable energy, hydrogen and green mobility.

For the years ended December 31, 2022, 2023 and 2024, PETRONAS had consolidated revenues of RM330,009 million, RM305,755 million and RM305,131 million (US\$68.3 billion), respectively, consolidated profit for the year attributable to shareholders of PETRONAS of

RM92,313 million, RM74,361 million and RM49,104 million (US\$11.0 billion), respectively, and Adjusted EBITDA of RM166,114 million, RM125,718 million and RM114,342 million (US\$25.6 billion), respectively.

UPSTREAM SEGMENT

PETRONAS' upstream presence extends across 22 countries globally, with 199 producing fields, 386 offshore platforms, and 32 floating facilities as of December 31, 2024. The upstream segment also promotes the sustainable and orderly development of Malaysia's petroleum resources through 118 active petroleum arrangement contracts, including within the Malaysia-Thailand Joint Development Area ("MTJDA"). Internationally, PETRONAS' upstream segment, through various arrangements, is involved in 51 petroleum arrangement contracts.

DISCOVERED RESOURCES

As at January 1, 2025, PETRONAS had discovered resources of 8.64 bboe of 2P reserves and 15.08 bboe of 2C contingent resources and had registered a three-year average 1P reserves replacement ratio of 0.8. At 2024 production levels, PETRONAS estimates that these discovered resources, comprising both domestic and international discovered resources, will last approximately 40.5 years, estimated on a 2P and 2C level based on the three-year rolling average. For information relating to how PETRONAS calculates its domestic and international reserves, see "*Presentation of Financial Information and Other Data.*"

PETRONAS' reserves and resources framework, governance and procedures, known as the PETRONAS Reserves and Resources Management System ("PRrMS"), is closely aligned with globally recognized industry standards, guided by the Society of Petroleum Engineers' Petroleum Resources Management System.

The PRrMS governance stipulates that PETRONAS' management can call for a fully independent third-party audit at least once every four years or more often, in the event of any special requirements. In addition to fully independent third-party audits, PETRONAS' Petroleum & Storage Resources department performs annual independent audits on PETRONAS' hydrocarbon portfolio to assess the integrity and robustness of PETRONAS' reserves and resources as reported in its Annual Review of Petroleum Resources to be approved by the PETRONAS' Executive Leadership Team. In 2024, PETRONAS appointed ERCE Energy ("ERCE") as its independent oil and gas reserves auditor. The audit by the independent third-party auditor covered 15 fields selected based on technical complexity and magnitude of change from the previous internal resources assessment. The scope of audit included PETRONAS' total recoverable resources, including reserves and contingent resources, and the ranges associated with the subsurface uncertainties as at January 1, 2024. The following is ERCE's audit opinion in respect of PETRONAS' reserves and contingent resources as at January 1, 2024:

"Regarding Hydrocarbon Total Recoverable Resources, for the portfolio of assets, ERCE finds the PETRONAS' estimate of Low, Best and High Recovery in a working interest basis to be fair and reasonable, and therefore gives an unqualified opinion regarding the portfolio."

The difference between ERCE and PETRONAS' portfolio working interest total recoverable resources was at -2%, 0% and 2% for the Low, Best and High Cases, respectively.

Although no independent third-party reserves audit was conducted in 2022 or 2023, PETRONAS' Petroleum & Storage Resources department upheld the same rigor and standards as applied by third-party auditors in assuring the integrity and robustness of PETRONAS' reserves and resources estimates as at January 1, 2022 and 2023.

For the finalization of the Annual Review of Petroleum Resources as at January 1, 2022, a total of 233 fields were audited between February and July 2022 by PETRONAS' Petroleum & Storage Resources department, covering approximately 76% of the top net present value fields, and approximately 71% of the 2P and 2C fields. These fields span PETRONAS' operations in 13 countries (including Malaysia) and 51 contracts. For the finalization of the Annual Review of Petroleum Resources as at January 1, 2023, a total of 149 fields were audited between February and July 2023 by PETRONAS' Petroleum & Storage Resources department, covering approximately 83% of the top net present value fields, and approximately 64% of the 2P and 2C fields. These fields span PETRONAS' operations in 15 countries (including Malaysia) and 61 contracts.

Discovered Resources by Region

The following table sets forth PETRONAS' domestic and international discovered resources as at January 1 for each of the years from 2022 through 2025:

PETRONAS' Discovered Resources (bboe)	As at January 1,											
	2022			2023			2024			2025		
Reserves ⁽¹⁾	1P	2P	3P	1P	2P	3P	1P	2P	3P	1P	2P	3P
Malaysia	3.64	5.32	7.24	3.62	5.31	7.38	3.60	5.62	8.10	3.23	5.17	7.57
International	2.77	3.78	4.69	3.16	3.94	4.88	2.98	3.73	4.68	2.74	3.46	4.54
Total	6.42	9.11	11.93	6.78	9.25	12.26	6.59	9.35	12.78	5.97	8.64	12.10
Contingent Resources ⁽¹⁾	1C	2C	3C	1C	2C	3C	1C	2C	3C	1C	2C	3C
Malaysia	5.90	9.10	13.33	6.23	9.51	13.89	6.22	9.78	14.39	5.87	9.02	13.05
International	4.46	6.24	8.28	4.33	5.99	7.89	4.63	6.46	8.44	4.50	6.06	8.06
Total	10.36	15.34	21.61	10.56	15.50	21.79	10.85	16.25	22.83	10.38	15.08	21.12

(1) In each table in this Offering Circular that sets forth discovered resources, "1P" refers to "proved reserves," "2P" refers to "proved plus probable reserves," and "3P" refers to "proved plus probable plus possible reserves." "1C" refers to "low estimate of contingent resources," "2C" refers to "best estimate of contingent resources," and "3C" refers to "high estimate of contingent resources." For more information, see "Presentation of Financial Information and Other Data—Oil and Gas Reserves and Resources."

Malaysia. As at January 1, 2025, PETRONAS had discovered resources of 5.17 bboe of 2P reserves and 9.02 bboe of 2C contingent resources in Malaysia. PETRONAS' discovered resources in Malaysia from 2022 to 2024 were primarily supported by its discoveries in Nahara, Hadrah, Cengkih, Temu, Paprika, Tepat, Gedombak, Cecil, Silungen, Sinsing, and Bekok Deep.

International. As a result of its targeted and disciplined international expansion strategy, as at January 1, 2025, PETRONAS had discovered resources of 3.46 bboe of 2P reserves and 6.06 bboe of 2C contingent resources internationally. PETRONAS' international discovered resources from 2022 to 2024 were supported by new overseas discoveries, primarily in Brazil and Suriname.

Discovered Resources by Hydrocarbon Type

The following table sets forth PETRONAS' discovered resources by hydrocarbon type as at January 1 for each of the years from 2022 through 2025:

PETRONAS' Discovered Resources (bboe)	As at January 1,											
	2022			2023			2024			2025		
Reserves ⁽¹⁾	1P	2P	3P	1P	2P	3P	1P	2P	3P	1P	2P	3P
Natural Gas	4.86	6.81	8.78	5.24	7.12	9.46	5.16	7.36	10.05	4.62	6.66	9.20
Liquids	1.56	2.29	3.15	1.54	2.13	2.80	1.42	1.99	2.73	1.34	1.97	2.90
Total	6.42	9.11	11.93	6.78	9.25	12.26	6.59	9.35	12.78	5.97	8.64	12.10
Contingent Resources ⁽¹⁾	1C	2C	3C	1C	2C	3C	1C	2C	3C	1C	2C	3C
Natural Gas	8.45	12.38	17.44	8.51	12.14	16.76	8.84	12.93	17.82	8.68	12.35	17.08
Liquids	1.91	2.96	4.17	2.05	3.37	5.03	2.01	3.32	5.01	1.69	2.72	4.03
Total	10.36	15.34	21.61	10.56	15.50	21.79	10.85	16.25	22.83	10.38	15.08	21.12

(1) In each table in this Offering Circular that sets forth discovered reserves, "1P" refers to "proved reserves," "2P" refers to "proved plus probable reserves," and "3P" refers to "proved plus probable plus possible reserves." "1C" refers to "low estimate of contingent resources," "2C" refers to "best estimate of contingent resources," and "3C" refers to "high estimate of contingent resources." For more information, see "Presentation of Financial Information and Other Data—Oil and Gas Reserves."

As at January 1, 2025, PETRONAS had 6.66 bboe of 2P reserves and 12.35 bboe of 2C contingent resources of natural gas, as well as 1.97 bboe of 2P reserves and 2.72 bboe of 2C contingent resources of liquids.

DOMESTIC E&P OPERATIONS

PETRONAS actively shapes and enables the growth of Malaysia's E&P industry to maximize the value of hydrocarbon resources throughout the exploration, development and production of oil and gas life-cycle. As at December 31, 2024, Malaysia had 533,392 square kilometers of offshore acreages available for oil and gas exploration, of which 371,636 square kilometers were covered by production sharing and risk service contracts. As at December 31, 2024, PETRONAS had approximately 118 active production sharing contracts in Malaysia, including those within the MTJDA, and had awarded a total of 38 new production sharing contracts from 2022 to 2024. During this period, PETRONAS made more than 35 discoveries within Malaysian waters, which have resulted in additional resources of 2.3 bboe.

Until 1993, oil and gas exploration and production activities in Malaysia took place in the broad continental shelf, which provides favorable geological conditions for oil and gas exploration. There are five major petroleum-bearing sedimentary basins within this shelf in Malaysia. The water depth of these areas ranges from 25 to 200 meters. Malaysia's existing oil and gas fields are mainly located offshore within its continental shelf. As at December 31, 2024, cumulative exploration activities in the continental shelf had resulted in discovery of 83 oil fields, 251 gas fields and 163 oil and gas fields.

To monetize the full potential of Malaysia's oil and gas resources, PETRONAS is focused on sustaining future national production by developing Malaysia's oil and gas resources located in

geologically more complex, high-risk and higher-cost acreages, including deepwater blocks, high-pressure high-temperature formations, and acreages with high CO₂. Malaysia's deeper offshore areas, defined as those with water depths of 200 meters or more, have been open to oil and gas exploration since 1995, and, as at December 31, 2024, PETRONAS had 26 existing deepwater production sharing contracts, which had been awarded to a variety of multinational oil and gas companies. Malaysia's first deepwater production, from the Kikeh field, began in 2008, followed by the Gumusut-Kakap field in 2012, the Siakap-North Petai field in 2014, the Malikai field in 2016, and, most recently, the Rotan and Buluh fields in 2021.

Since 2012, PETRONAS has reduced GHG emissions through its concerted efforts to reduce flaring and venting in the upstream segment. In line with its commitment towards achieving Net Zero Carbon Emissions by 2050, PETRONAS is implementing projects for zero continuous venting and flaring of hydrocarbon at its assets. Through emissions reduction projects implemented across its Malaysian operations, in 2023, PETRONAS successfully achieved annual GHG emissions reduction of approximately 2 million tonnes carbon dioxide equivalent ("CO₂e"), which ensures that PETRONAS is on track to meet its short-term GHG emissions target. In addition to its efforts to increase energy efficiency, PETRONAS is developing carbon capture and storage ("CCS") to reduce its GHG emissions. PETRONAS intends to apply CCS to abate its remaining emissions and help deliver PETRONAS' ambition of achieving Net Zero Carbon Emissions by 2050. In line with Malaysia's National Energy Transition Roadmap launched in August 2023, PETRONAS has identified several definitive CCS flagship projects in Malaysia, including the Kasawari CCS Project as part of its Kasawari Greenfield Development Project off the coast of Sarawak. This project is expected to reduce CO₂ emissions by 3.3 million tonnes CO₂e every year, making it currently one of the largest offshore CCS projects in the world. PETRONAS also plans to establish three CCS hubs in Malaysia to drive the region's transition towards a low-carbon future. These hubs will be accessible to regional emitters from hard-to-abate industries, enabling them to decarbonize their operations. The development of CCS serves as a potential new source of business growth for PETRONAS, laying the foundation for CCS practices in Malaysia to serve both domestic and international industrial customers.

Production Sharing Contracts

PETRONAS mainly carries out its exploration, development and production activities in Malaysia through production sharing contracts, mostly with international oil and gas companies and PETRONAS' wholly-owned subsidiaries, including PETRONAS Carigali, E&P Malaysia Venture Sdn. Bhd. and Vestigo Petroleum Sdn Bhd. Through its use of production sharing contracts, PETRONAS can insulate itself from the capital costs and risk of failure inherent to oil and gas exploration activities, while maintaining a significant share in any commercial discovery that is produced through its entitlements under these arrangements.

PETRONAS' production sharing contracts in Malaysia are similar to those in which multinational oil and gas companies enter with other host countries and partners. Each contract obligates the relevant PSC Contractor to provide all the financing and bear all the risk of exploration, development and production activities in exchange for a share of commercial production. As in most international production sharing contracts, PETRONAS' PSC Contractors are allowed to recover specified capital and operating costs in the form of produced oil or gas (such oil or gas is referred to as "cost" oil or gas) from total oil and gas produced from the contracted area, after deduction of cash payments to governments, up to a maximum recovery limit specified in the production sharing contract. PETRONAS satisfies such cash payment obligations using disposal proceeds from payments in kind of the total oil and gas produced in the contract area. The remainder of the oil or gas produced ("profit" oil or gas) is shared between the PSC Contractor and

PETRONAS on a ratio basis that is dependent upon the volume of oil or gas produced as provided for in the respective production sharing contracts.

PETRONAS further benefits from the production sharing contracts through ownership of exploration and production data and all the other assets acquired and used by the PSC Contractors in the performance of their production sharing contracts. The PSC Contractors have the right to use the assets for the duration of the production sharing contracts. The value of those assets is not reflected on the balance sheet of PETRONAS.

As at December 31, 2024, PETRONAS had approximately 116 production sharing contracts in effect. A production sharing contract may be awarded to a single PSC Contractor or a consortium of PSC Contractors, and one PSC Contractor may be party to several production sharing contracts. PSC Contractors exploring for oil and gas in Malaysian waters as at December 31, 2024 included, among the major players, PETRONAS Carigali, Shell, TotalEnergies SE (“**Total**”), ENEOS Xplora Inc., Hibiscus Petroleum Berhad, ConocoPhillips and PTT Exploration and Production or their subsidiaries.

PETRONAS signed its first group of production sharing contracts in 1976 with subsidiaries of what are now ExxonMobil Corporation and Shell, replacing the then-existing concession agreements with production sharing contracts. Contracts signed between 1976 and 1985 provide for terms similar to the 1976 production sharing contracts. In 1985, PETRONAS revised the terms of its production sharing contracts to allow for accelerated cost recovery and improved sharing ratios of profit oil and gas for the PSC Contractors. The improved fiscal regime attracted substantial exploration investment into Malaysia.

To promote exploration in offshore areas with water depths of 200 meters or more, PETRONAS introduced the “deepwater” production sharing contract in 1993. The terms of the deepwater contract take into account the higher risks and investment involved in oil and gas exploration and production in deepwater areas and incorporate several fiscal and non-fiscal incentives. Fiscal incentives for the PSC Contractor under these contracts include accelerated cost recovery and improved sharing ratios, while non-fiscal incentives include longer exploration, development and production periods.

The production sharing contracts are for specified durations. For shallow-water blocks, exploration periods generally last for four years and development periods last for four years, while for deepwater blocks, exploration periods generally last for five years and development periods last for six years. If no commercial discovery is made in a block by the end of the exploration period or if a producing block fails to produce a commercially viable quantity for a continuous one-year period, a PSC Contractor must relinquish that block, and PETRONAS may then re-award the block under a new production sharing contract. If a commercial discovery in a field is made, the development period for that field begins to run from the date of that first commercial discovery.

During the development period, the PSC Contractor will engage in activities designed to enable the commercial production of hydrocarbons, such as the drilling of wells and the construction of facilities. The production phase of the production sharing contracts, with respect to each discovered field, generally lasts for a period of up to 20 years for shallow-water blocks and up to 25 years for deepwater blocks, in each case from the first date of commercial production from such field. If a gas field is discovered, the production sharing contracts provide for an additional holding period of up to five years between the exploration and development phases, and the total contract period may be extended to take into account the holding period and additional development period.

In 1997, PETRONAS introduced new fiscal terms for new production sharing contracts relating to shallow-water blocks based on the “revenue-over-cost” concept to encourage additional

investment in Malaysia's upstream sector. The revenue-over-cost production sharing contract allows the PSC Contractors to accelerate their cost recovery if they perform within certain cost targets. The underlying principle is to allow a PSC Contractor a higher share of production when the contractor's profitability is low and to increase PETRONAS' share of production when the contractor's profitability improves. The PSC Contractor's profitability at any time is measured by the revenue-over-cost index, which is the ratio of the PSC Contractor's cumulative revenue (calculated as the sum of the PSC Contractor's cost oil and profit oil or cost gas and profit gas, as the case may be, less certain payments made to PETRONAS when the value of the crude oil or gas exceeds a certain base price, as determined under the contract) over the PSC Contractor's cumulative costs. As at December 31, 2024, 52 revenue-over-cost production sharing contracts were in effect with 16 oil and gas operators.

To spur further growth in its brown-field resources, PETRONAS developed and implemented the concept of progressive volume-based production sharing contract in 2012. This type of production sharing contract addresses the current challenges of developing brown-field resources, which include maturing oil resources, declining levels of oil production, higher costs and higher subsurface risks. This production sharing contract also adopts a progressive profit-sharing model based on cumulative volume to incentivize PSC Contractors to pursue further upsides in matured fields. Under this type of production sharing contract, no threshold limit is set by PETRONAS for oil exploration and production, enabling PSC Contractors to earn higher profits as the hydrocarbon production increases. As at December 31, 2024, three progressive volume-based production sharing contracts were in effect with two oil and gas operators.

As part of its efforts to fund abandonment activities not covered by the existing contractual obligations under the PSCs and develop the expertise of Malaysia's oil and gas sector in extending the life of oil and gas assets, in 2019, PETRONAS adopted a late-life assets ("LLA") business model. Under this model, for certain oil and gas assets that are nearing the end of their productive life, PETRONAS is able to award production sharing contracts that offer better terms for the PSC Contractors, which make these assets more attractive, especially those contractors that specialize in these types of assets. The terms of LLA production sharing contracts provide that the PSC Contractors should carry out the relevant decommissioning activities and make contributions of funds towards decommissioning, which PETRONAS expects to provide additional resources for decommissioning work. As at December 31, 2024, three LLA production sharing contracts were in effect with three oil and gas operators.

In 2020, as part of the continuous commercial innovations, PETRONAS introduced the Small Fields Asset ("SFA") commercial arrangement, as a new set of fiscal terms that are customized for small field opportunities to improve returns to PSC Contractors pursuing these opportunities. The SFA commercial arrangement is applicable for fields with less than 15 mmstb of oil or less than 200 bscf of gas. Currently, there are more than 100 discovered resource opportunities ready to be monetized through these arrangements. These discovered resource opportunities are in matured basins, and accordingly there is a good understanding and knowledge of the subsurface. Despite the small volumes involved, this knowledge, coupled with these fields' proximity to existing infrastructure, is expected to improve the ability to develop these fields. PETRONAS believes its SFA commercial arrangement can be a platform to attract investments from mid-cap companies, small independent businesses, and new players to Malaysia in developing these fields. The SFA commercial arrangement includes a fiscal model and a staggered development approach intended to help the PSC Contractors developing these fields to manage their investment risks. As compared with other production sharing contract arrangements, the non-fiscal aspects of the SFA commercial arrangement are simplified during implementation, providing greater empowerment to the PSC Contractors. PETRONAS believes the SFA commercial arrangement can play a significant role in

attracting niche oil and gas players, who will now be able to operate at a much lower cost, in successfully monetizing these undeveloped discovered resources in Malaysia. As at December 31, 2024, 11 SFA production sharing contracts were in effect with seven oil and gas operators.

In 2021, PETRONAS introduced the Shallow Water Enhanced Profitability Terms (“EPT”) PSC, which is a simpler fiscal model that reflects a progressive and innovative approach to adapt to the prevailing business environment. This model is tailored to match the hydrocarbon opportunities that lie in Malaysia’s shallow water blocks. The EPT will gradually replace the 1997 standard revenue-over-cost PSC terms for future shallow-water exploration contracts. By shifting to this model, PETRONAS aspires to position itself as a customer-focused host authority and create new positive experiences for PSC Contractors in Malaysia’s oil and gas sector by creating opportunities for them to maximize the value of their investments. The objective is to provide PSC Contractors pursuing these opportunities with flexible, competitive and progressive terms. The EPT comprises a single cost bank for oil and gas, a fixed-cost recovery ceiling, and a more responsive self-adjusted profit-sharing mechanism. This model removes the supplementary payment and threshold volume provisions used in the “revenue-over-cost” (“R/C”) model to provide a more equitable sharing of upside rewards. With these improvements, EPT offers more attractive returns to the PSC Contractors that are commensurate with the level of risk exposure. As at December 31, 2024, 15 EPT production sharing contracts were in effect with six oil and gas operators.

The following table summarizes the evolution of the basic terms of PETRONAS’ production sharing contracts:

Allocations ⁽¹⁾	1985 PSC		Revenue-Over-Cost	Late Life Asset	Enhanced
	(Shallow-Water Blocks)	Deepwater Blocks ⁽²⁾	(R/C) ⁽³⁾ and Progressive Volume Based ⁽⁴⁾	(LLA) and Small Fields Asset (SFA)	
Cash payment or payment in kind (% of gross production)	10%	10%	10%	10%	10%
Cost oil (% of gross production)	50%	70% to 75%	Maximum 80%	—	—
Cost gas (% of production available for sale)	60%	60%	Maximum 80%	—	—
Profit oil and gas (range depending upon R/C ratio or volume of production):					
Oil	Maximum 50%	Maximum 86%	Maximum 90%	—	—
Gas	Maximum 50%	Maximum 60%	Maximum 90%	—	—
Fixed % split	—	—	—	Maximum 90%	—
Cost split (% of gross production)	—	—	—	—	Fixed 70%
Profit split range depending upon Profitability Index)	—	—	—	—	Maximum 18%

- (1) Allocation percentage refers to PSC Contractor’s share of production, which includes cost oil and gas and profit oil and gas.
- (2) Applicable for deepwater areas with water depth of 200 meters or more.
- (3) Includes “High-Pressure High-Temperature” production contract for operationally challenging conditions of extreme pressure and high temperature deep reservoirs. Contractor profitability is based on revenue-over-cost index.
- (4) Contractor’s profit share progressively increases based on cumulative volume.

Exploration and Development

PETRONAS continues to contribute to the security of resource supply in Malaysia through exploration activities in new plays and matured areas, while expediting appraisal programs to replenish its resources, sustain production, and provide optionality to its project funnel for monetization. Seismic surveys are utilized to explore and map the hydrocarbon potential of new exploration areas to attract future prospective contractors. A total of 267 wells were drilled in the three-year period ended December 31, 2024, and a number of major discoveries were made, including Machinchang, Gedombak, Sinsing, Mirdanga, Nafiri, Kalung Emas, Silungen and Nahara.

PETRONAS currently focuses its natural gas development activities in Malaysia on projects such as Andalas Jengka, Rosmari, Marjoram, F22 and F27 fields, greenfield developments, and the Kinabalu Deep Main Redevelopment Phase 3. For its oil development activities in Malaysia, PETRONAS currently focuses on the Irong Timur and Berantai-E greenfield development, D18 Phase 3 redevelopment, and Gumusut Kakap Phase 4 deepwater development. The complexity of these projects ranges from monetization of sour gas fields to development in deepwater environment, involving high-complexity development concepts. These projects require major capital expenditures and are expected generate revenue for PETRONAS from 2025 onwards.

The following table shows the seismic data and other exploration, development and production activity undertaken by PETRONAS for each of the years in the three-year period ended December 31, 2024:

	Year Ended December 31,		
	2022	2023	2024
Seismic data acquisition (line kilometers) ⁽¹⁾			
2D	—	—	12,296
3D	6,420	6,900	10,022
Wells ⁽²⁾			
Exploration	14	26	24
Appraisal	1	2	2
Development ⁽³⁾	67	64	67
Exploration, development and production investment (in RM billions) ⁽⁴⁾	10	13	16

(1) Seismic data, which is measured in terms of line-kilometers covered, is a key tool used in oil and gas exploration to determine the likely existence of hydrocarbon deposits. Three-dimensional data acquisition has become increasingly important in recent years, as the enhanced detail of this data provides time and cost benefits in the analysis and use of the information obtained.

(2) Exploration wells are drilled to determine the existence of an oil or gas field. Appraisal wells are drilled to determine the extent of an identified field, and development wells are drilled to extract the oil or gas.

(3) Inclusive of workover wells.

(4) For the year ended December 31, 2024, the figure is derived on an accrual basis.

Production

Natural Gas. As at December 31, 2024, PETRONAS had 70 producing gas fields. PETRONAS expects to keep a consistent level of natural gas production in Malaysia with the development of its LNG business.

In the year ended December 31, 2024, Malaysia's natural gas production available for sale was approximately 2,805 bscf. PETRONAS uses its entitlement to Malaysia's gas production for

processing, liquefaction and sale in the domestic market and overseas. The following table sets forth Malaysia's annual natural gas production available for sale and PETRONAS' entitlement to such production for each of the years in the three-year period ended December 31, 2024:

Natural Gas ⁽¹⁾	Year Ended December 31,		
	2022	2023	2024
	(in bscf, except percentages)		
Gross production in Malaysia	2,715	2,729	2,805
PETRONAS' entitlement	1,900	1,925	1,927
PETRONAS' percentage entitlement	70%	71%	69%

(1) Natural gas production available for sale.

Liquids. As at December 31, 2024, PETRONAS had 74 producing oil fields in Malaysia. These oil fields produce 19 blends of crude oil: Tapis, Kimanis, Bintulu, Miri Light, Labuan, Dulang, Kikeh, Sepat, Kidurong, Layang, Bunga Orkid, Berantai, Cendor, Jitang, Bunga Kekwa, Banang, Bertam, Kayu Manis and Asam Paya. All of these blends are of high quality and generally command a premium price over the benchmark Brent crudes in the global oil market.

In the year ended December 31, 2024, Malaysia's liquids production was approximately 180 mmbbl. PETRONAS uses its share of liquids production for export sales to customers, principally in the Asia Pacific region, and for refining and sale of petroleum products. Out of PETRONAS' entitlement in the year ended December 31, 2024, 37 mmbbl were exported, and 86 mmbbl were processed at PETRONAS' refineries in Melaka and Kertih.

The following table sets forth Malaysia's liquids production and PETRONAS' entitlement to such production for each of the years in the three-year period ended December 31, 2024:

Liquids	Year Ended December 31,		
	2022	2023	2024
	(mmbbl, except percentages)		
Gross production in Malaysia	189	186	180
PETRONAS' entitlement	129	126	123
PETRONAS' percentage entitlement	68%	68%	68%

INTERNATIONAL E&P OPERATIONS

Since the early 1990s, PETRONAS has leveraged the extensive operational capabilities it has developed in Malaysia to expand internationally, augmenting its domestic reserves through its exploration, development and production activities outside Malaysia. PETRONAS conducts these activities primarily through its wholly-owned subsidiary, PETRONAS Carigali International Ventures, and its various subsidiaries. PETRONAS' international discovered resources of liquids and gas as a share of PETRONAS' total discovered resources has remained relatively constant, at approximately 40% from 2022 to 2024. As at December 31, 2024, PETRONAS participated in 51 international petroleum arrangements contracts in 21 countries.

In several international production sharing contracts or concessions, PETRONAS is the sole contractor, while in other contracts, PETRONAS is a member of a consortium of contractors. As in the case of PETRONAS' Malaysian production sharing contracts, these production sharing contracts typically provide for the contractors to share the oil or gas production with the host country in varying ratios, typically depending on the volume of oil or gas produced.

The following table sets forth PETRONAS' equity share of international natural gas and liquids production (excluding Malaysia) for each of the years in the three-year period ended December 31, 2024:

	Year Ended December 31,		
	2022	2023	2024
Natural Gas (in bscf)			
PETRONAS' equity share of production	533	529	582
Liquids (in mmbbl)			
PETRONAS' equity share of production	124	125	117

Principal Areas of E&P Operations and Recent Developments

PETRONAS derives substantial benefit from the breadth and scale of its international operations and considers several areas to be of strategic importance to its E&P business. PETRONAS is committed to continuing to leverage its existing synergies and to realize further potential in a number of additional strategic regions of E&P operations, both in conventional and unconventional oil and gas. PETRONAS currently has E&P operations in several principal regions where it believes that it enjoys significant competitive advantages, namely Americas, Asia Pacific, Middle East and Africa.

The following table lists oil and gas blocks and fields outside Malaysia in which PETRONAS has an interest through its subsidiaries. The table includes both fields that are currently producing or acquired for future exploration, development and production:

Country ⁽¹⁾	Year of Commencement of Production /Date of License Acquisition (for non-producing)	Average Equity Production Rate for 2024 (Oil, LPG and Condensate in kbpd; Gas in mmscfd) /Development Status as at December 31, 2024 (for non-producing)
Asia Pacific		
Australia	2008 ⁽²⁾	Gas: 157
Brunei	2010-2011	Pre-development and exploration phase Oil: 0.14
Indonesia	2002-2024	Gas: 72 Condensate: 2 LPG: 3 Oil: 7
Papua New Guinea	2024	Exploration phase
Vietnam	2000	Gas: 6
Central Asia		
Turkmenistan	2006	Gas: 372 Condensate: 16 Oil: 7
Africa		
Egypt	2003	Gas: 107 Condensate: 2
Angola	2021-2023	Exploration and development phase
Congo	2021	Exploration phase
Gabon	2019	Exploration phase

Country ⁽¹⁾	Year of Commencement of Production /Date of License Acquisition (for non-producing)	Average Equity Production Rate for 2024 (Oil, LPG and Condensate in kbpd; Gas in mmscfd) /Development Status as at December 31, 2024 (for non-producing)
<i>Middle East</i>		
Iraq	2012-2014	Oil: 156 Gas: 17 LPG: 2
Oman	2018 ⁽²⁾	Gas: 151 Condensate: 6
United Arab Emirates	2022-2024	Exploration and appraisal phase
<i>North America</i>		
Canada	2013 ⁽²⁾	Gas: 675 Condensate: 13 Oil: 7
United States of America	2020-2021 ⁽²⁾	Exploration phase
Mexico	2017-2018	Exploration phase
<i>South America</i>		
Argentina	2019	Oil: 33 Gas: 19
Brazil	2019-2023	Oil: 47 Gas: 13
Suriname	2013-2023	Exploration and pre-development phase

(1) PETRONAS is in the process of finalizing the relinquishment upon completion of abandonment activities in Mauritania and Ireland.

(2) Production date as per farm-in date or effective date of the relevant agreement.

PETRONAS has expanded its international operations, where the Americas have become an increasingly important component of its E&P activities through its acquisitions of interests in two blocks in Brazil in 2022 and 2023 and two blocks in Suriname in 2023. In Canada, PETRONAS is one of the largest gas resource owners in this country, and PETRONAS' gas resources in Canada account for the largest portion of its total international gas resources.

In addition to the Americas, PETRONAS has also strengthened its presence in Asia Pacific, Middle East and Africa through a series of acquisitions, in line with the upstream segment's integrated strategy to maximize in-country value from existing ventures and drive growth in the integrated gas value chain. Selected principal areas of E&P operations and recent E&P activities by PETRONAS and its subsidiaries in the Americas, Asia, and Africa are detailed below.

Exploration and Production in the Americas

Canada. PETRONAS is the part-owner and operator of the North Montney Joint Venture shale gas assets in British Columbia, Canada, with a 72% participating interest. Other joint venture partners are Sinopec Huadian, Indoil Montney Limited and Petroleum Brunei. As at December 31, 2024, the North Montney Joint Venture had reached production of 1 bscf per day. The joint venture is expanding its gross natural gas production capacity to meet its contracted obligations for the North American market and to the LNG Canada Export Facility Project. For more information, see “—Gas and Maritime Segment—LNG Business—International Operations—Canada.”

Argentina. In 2014, PETRONAS acquired a 50% interest in the La Amarga Chica block, which is located in the Vaca Muerta formation in the Neuquén basin and covers an area of 187 square kilometers. The remaining 50% interest is held by the Argentine energy company Yacimientos Petrolíferos Fiscales, the operator of the block. In 2018, both parties approved the master development plan, and the field achieved its first production in March 2019. PETRONAS also made its first export deal for the La Amarga Chica equity crude to Trafigura Pte Ltd in June 2020.

Brazil. In December 2019, PETRONAS acquired a 50% interest in two concessions, namely Block BM-C-36 and Espadarte Module III, which as of December 31, 2024 were in the development and production phase. The remaining 50% interest is held by Petróleo Brasileiro S.A. (“Petrobras”), which is the operator for the block. In the same year, during Brazil’s exploration blocks bid round, PETRONAS won three exploration blocks in the Campos Basin, obtaining a 100% interest in Blocks CM 661 and CM 715 and a 40% interest in Block CM 541. As at December 31, 2024, these blocks were in the exploration phase.

From 2021 to 2023, PETRONAS, following further successful bids, acquired a 21% interest in Sépia field and a 20% interest in Agua Marinha exploration block, both with the remaining interests held by Petrobras, which is the operator, Total and QatarEnergy. As at December 31, 2024, the Sepia 1 project was in the production phase, the Sepia 2 was in the development phase, and Aqua Marinha was in the exploration phase.

Suriname. PETRONAS entered Suriname in 2013 through a production sharing agreement with Suriname’s state oil company for Block 52. In 2014, PETRONAS acquired a 50% interest in Block 48. PETRONAS is currently the operator of both blocks, holding a 50% interest in Block 52 and a 100% interest in Block 48. In December 2023, PETRONAS signed production sharing contracts for Suriname’s deepwater offshore Block 63 and Block 64, together covering an area of more than 11,000 square kilometers. PETRONAS has a 100% participating interest in Block 63 and a 40% participating interest in Block 64. As at December 31, 2024, these blocks were in the exploration and pre-development phase.

Exploration and Production in Asia

Turkmenistan. In July 1996, PETRONAS signed a 32-year production sharing contract to acquire a 100% interest in Turkmenistan Block 1. The project achieved first oil production in 2006. PETRONAS is currently one of the largest oil and gas producers and suppliers in Turkmenistan and a major industrial force in the Turkmen area of the Caspian Sea. As at December 31, 2024, the block was in the development and production phase.

Indonesia. PETRONAS’ exploration and production activities in Indonesia began in 2000. As at December 31, 2024, PETRONAS had interests in nine active production sharing contracts four of these contracts were operated by PETRONAS, and PETRONAS participated in partnership with other oil and gas operators in the remaining five contracts. As at December 31, 2024, two of these blocks, namely North Ketapang and Bobara, were in the exploration phase, and three of these blocks, namely North Madura II, Masela and Sakakemang, were in the development phase. North Madura II recently achieved final investment decision for the development of the Hidayah field and is expected to achieve first production in 2027. PETRONAS operates this block and holds a 100% participating interest.

In October 2023, PETRONAS signed a sale and purchase agreement with a subsidiary of Shell for the acquisition of a 15% participating interest in the production sharing contract of the Masela Block, located in the deep waters of west Arafura Sea, Eastern Indonesia. The remaining

participating interest is shared by INPEX Corporation, the operator, and Pertamina Hulu Energy. The project is expected to achieve final investment decision by 2027.

The remaining four blocks in Indonesia, namely Natuna Sea A, Ketapang, Jabung and Madura Offshore, were in production phase as at December 31, 2024. Between 2021 and 2023, PETRONAS signed two production sharing contract extensions for Jabung and Ketapang contract areas, extending the contracts from 2023 to 2043 and from 2028 to 2048, respectively.

Papua New Guinea. In October 2024, PETRONAS acquired a 50% interest in PPL 576, which was in the exploration phase as at December 31, 2024, as part of its strategy to pursue material oil. The acquisition further increases PETRONAS' presence in the Asia Pacific region.

Australia. PETRONAS holds a 27.5% interest in the Australia Gladstone LNG (“GLNG”) concession, which is located in Curtis Island in the Bowen & Surat basins and covers an area of approximately 11,000 square kilometers. The remaining participating interests are held by Santos, which is the operator, Total and KOGAS. For more information, see “—Gas and Maritime Segment—LNG Business—International Operations—Australia.”

Oman. In 2018, PETRONAS acquired a 10% interest in Block 61, with the remaining interest held by a subsidiary of BP PLC, which is the operator, and Makarim Gas Development LLC. The project achieved a significant milestone when Ghazeer gas field (Phase 2) achieved first production in 2020, three years after the Khazzan gas field (Phase 1) was brought online. In December 2023, as part of its expansion of international portfolio in the Middle East, PETRONAS acquired a 30% participating interest in onshore Oman Block 12, which was in the exploration phase as at December 31, 2024.

United Arab Emirates. From 2022 to 2024, PETRONAS acquired a 100% interest in three concession areas in Al Dhafra region of Abu Dhabi, namely Unconventional Onshore Block 1, Unconventional Onshore Block 5 and Conventional Onshore Block 2, together covering an area of more than 10,000 square kilometers. The first well for Block 1 was completed in 2024.

Exploration and Production in Africa

Egypt. In 2003, PETRONAS acquired a 50% interest in the West Delta Deep Marine with development leases expiring 2036. Shell, the upstream operator, holds the remaining 50% interest. Production from the field flows into Egypt LNG Project, in which PETRONAS holds a 35.5% interest. For more information, see “—Gas and Maritime Segment—LNG Business—International Operations—Egypt.”

Angola. In 2021, PETRONAS acquired a 5.6% interest in Namibe Block 29, marking its first entry into Angola. The remaining participating interests are shared by Total, which is the operator, Equinor, Sonangol Group and Azule Energy. As at December 31, 2024, the block was in the exploration phase. In 2023, PETRONAS acquired a 40% share in Angola Block 20/11 as part of its continued efforts to strengthen its international portfolio as well as its presence in Africa. The remaining participating interests are shared by Total, which is the operator, and Sonangol Group. In 2024, final investment decision to develop the Cameia and Golfinho fields in Block 20/11 was reached, representing a significant milestone in realizing PETRONAS' investment in the deepwater Kwanza basin in Angola. The block was in the development phase as at December 31, 2024 and is expected to achieve first production in 2029.

The Republic of Congo. In July 2022, PETRONAS signed a farm-in agreement with respect to the Marine 20 production sharing contract in the Republic of Congo with Total and Woodside

Energy. Under the agreement, PETRONAS acquired a 30% equity interest in the Marine 20 production sharing contract. As at December 31, 2024, this block was in the exploration phase.

International Asset Rationalization

In line with its long-term investment strategy, PETRONAS seeks to continuously optimize its asset portfolio through a series of high-grading efforts, driven by a focus on superior value and delivering differentiated barrels that are cost efficient and lower in carbon. From 2022 to 2023, PETRONAS relinquished its blocks in Azerbaijan, Myanmar, Gambia, Senegal and Chad as part of its international asset rationalization.

In August 2024, PETRONAS announced the withdrawal of its operations in the Republic of South Sudan. This decision was made following a two-year period of divestment efforts aligned with PETRONAS' strategy and amid the changing industry environment.

GAS AND MARITIME SEGMENT

PETRONAS' gas and maritime segment offers a comprehensive range of natural gas and LNG-supported cleaner energy solutions. As part of a restructuring of its business in 2024, PETRONAS' maritime subsidiary, MISC Berhad ("MISC"), is now part of gas and maritime segment. This change is intended to unlock synergies and further strengthen collaborations throughout the value chain within both the core and clean energy businesses.

LNG BUSINESS

PETRONAS is a leading global LNG player with an integrated portfolio across the LNG value chain from production, shipping to marketing and trading. PETRONAS' end-to-end capabilities across the integrated gas value chain have allowed it to become one of the world's most reliable and flexible LNG suppliers, with a total LNG production capacity of over 36 mmtpa.

With over four decades of experience in the LNG business, PETRONAS has established a solid reputation and customer base primarily in Japan, China, Korea and emerging markets, namely Thailand and Indonesia. To date, PETRONAS has safely delivered more than 16,500 cargoes since the establishment of its first LNG plant in 1983. In 2024, PETRONAS' LNG sales volume was 35.65 mmt, which was approximately 9% of the world's LNG consumption.

PETRONAS currently operates two floating LNG facilities, namely PFLNG Satu, the world's first floating LNG facility with a nameplate capacity of 1.2 mmtpa, and PFLNG Dua, which has a nameplate capacity of 1.5 mmtpa. PETRONAS is the world's first company to produce LNG from two floating facilities. PETRONAS has also reached final investment decision for its third floating LNG facility, PFLNG Tiga, a nearshore floating LNG facility with a nameplate capacity of 2.0 mmtpa.

PETRONAS maintains its significant presence in the LNG market through several projects in the pipeline to expand its current supply node. These include its 25% stake in a two-train LNG export facility in British Columbia, Canada, known as the LNG Canada Export Facility Project ("**LNG Canada**"), the construction of which is nearing completion and is expected to deliver its first LNG cargo by the middle of 2025.

Strategically, PETRONAS has identified two key demand centers for LNG—the Pacific and Atlantic regions—while continuing to maintain a strong presence in the Pacific market, with its

supply located close to key long-term customer markets. PETRONAS is positioning itself competitively in the Atlantic region to serve the strong LNG demand within the European Union by securing competitive third-party supply and gaining additional European market access.

Domestic Operations

PETRONAS LNG Complex (“PLC”). Located in Bintulu, Sarawak, PETRONAS operates PLC, one of the world’s largest LNG production facilities at a single location. PLC consists of four plants owned by PETRONAS through its four subsidiaries: Malaysia LNG Sdn. Bhd. (“**MLNG**”), MLNG Dua Sdn. Bhd. (“**MLNG 2**”), MLNG Tiga Sdn. Bhd. (“**MLNG 3**”) and PETRONAS LNG 9 Sdn. Bhd. (“**PL9SB**”), with a total of nine liquefaction trains, all operated by MLNG on a total area of approximately 302 hectares.

The following table provides certain information regarding PLC’s production facilities as at December 31, 2024:

Facility	Start-up Year	Number of Trains	Nameplate Capacity (mmtpa)	Ownership
MLNG	1983	3	8.4	PETRONAS (90%) State Financial Secretary of Sarawak (5%) Diamond Gas Holdings Sdn. Bhd. (5%)
MLNG 2.	1995	3	9.6	PETRONAS (80%) State Financial Secretary of Sarawak (10%) Diamond Gas Holdings Sdn. Bhd. (10%)
MLNG 3 ⁽¹⁾	2003	2	7.7	PETRONAS (65%) State Financial Secretary of Sarawak (25%) Diamond Gas Holdings Sdn. Bhd. (10%)
PL9SB ⁽²⁾	2017	1	3.6	PETRONAS (60%) State Financial Secretary of Sarawak (10%) SMJ Energy Sdn Bhd. (10%) ENEOS Netherlands B.V. (10%) PTTGL Investment Limited (10%)
Total			29.3	

- (1) In 2023, PETRONAS repurchased a 5% interest in MLNG 3 from Diamond Gas Netherlands B.V. and a 5% interest in MLNG 3 from Nippon Oil Finance (Netherlands) B.V. upon expiry of the joint venture agreement, increasing its shareholding in MLNG 3 to 75%. In 2024, to strengthen and foster its long-standing relationship with PETRONAS and create potential future collaboration on its future decarbonization initiatives in Sarawak, such as CCS, biogas, and blue ammonia projects, Mitsubishi Corporation, through its subsidiary, Diamond Gas Holding Sdn. Bhd., reinvested in MLNG 3, acquiring a 10% equity shareholding in 2024.
- (2) In 2021, Sabah International Petroleum Sdn. Bhd. (“**SIP**”) exercised its call option for an additional 5% shareholding in PL9SB, resulting in it holding 10% shareholding in PL9SB. Subsequently in 2023, SIP was acquired by SMJ Energy Sdn. Bhd., which now holds a 10% interest in PL9SB.

In 2024, PLC achieved production of 25.87 mmt, while maintaining 94.3% reliability. PLC’s 2024 production volumes were sold to established LNG markets, including Japan, China, Korea and others as shown in the table below:

	Sales (mmt)	Sales (percentage)	LNG Market Share ⁽¹⁾ (percentage)
Japan	9.97	40	16
China.	7.06	28	10
Korea	5.65	22	14
Others	2.45	10	—
Total	25.13	100	n/m

(1) Based on total LNG volume delivered to each country by PLC as a proportion of the total LNG volume delivered to such country in 2024. The total LNG volume delivered to each country is sourced from IHS Markit.

PLC sources natural gas mostly from the Central Luconia gas fields and the surrounding areas.

Prior to January 13, 2020, some of PLC’s gas requirements were supplied through PETRONAS’ Sabah-Sarawak Gas Pipeline (“SSGP”), a 512-kilometer pipeline for transport of gas from Sabah to Sarawak serving offtakers including the MLNG 2 plant, PETRONAS’ petrochemical plant, independent power plants in Sabah and one gas terminal in Labuan.

However, multiple incidents related to SSGP between 2018 and 2022 interrupted gas supply to MLNG 2. Despite these incidents, PLC’s LNG supply to its customers was not affected. In August 2023, PETRONAS permanently shut down the part of the SSGP that delivered feed gas to MLNG 2.

Floating LNG. Custom-built to liquefy, produce, store, and offload LNG, floating LNG are facilities that allow for the liquefaction of LNG to be done offshore—hundreds of kilometers away from land. PETRONAS is the first global energy player to implement the floating LNG concept with the introduction of PFLNG Satu in 2016. PFLNG Satu has a nameplate capacity of 1.2 mmtpa and is designed for water depth between 70 meters and 200 meters. PFLNG Satu was first stationed in the Kanowit field, Sarawak, and was subsequently relocated to the Keabangan field in March 2019, demonstrating the practicality of a relocatable floating LNG facility. The versatility of these assets enables PETRONAS to unlock remote and stranded fields that were previously uneconomical to develop, making it possible for PETRONAS to monetize the potential of stranded fields far out at sea.

PETRONAS continues to define the LNG industry with the development of the world’s first deepwater floating LNG, PFLNG Dua, which has a nameplate capacity of 1.5 mmtpa and is capable of reaching remote, stranded and marginal gas reserves, located in water depths up to 1,500 meters. PFLNG Dua arrived at the Rotan gas field, 140km offshore Kota Kinabalu, Sabah, achieved its first drop of LNG in February 2021 and delivered its first LNG cargo in March 2021.

In 2022, PETRONAS reached final investment decision for its third floating LNG facility, PFLNG Tiga, a nearshore floating LNG facility. The facility has a nameplate capacity of 2.0 mmtpa of LNG and is scheduled to commence commercial operations by the second half of 2027.

In line with its aim to achieve Net Zero Carbon Emissions by 2050, PETRONAS has in place decarbonization efforts to reduce GHG emissions. These include flaring reductions, digitalization

initiatives, simulation modeling, and reduced emissions from LNG cargo ships to enhance energy and production efficiency, building on PETRONAS' existing operational excellence with technology and innovation.

International Operations

Canada. PETRONAS holds a 25% interest in LNG Canada, one of the largest energy investments in the history of Canada, with remaining interests held by Shell Canada Energy, PetroChina Canada Ltd., Diamond LNG Canada Limited Partnership and KOGAS Canada LNG Ltd. LNG Canada involves the engineering, design, construction and operation of a natural gas liquefaction plant and related facilities for the storage and export of LNG in Kitimat, British Columbia, Canada. The project is expected to initially consist of two LNG liquefaction processing trains with an aggregate production capacity of approximately 14 mmtpa.

Each of the five participants in LNG Canada is expected to provide its own natural gas supply and offtake and market its share of LNG produced from the facility on a pro rata basis commensurate with its interest in the project. PETRONAS intends to source gas for its share of the gas supply from its natural gas holdings in the North Montney Joint Venture, demonstrating its continuing efforts to monetize its natural gas reserves.

Construction of LNG Canada is nearing completion, and LNG Canada is expected to deliver first LNG cargo by the middle of 2025, whilst assessing the potential to increase the production capacity up to 28 mmtpa. With gas supply agreements already in place, once in full operation, LNG Canada is expected to add value to the gas reserves and contingent resources in the North Montney fields and, from its Pacific-facing location, strengthen PETRONAS' LNG supply portfolio to the Asian markets.

Australia. PETRONAS holds a 27.5% interest in the Gladstone LNG ("GLNG") project, an integrated unconventional coal seam gas-to-LNG project in Queensland, Australia, with the remaining interests held by Santos, which is the operator, Total and KOGAS.

The GLNG project is PETRONAS' first investment in coal seam gas assets. It consists of the development of upstream coal seam gas fields that are operated by Santos in Fairview, Roma, Arcadia and Scotia areas, as well as the construction of a 420-kilometer gas transmission pipeline and a two-train LNG liquefaction facility on Curtis Island operated by GLNG Operations Pty Ltd., with total capacity of 7.8 mmtpa. The first LNG cargo from Train 1 and Train 2 was achieved in October 2015 and May 2016, respectively. PETRONAS has a long-term commitment to purchase 1.5 mmtpa of LNG from Train 1 and a further 1.5 mmtpa from Train 2, strengthening PETRONAS' LNG portfolio and security of supply for its existing and potential LNG customers.

Egypt. PETRONAS, through a wholly-owned subsidiary, has a 35.5% interest in Train 1, and a 38.0% interest in Train 2, of the Egypt LNG Project, a joint venture between PETRONAS and its partners Egyptian General Petroleum Corporation, Egyptian Natural Gas Holding Company, Shell and Total.

The Egypt LNG Project includes the development and operation of an LNG liquefaction plant and related infrastructure, consisting of two trains with a combined capacity of 7.2 mmtpa and other facilities, including utilities, storage tanks and marine loading facilities. The Egypt LNG Project receives its feedstock from the offshore West Delta Deep Marine concession, in which PETRONAS has held a 50% interest since 2003. The two trains commenced production in 2005.

LNG Marketing and Trading

PETRONAS' marketing and trading business focuses on safely and reliably delivering LNG to its customers. Through a combination of long-term contracts, spot deals, cargo optimization exercises, hedging and trading activities, PETRONAS balances its LNG portfolio while maintaining commercial excellence and maximizing the value derived from its LNG molecules.

PETRONAS' fleet of 24 LNG tankers of various sizes are chartered under medium and long-term arrangements with shipping solution providers, including MISC. This huge fleet of LNG vessels allows it to tailor its LNG delivery solutions for its customers safely, reliably and with flexibility. To date, PETRONAS has safely delivered more than 16,500 LNG cargoes since the establishment of its first LNG plant in 1983.

With over four decades of experience in the LNG business, PETRONAS' ability to offer competitive value propositions to its customers has enabled it to establish a solid reputation and LNG customer bases in Japan, China, Korea, and emerging markets including Thailand and Indonesia. In 2024, PETRONAS' LNG sales volume was 35.65 mmt, representing approximately 9% of the world's LNG consumption.

GAS AND POWER BUSINESS

PETRONAS' Gas and Power business ensures the long-term security of gas supply to the Malaysian gas market through gas processing, transmission, storage, LNG regasification and sales activities. In addition, PETRONAS participates in power generation and the provision of essential feedstock and utilities—power, steam, industrial gases, demineralized water and waste water management services—to customers and PETRONAS' projects and operations, adding synergistic value in the integrated gas value chain.

Gas Processing and Transmission

PETRONAS' natural gas processing, natural gas transmission, regasification and utilities in Malaysia are consolidated under PETRONAS Gas Berhad (“**PGB**”), which is Malaysia's leading gas infrastructure and centralized utilities company. PGB has been listed on Bursa Malaysia since 1995. PETRONAS holds a 51% interest in PGB, and PGB had a market capitalization of approximately RM34.98 billion as at December 31, 2024. Pursuant to a gas processing agreement with PETRONAS, PGB processes PETRONAS' gas and transmits the processed gas to customers.

Gas processing. PETRONAS sources natural gas from the fields offshore Terengganu, Malaysia and PGB operates five gas-processing plants located in two gas processing complexes in Santong and Kertih, Terengganu, with a combined production capacity of 1,750 mmscfd and an additional 750 mmscfd standby capacity. As byproducts of processing natural gas, these gas processing plants also produce ethane, propane and butane, which is used for petrochemical feedstock.

Gas transportation. PETRONAS, through PGB, owns, operates, and maintains approximately 2,600 kilometers of main gas transmission pipelines under the Peninsular Gas Utilization (“**PGU**”) pipeline network and the Pengerang Gas Pipeline. These facilities are used to transmit gas from gas-processing plants, MTJDA in Thailand, and LNG regasification terminals to industrial end-users in the power, industrial and commercial sectors in Peninsular Malaysia and Singapore. The PGU pipeline network, in particular, is the principal catalyst for the development of Peninsular Malaysia's offshore gas fields, the use of natural gas products for power generation and utilities, and the expansion of Malaysia's petrochemical industry using gas-derivative products such as ethane, propane, butane and condensate. In 2024, the PGU pipelines had average reliability rates of 99.9% and transported an average of 2,288 mmscfd of processed gas.

The power sector was the largest consumer of gas transmitted through the PGU pipelines, accounting for 949 mmscfd, or 41% of the total gas delivered in 2024. Consumers of this sector include electric power generators in Malaysia such as Tenaga Nasional Berhad and independent power producers. In addition, in 2024, PETRONAS sold 1,166 mmscfd, or 50% of the total gas delivered in 2024, to industrial users such as PETRONAS' refineries and chemical plants and Gas Malaysia Energy and Services Sdn. Bhd., a wholly-owned subsidiary of Gas Malaysia Berhad, and is also exported to Singapore.

The PGU system has also facilitated the use of processed gas by smaller industries and residential end-users, which accounted for 416 mmscfd in 2024. The sale and distribution of natural gas to smaller industries and residential end-users is undertaken by Gas Malaysia Energy and Services Sdn. Bhd., which distributes gas from its PGU-connected distribution pipeline to individual industrial, commercial and residential locations in Peninsular Malaysia. PGB holds a 14.8% interest in Gas Malaysia Berhad.

Gas Marketing and Trading

PETRONAS markets and trades processed gas in Malaysia and Singapore. As a certified gas importer and shipper, PETRONAS provides innovative and customer-centric end-to-end solutions for their cleaner energy of choice, ensuring that customers of all sizes can receive a competitive and reliable supply of cleaner energy, on time and as planned. In 2024, PETRONAS exported 181 mmscfd of natural gas to Singapore.

In addition to its competitive advantage derived from a vast portfolio of reliable and quality gas supplies, access to infrastructure and facilities and a diversified portfolio of customers, PETRONAS also benefits from the increasingly liberalized Malaysia gas market. In line with its strategy of rationalizing gas subsidies, the Government of Malaysia approved periodic increases in regulated gas prices to both the power and non-power sectors to reach price liberalization. Gas prices for the non-power sector were liberalized effective from July 2019, while, for the power sector, the price mechanism uses the Malaysia Reference Price, and the prices remain subject to government capping regulations.

LNG Regasification Terminal

PETRONAS, through PGB, owns and operates two LNG regasification terminals (“**RGTs**”). The RGTs have diversified PETRONAS' sources of natural gas supply, supplementing the supply of natural gas from offshore Terengganu. The terminals enhance the security of gas supply to customers in Peninsular Malaysia.

PETRONAS' first RGT was commissioned in 2013 in Malaysia and is located in Sungai Udang, Melaka, with a nameplate capacity of 3.8 mmtpa. PETRONAS' second RGT in Malaysia was commissioned in 2017 and is located in Pengerang, Johor (“**RGTP**”). PGB holds a 65% interest in RGTP, with the remaining interests held by Dialog Group Berhad and the State of Johor. RGTP has a nameplate capacity of 3.5 mmtpa and provides the primary gas supply to PRefChem (as defined below) and a co-generation plant within the Pengerang Integrated Complex (“**PIC**”). This terminal has a reloading export facility that provides flexibility to capacity users to export LNG, and it is strategically connected to PGU through 72 kilometers of pipeline.

Utilities

PETRONAS, through PGB, owns and operates centralized utility facilities in Kertih, Terengganu, and Gebeng, Pahang, which produce and supply electricity, steam, industrial gases and

other utility products to PETRONAS' petrochemical complexes in Kertih and Gebeng as well as third parties. In 2024, the centralized utility facilities produced and supplied 1,680 gigawatt hours of electricity, 696 million normal cubic meters of industrial gases and 4,499 thousand metric tons of steam.

PGB also markets and sells industrial gases through Industrial Gases Solution Sdn. Bhd., a 50/50 joint venture between PGB and Linde (M) Sdn. Bhd. In August 2016, Pengerang Gas Solutions Sdn. Bhd. was established as a 51/49 joint venture company between PGB and Linde to serve as the exclusive supplier of oxygen and nitrogen to PIC. This joint venture owns and operates an air separation unit with two trains capable of producing 1,400 tonnes per day (tpd) of oxygen and 750 tpd of nitrogen.

Power

PETRONAS, through Kimanis Power Sdn. Bhd., a 60/40 joint venture between PGB and NRG Consortium (Sabah) Sdn. Bhd., operates and maintains a 285 MW gas-fired power plant in Kimanis Bay, Sabah. Under a 21-year power purchase agreement, this power plant supplies power to Sabah Energy Sdn. Bhd. customers in Sabah. In 2024, PETRONAS, through PGB, established Kimanis Power (Dua) Sdn. Bhd. to develop a new 100 MW power plant within Kimanis Bay, Sabah. It is a collaboration between PGB and NRG Consortium (Sabah) Sdn. Bhd. In addition, PGB is involved in the development of a power plant project with a capacity of 120 MW located in Patau-Patau, Labuan.

Overseas Pipeline

Through a joint venture with PTT Public Company Limited, PETRONAS owns a 50% interest in each of Trans Thai-Malaysia (Thailand) Limited and Trans Thai-Malaysia (Malaysia) Sdn. Bhd., which together operate a 425 mmscfd gas processing plant in Songkhla, Thailand, 385 kilometers of offshore pipeline and 98 kilometers of onshore pipeline. These facilities process and transmit natural gas from the MTJDA to Thailand and Malaysia. The companies also own and operate 239 kilometers of LPG pipeline to transport LPG from its gas processing plant in Songkhla to PETRONAS' LPG depot in Prai, Penang.

Overseas Regasification Terminal

PETRONAS has a long-term throughput agreement to use 50% of the capacity of the Dragon LNG regasification terminal in Milford Haven, Wales, United Kingdom, effectively providing PETRONAS with a European delivery point for its LNG portfolio, with regasification capacity of approximately 2.2 mmtpa.

Gas Asset Rationalization

As part of ongoing portfolio optimization efforts, PETRONAS relinquished assets within its portfolio that were no longer supportive of its strategy.

In 2021, PETRONAS sold its entire 30% interests in PacificLight Power Pte. Ltd., which owns and operates a 800MW gas-fired power plant in Jurong Island, Singapore that sells power to the Singapore market.

In 2024, PETRONAS sold its entire 35% interests in Transasia Pipeline Company Pvt. Ltd., which owns and operates 536 kilometers of onshore pipeline from Grissik to Duri, Sumatra and 468 kilometers onshore and offshore gas transmission pipeline from Grissik to Singapore via Batam.

MARITIME AND LOGISTICS BUSINESS

PETRONAS conducts its maritime and logistics business mainly through its subsidiary MISC, a leading international maritime company in Malaysia with core businesses of energy shipping and its related activities, owning and operating PETRONAS' floating production storage and offloading units ("FPSOs") and floating storage offloading units ("FSOs"), marine repair and conversion, as well as engineering and construction works. MISC is listed on the Main Board of Bursa Malaysia with a market capitalization of RM33.9 billion as at December 31, 2024. MISC and its subsidiaries serve as PETRONAS' primary LNG transportation provider. In addition to serving PETRONAS' gas business, MISC is PETRONAS' principal logistics solutions provider, both for customers and also in support of PETRONAS' own marketing and trading activities. As at December 31, 2024, MISC's fleet consisted of 27 LNG carriers, two floating storage units, six Very Large Ethane Carriers, one LNG bunker vessel, 66 petroleum and product tankers, and 13 floating facilities for use in offshore oil production. MISC is also a leading provider of comprehensive maritime solutions, and its suite of maritime services encompasses ship management, port and terminal operations, port engineering, and maintenance and assurance services.

MISC is among the world's largest single owner-operators of LNG tankers. As at December 31, 2024, six of its LNG tankers were on 20-year time charters to MLNG for the transport of LNG to MLNG's customers primarily in Japan, China and Korea. Another 14 of its LNG tankers were under charter to PETRONAS LNG Sdn. Bhd. and PETRONAS LNG Limited for its LNG trading business, along with two LNG floating storage units for use at PETRONAS' regasification plant in Malacca. MISC's remaining LNG tankers are currently under charter to third parties. In December 2024, MISC signed a long-term time charter party with PETRONAS LNG Limited for two newbuild LNG carriers.

MISC's offshore business provides FPSOs and FSOs to support oil and gas companies operating offshore in the production, storage and evacuation of oil and gas. These types of facilities, which include both wholly-owned and jointly-owned units, enable commercial oil production and storage in more remote and deepwater areas. MISC started its offshore floating facilities business with the conversion of an MISC-owned petroleum tanker into an FPSO in 2003 and, as at December 31, 2024, MISC maintained five FSOs, seven FPSOs and one semi-submersible floating production system. PETRONAS and its subsidiaries are among the major clients of MISC's offshore business. Another major milestone is the final acceptance for FPSO Marechal Duque de Caxias for an ultra-deep project offshore Brazil by Petrobras on November 2, 2024.

Following the share sale and purchase agreements signed with SBM Offshore on September 6, 2024, MISC completed the acquisition of SBM Offshore's 49% equity interest in FPSO Kikeh and divestment of its 49% equity interest in FPSO Espirito Santo to SBM Offshore on January 31, 2025. These transactions are in line with MISC's strategic objectives to maximize value from its existing assets. By having full ownership of FPSO Kikeh, MISC will have greater flexibility in managing the operations and optimize performance of the assets.

MISC's petroleum arm, AET Tanker Holdings Sdn. Bhd., transports crude oil, petroleum products and chemicals for the world's largest oil companies, trading houses and refiners and also offers specialist services such as operating dynamic positioning shuttle tankers and modular capture vessels and performing ship-to-ship transfers of crude oil cargoes. AET Tanker Holdings Sdn. Bhd. owns the world's first two ammonia dual-fuel Aframax tankers, which are chartered to PETCO Trading Labuan Company Ltd., a wholly-owned subsidiary of PETRONAS.

MISC, through its subsidiary, Malaysia Marine and Heavy Engineering Holdings Berhad ("MHB"), provides a wide range of oil and gas production facilities and services in offshore

construction, offshore conversion and marine repair. MHB is listed on the Main Board of the Bursa Malaysia. As at December 31, 2024, PETRONAS indirectly held a 33.9% interest in MHB, and MHB had a market capitalization of approximately RM0.8 billion. MHB has several ongoing contracts and services for PETRONAS, such as the Joint Development Area Field Development (Phase 6) project and EPCIC Kasawari CCS project. MHB has also expanded its footprint into clean energy by securing a second offshore wind project to build an offshore substation high-voltage direct current platform in support of TenneT's landmark 2 GW Program.

MISC is exploring innovative solutions such as lower and zero-carbon emission vessels, CCS technologies, liquefied carbon dioxide (“**LCO₂**”), and ammonia carriers, as well as floating CO₂ storage units and other clean energy solutions. MISC is also collaborating with Mitsui O.S.K Lines and K-Line to develop one of the world's largest LCO₂ carriers to facilitate the cross-border transportation of LCO₂ for CCS projects. In 2023, MISC introduced two new LNG carriers, Seri Damai and Seri Daya, recognized with the prestigious Green Ship status and two new LNG dual-fuel very large crude carriers, Eagle Ventura and Eagle Vellore. For details on CCS, see “—*Upstream Segment—Domestic E&P Operations.*”

DOWNSTREAM SEGMENT

PETRONAS' downstream segment, backed by world class operations, infrastructure and manufacturing facilities, plays a strategic role in enhancing the value of PETRONAS' petroleum resources by transforming them into high-quality, value-added products for the domestic and international markets.

REFINING & TRADING BUSINESS

PETRONAS operates crude oil refineries in Malaysia, producing a wide range of value-added petroleum products, including gasoline, diesel, jet fuel, kerosene, naphtha, bunker fuel, LPG and lubricants, for both domestic and international markets. As at December 31, 2024, PETRONAS had a total refining capacity in Malaysia of approximately 742,500 bpd.

PETRONAS had an oil refining presence in Africa through its 74% owned subsidiary Engen Limited and its subsidiaries (“**Engen**”), which own and operate a medium complexity refinery in Durban, South Africa. In May 2024, following the approval obtained from the Competition Tribunal of South Africa, PETRONAS completed the divestment of its 74% interest in Engen to Vivo Energy.

Refinery Operations

PETRONAS owns and operates two refineries and one base oil refining plant in Melaka (collectively known as the “**Melaka Energy Park**”) and a refinery in Kertih (the “**Kertih Refinery**”). PETRONAS also jointly owns a refinery in Pengerang, Johor (the “**Pengerang Refinery**”).

As at December 31, 2024, PETRONAS' total domestic refining capacity was 742,500 bpd, which includes condensate splitting capacity. In the year ended December 31, 2024, the reliability rate of PETRONAS' fully-owned refineries was 98.8%.

The following table sets forth throughput and capacity utilization for PETRONAS' refineries and base oil refining plant in Malaysia for the years ended December 31, 2022, 2023 and 2024:

	Design capacity ⁽¹⁾	Current capacity ⁽¹⁾⁽³⁾	Year Ended	Year Ended	Year Ended
			December 31,	December 31,	December 31,
			2022	2023	2024
			Refinery utilization ⁽²⁾	Refinery utilization ⁽²⁾	Refinery utilization ⁽²⁾
MG3 Plant	16,000	20,000	81.2%	94.5%	86.9%
Melaka Refinery PSR-1	100,000	128,000	87.3%	90.1%	78.6%
Melaka Refinery PSR-2	100,000	170,000	79.2%	82.8%	88.2%
Kertih Refinery	123,300	124,500	76.2%	84.5%	90.5%
Pengerang Refinery ⁽⁴⁾	300,000	300,000	n/m	n/m	n/m
Total	639,300	742,500			

(1) In bpd.

(2) Refinery utilization compares actual throughput against the corresponding current capacity to gauge throughput efficiency for a refinery as a whole.

(3) The current capacity is calculated by using the PETRONAS Guideline, which is based on the facility's nameplate capacity or the highest daily throughput sustained by the facility over 30 consecutive days, whichever is higher. The current capacity is reviewed when plant capacity changes due to plant revamp or modification or feedstock quality change.

(4) Capacity quoted refers to Pengerang Refinery's full design and current capacity. PETRONAS owns 50% of the refinery, effectively owning half of the capacity. The Pengerang Refinery is progressing toward integrated operation with Pengerang integrated petrochemicals complex, and accordingly, its utilization rate is not meaningful.

Melaka Energy Park. The Melaka Energy Park has two refining trains and a Group III base oil refining ("MG3") plant. The first train ("PSR-1") commenced operations in 1994 and has a current refining capacity of 128,000 bpd of light sweet crude. It also includes a condensate splitting facility. The second train ("PSR-2"), which commenced operations in 1999 and has a current refining capacity of 170,000 bpd, can process relatively heavier imported sour crude, allowing PETRONAS to capture the higher margins offered by the complex refining operations for sour crude.

The MG3 plant uses a high-wax feedstock sourced from PSR-1 and the Kertih Refinery to produce superior quality Group III base oil for use as feedstock for lubricants. The MG3 plant was the first Group III base oil facility in Malaysia, and it serves the automotive and industrial lubricant manufacturers in the domestic and international markets, with a particular focus on the Asian and European markets. The MG3 plant began operation in November 2008 and has a total capacity of approximately 20,000 bpd.

Kertih Refinery. The Kertih Refinery, PETRONAS' first refinery, was commissioned in 1983 and has a current refining capacity of 124,500 bpd of Malaysian light sweet crude. The Kertih Refinery also includes a condensate splitting facility. The naphtha produced at the Kertih Refinery is used as feedstock for the aromatics plant which is adjacent to it. For more details on the Kerih Refinery, see "*—Chemical Business—Kertih IPC.*"

Pengerang Refinery. Pengerang Refining Company Sdn. Bhd., a 50/50 joint venture company between PETRONAS and Saudi Aramco, owns and operates the Pengerang Refinery, which is one of the primary components of PIC. The Pengerang Refinery has a design capacity of 300,000 bpd and is designed to serve as the primary feedstock supplier to the steam cracker located at PIC as well as to produce petroleum products. The Pengerang Refinery is a full conversion refinery where the residue

is hydro-treated and further cracked to maximize gasoline and light olefin yields. The high level of conversion technology allows a large volume production of high value products such as low sulfur jet fuel, low sulfur fuel oil, Euro 4M gasoline, Euro V gasoline and Euro V diesel. The Pengerang Refinery is expected to achieve availability of all the facilities on a sustained basis by the end of 2025. For detailed information on PIC, see “—*Pengerang Integrated Complex*.”

Biorefinery

Biorefining is the sustainable processing of biomass into a spectrum of bioenergy and bio-based products, such as chemicals. Biorefining is in line with PETRONAS’ commitment to advancing the global bio-based economy and delivering affordable, accessible cleaner energy solutions to customers worldwide.

In May 2024, PETRONAS and its partners, Enilive S.p.A and Euglena Co. Ltd., reached final investment decision to develop a biorefinery within PIC. The refinery will produce sustainable aviation fuel and other biofuels, such as renewable diesel and hydrogenated vegetable oil. The joint venture will leverage on each partner’s expertise, with PETRONAS and Enilive S.p.A as the largest shareholders. The biorefinery is targeted to start operations by 2028.

Marketing and Trading

PETCO is PETRONAS’ wholly-owned global trading arm, which seeks to maximize PETRONAS’ refinery margin. PETCO is the molecule-owner of the feedstock and petroleum products produced by the refineries in Terengganu and Melaka. PETCO also sources feedstock for the Pengerang Refinery and off-takes PETRONAS’ share of petroleum products produced by it.

PETCO markets crude oil, including Malaysian and other crudes, and trades crude oil and petroleum products such as LPG, naphtha, mogas, jet fuel, gasoil, fuel oil and special products in over 50 countries worldwide. PETCO also sources petroleum products for the downstream segment’s retail requirements. Through its trading activities, PETCO also engages in price discovery process as well as hedging activities, which provide it with visibility in the marketplace and allow it to price its purchases and sales accordingly.

Through its reputation and strong relationships, PETCO has secured sustainable outlets and markets for its molecules through a portfolio of spot, short-term and long-term customers. For the year ended December 31, 2024, PETCO and its subsidiaries marketed, sourced, processed and traded 150.40 mmbbl of crude oil and 317.06 mmbbl of petroleum products.

MARKETING AND RETAIL BUSINESS

Domestic Operations

PETRONAS conducts domestic marketing and retail business mainly through PETRONAS Dagangan Berhad (“**PDB**”), a 63.9% owned subsidiary of PETRONAS as at December 31, 2024. PDB was listed on Bursa Malaysia in 1994 and had a market capitalization of approximately RM19.19 billion as at December 31, 2024. PDB is Malaysia’s leading retailer and marketer of downstream petroleum products, including gasoline, LPG, jet fuel, kerosene, diesel, fuel oil, asphalt and lubricants.

In its domestic marketing and retail business, PETRONAS mainly offers its products to customers in retail, where it offers fuel products and services to consumers at its network of service

stations across the country; commercial, where it sells and markets bulk petroleum products to commercial customers; LPG, where it sells and markets LPG to household, commercial and industrial customers; lubricants, where it sells and markets PETRONAS lubricant products; and convenience, where it offers non-fuel products and services to consumers nationwide.

As at December 31, 2024, PETRONAS had an extensive network of more than 1,000 service stations (including 900 Kedai Mesra and 90 Café Mesra outlets), six LPG terminals and bottling facilities, 17 fuel terminals, 13 aviation terminals, and ten bunkering facilities in Malaysia.

International Operations

PETRONAS has a focused and disciplined strategy to market its products internationally. It seeks to maintain a strategic foothold in neighboring markets in South and Southeast Asia in order to optimize distribution channels and maximize sales of its products in these regions. In Thailand, PETRONAS markets lubricants through a wholly-owned subsidiary. PETRONAS also has a marketing presence in India through a 50/50 joint venture that imports, stores, bottles, and markets LPG through two LPG terminals, one in West Bengal with a storage capacity of 40,162 metric tons and another in Tamil Nadu with a storage capacity of 30,600 metric tons.

PETRONAS is also extending its retail operations to South America. In August 2024, PETRONAS launched its first brand licensing initiative in partnership with SIM Distribuidora, an existing partner to PETRONAS as an authorized distributor of its lubricants arm since 2022, that will operate three PETRONAS-branded pilot fuel retail stations in São Paulo, Brazil.

Lubricants

PETRONAS conducts its lubricant manufacturing and marketing businesses mainly through its subsidiary, PETRONAS Lubricants International (“**PLI**”). Established following PETRONAS’ acquisition of FL Selenia in 2008, PLI is currently ranked among the world’s top ten lubricant players. PETRONAS’ lubricants business is significant in its strategic importance, providing a platform from which PETRONAS is able to strengthen its brand recognition and technological capabilities.

PETRONAS manufactures and markets a full range of high-quality automotive and industrial lubricant products including transmission fluid, anti-freeze/coolant and hydraulic, grease, and base oil for automotive and industrial use in over 100 markets globally. As at December 31, 2024, PETRONAS owned and operated eight blending facilities worldwide, with a combined production capacity of approximately 800 million liters.

PLI has also been the technical resource behind PETRONAS’ various motorsport partnerships since 1995. It is PETRONAS’ Technical Partner to the MERCEDES-AMG PETRONAS Formula One Team, and is responsible for the design, development and delivery of Fluid Technology Solutions™ with customized lubricants, fuel and transmission fluids, which powered the team to a record-breaking eight consecutive FIA Formula One Constructors and Drivers World Championships from 2014 to 2021 and seven consecutive Drivers World Championships from 2014 to 2020.

PLI’s business and product development is supported by its Global Technology Centre in Turin, Italy, which was launched in 2018 and serves as the global hub for PLI’s technology development activities. This center works together with a satellite technology center for motorcycle lubricants at Patalganga in Maharashtra, India and a satellite technology center for industrial lubricants in Belo Horizonte, Brazil. PLI also holds a 50% interest in the Guangxi Nanning Yuchai PETRONAS Lube’s research & development center in China’s Guangxi province.

PLI has over 25 marketing offices in 21 countries, managed through regional offices in Kuala Lumpur, Malaysia, Turin, Italy, and Belo Horizonte, Brazil. With over 110 years of cumulative experience in the lubricant business before its acquisition by PETRONAS, PLI possesses in-depth knowledge in customers' demands and has built valuable business partnerships across the globe with established manufacturers such as Stellantis, Case New Holland, Mercedes Benz, BMW, IVECO Motors, Proton, Perodua, and a joint venture with Yuchai Group.

CHEMICAL BUSINESS

PETRONAS' chemical business is consolidated under PETRONAS Chemicals Group Berhad ("PCG"), which is the leading integrated chemicals producer in Malaysia and the largest gas-based chemicals producer in Southeast Asia. PCG was listed on Bursa Malaysia in November 2010. As at December 31, 2024, PETRONAS owned a 64.4% interest in PCG, which had a market capitalization of approximately RM41.36 billion.

PCG is the holding company for all of PETRONAS' chemical production, marketing, and trading subsidiaries. PCG's product portfolio is divided into four segments: olefins and derivatives, fertilizers and methanol, specialties, and others. PCG's olefins and derivatives segment manufactures and sells a wide range of olefin and polymer products ranging from ethylene and propylene, which are used as a basic feedstock for other products, to intermediate products such as ethylene oxide, ethylene glycol, butanol chemicals, as well as various ethylene derivatives. PCG's fertilizers and methanol segment produces and sells methanol, urea, ammonia, carbon monoxide and oxogas. PCG's specialties segment produces and sells advanced chemicals and solutions, animal nutrition, silicones, and lube oil additives and chemicals. PCG's others segment comprise operations focused on investment holding and port services for product distribution infrastructure. In addition, PCG's joint ventures and associates produce and sell a range of other chemicals, including acrylics, oxo-alcohols, styrene monomer and acetic acid.

PCG had a production capacity of approximately 15.4 mmtpa as at December 31, 2024 from 22 production sites in Malaysia, the Netherlands, Sweden, Singapore, Germany, Italy, China, the United States and Canada. Three of the sites in Malaysia, namely Kertih, Gebeng and Pengerang, are fully integrated petrochemicals complexes ("IPCs"). Through the development of its IPCs, PETRONAS seeks to achieve a competitive advantage through the consolidation of petrochemical projects using common or related feedstock and common facilities within a single self-contained complex. The Kertih and Gebeng IPCs have helped establish Malaysia as a leading petrochemical production hub in Asia. The continued integrated development of Malaysia's petrochemical industry is expected to advance the country's industrial base, especially the plastics and chemical-based component manufacturing industries. PETRONAS' long-term strategy is to promote and participate in downstream expansion and to support the industrial development of Malaysia.

In October 2023, PCG has reached final investment decision to construct Asia's largest advanced chemical recycling plant with a capacity of 33 kilo tonnes per annum. The plant will be located in Pengerang, Johor.

Kertih IPC

Established in 1990s, the Kertih IPC is located on the east coast of Peninsular Malaysia and consists principally of ethylene-based petrochemical projects using natural gas as feedstock. The petrochemical projects include two ethylene crackers, a polyethylene plant, an ethylene oxide/ethylene glycol plant, a multi-unit derivatives plant, ammonia synthesis gas plants, an acetic acid plant, an aromatics complex and a low-density polyethylene plant. The Kertih IPC's petrochemical

projects are fully integrated with the surrounding infrastructure facilities and other process plants in Kertih, including six gas processing plants and the Kertih Refinery, which are located within the IPC.

Gebeng IPC

Established in 2000, The Gebeng IPC is also located on the east coast of Peninsular Malaysia. It principally contains propylene-based petrochemical projects using natural gas as feedstock. The anchor project at the Gebeng IPC is a joint venture between PCG and BASF that owns and operates an acrylic acid/acrylic esters plant, and an oxo-alcohols complex. This joint venture has invested in further specialty chemicals, including aroma chemicals, 2-ethyl hexanoic acid, and highly reactive poly iso-butylene, which reached commercial operations between 2016 and 2018. In addition, PCG, through a wholly-owned subsidiary, owns and operates an MTBE/propylene plant and a propane dehydrogenation plant. The Gebeng IPC is also host to a number of multinational chemical companies, such as Reliance Industries Limited, which owns and operates a purified terephthalic acid plant, and Eastman Chemicals, which owns and operates a co-polyester plastic resin plant.

Pengerang IPC

Pengerang Petrochemical Company Sdn. Bhd. (“PPC”), a 50/50 joint operation company between PCG and Saudi Aramco, operates petrochemical plants within PIC in the polymers and glycols segments, primarily using naphtha as feedstock. PPC has an expected combined total capacity of approximately 2.4 mmtpa, 50% of which is owned by PCG. For detailed information on PIC, see “—*Pengerang Integrated Complex.*”

Included within PIC is an isononanol production plant owned by PETRONAS Chemicals Isononanol Sdn. Bhd., a wholly owned subsidiary of PCG, which has an expected capacity of 0.25 mmtpa. Together with PCG’s share of PIC’s polymers and glycols production, through PIC, PCG has added approximately 1.5 mmtpa to its total capacity.

Other Chemical Operations in Malaysia

In addition to the Kertih IPC, Gebeng IPC and Pengerang IPC, PCG also owns nine standalone plants throughout Malaysia, including a 2.4 mmtpa methanol production facility in Labuan. PCG’s facility in Labuan positions it as the largest methanol producer in Southeast Asia and the world’s fourth largest by capacity.

For urea and ammonia production, PCG fully owns and operates PETRONAS Chemicals Fertiliser Kedah plant in Gurun, Kedah. PCG also has a 75% interest in PETRONAS Chemicals Fertiliser Sabah plant in Sipitang, Sabah, which is jointly owned with a government-related company, and a 63.47% interest in ASEAN Bintulu Fertilizer Sdn. Bhd., a fertilizer complex in Bintulu, Sarawak that is jointly owned with government-related companies and government entities from four other ASEAN-member countries. PCG is currently the second largest urea and ammonia producer in Southeast Asia with a total production capacity of 2.8 mmtpa of urea and 2.0 mmtpa of ammonia as at December 31, 2024.

Specialty Chemicals

In 2023, PCG established PCG Specialty Chemicals as a dedicated division for specialty chemicals to strategically drive growth and ensure alignment of the operating companies in this area to PCG’s overall strategy and business goals. PCG Specialty Chemicals is pursuing a transformational strategy to focus on selected market segments supported by synergetic technology platforms to capture new opportunities amid an evolving market landscape.

PCG Specialty Chemicals includes the BRB group of companies, which were acquired in 2019, and the Perstorp Group, which were acquired in 2022.

PCG acquired 100% of Da Vinci Group B.V., which owns the BRB group of companies, the world's largest independent producer and formulator of silicone fluids and silicone intermediate products. This acquisition marked PCG's entry into specialty chemicals, focusing on manufacturing silicones, lube oil additives and other chemicals. With 43 years of experience in the market, BRB group of companies provides PCG with technical knowledge, supply network and market reach in formulating and manufacturing silicones, lube oil additives and chemicals with global operations and market presence in 15 locations around the world, enhancing PCG's competitive position in attractive end-markets such as personal care, construction, paints and coatings, electronics, automotive, and healthcare. BRB includes a facility in Echt, Netherlands dedicated to lube oil additives and chemicals ("LAC"), serving as a LAC hub for the global market. The newly designed facility opened in 2022 and practices sustainable production of its drive line oil additives, Petrolad®, which uses lower energy consumption and reduces its overall carbon footprint in the making of its products.

The Perstorp Group a leading sustainability-driven global specialty chemicals company. Established more than 140 years ago, Perstorp is a leading niche specialty chemicals player that develops sustainable solutions with focus on resins and coatings, engineered fluids, and animal nutrition markets. Perstorp has a presence in 26 countries including US, Europe and Asia Pacific. It has a global number-one position in several products, including trimethylolpropane and pentaerythritol. The Perstorp acquisition is a key platform for PCG's step-out strategy into the specialty chemicals industry.

In addition to BRB and Perstorp groups, PCG also has a 49% interest in LG PETRONAS Chemicals Malaysia Sdn. Bhd., a nitrile butadiene latex manufacturing plant at PIC, which is jointly owned with LG Chem. The project was completed in February 2024 and is expected to have an annual nitrile butadiene latex production capacity of 0.2 mmtpa. The project commenced commercial operations in September 2024.

PCG also has a 47.5% interest in PCG PCC Oxyalkylates Sdn Bhd., a specialty ethoxylates and specialty polyether polyols plant in Kertih that is jointly owned with PCC SE and MBI Modal Sdn. Bhd. The plant commenced commercial operations in July 2024.

Sales and Marketing of Chemical Products

PCG markets and trades chemical products primarily through its marketing subsidiary, PETRONAS Chemicals Marketing Labuan Ltd. As the main marketing arm for PCG chemical products, PETRONAS Chemicals Marketing Labuan Ltd. is the leading marketer of chemicals, fertilizers and polymer products in the Southeast Asia region. PCG also has a wide regional presence through its representative offices in Vietnam and the Philippines and marketing subsidiaries in Thailand, Indonesia and China. As at December 31, 2024, 68.4% of PCG sales were concentrated in Southeast Asia, 17.3% in Northeast Asia and 14.3% in the rest of the world.

PENGERANG INTEGRATED COMPLEX

PIC is the largest integrated refinery and petrochemical greenfield development in Malaysia, occupying an area of over 6,000 acres in Pengerang, Johor. It is PETRONAS' largest integrated complex, bigger in scale than its IPCs in Kertih and Gebeng combined. PIC's production is marketed to customers in Malaysia, as well as the Southeast Asian and Asia Pacific regions.

Pengerang Refining Company Sdn. Bhd. and Pengerang Petrochemical Company Sdn. Bhd., collectively “**PRefChem**,” own and operate the Refinery and Petrochemical Complex, which forms a significant part of the PIC. Pengerang Refining Company Sdn. Bhd. also owns and operates the steam cracker, which has a design capacity of more than 3 mmtpa of ethylene, propylene, C4 olefins and aromatic products. These products are used as feedstock in the downstream petrochemical complex to produce highly differentiated and specialized polymers and chemicals products.

PIC also includes 6 associated facilities which are currently in operation owned by PETRONAS’ subsidiaries, PETRONAS Refinery and Petrochemical Corporation Sdn. Bhd. (“**PRPC**”) and PGB. PRPC’s subsidiaries and joint venture entities manage water supply facilities, a cogeneration plant and transmission line, a liquid bulk terminal storage and marine facility for crude, petroleum products and petrochemicals, a solid product handling facility, jetty and common utilities, and offsite facilities, while PGB’s subsidiaries manage an air separation unit, the LNG regasification terminal, and the gas pipeline system.

The following table sets forth throughput and capacity for the PIC plants as of December 31, 2024:

	<u>Design capacity</u>	<u>Current capacity</u>
PRC—Refinery ⁽¹⁾	300,000	300,000
PRC—Steam Cracker Complex ⁽²⁾	3,491	3,491
PPC ⁽³⁾	2,390	2,390
LG PC ⁽⁴⁾	200	200
PC Isononanol ⁽⁵⁾	250	250

(1) Design capacity is based on the refineries’ crude distillation unit. The capacity unit is bpd.

(2) The steam cracker complex includes the steam cracker unit (ethylene and propylene), butadiene extraction unit, pygas hydrogenation unit, benzene extraction unit and methyl tert-butyl ether unit. The capacity unit is ktpa.

(3) Design capacity is based on all major units. The capacity unit is ktpa.

(4) LG PETRONAS Chemicals Sdn. Bhd., a joint venture company between PCG and LG Chem, owns and operates the nitrile butadiene latex plant. The capacity unit is ktpa.

(5) The PC Isononanol unit is wholly owned by PCG to produce isononanol and is expected to commence commercial operation in the second quarter of 2025. The capacity unit is ktpa.

Following the successful completion of performance test runs for all the 54 units at the refinery, steam cracker and petrochemical complex in October 2024, PRefChem is now progressing toward integrated operation.

CORPORATE AND OTHERS SEGMENT

CLEAN ENERGY SOLUTIONS

As part of its strategy, PETRONAS is seeking to future-proof its business through growth in clean energy, signifying its commitment to sustainability. In September 2022, PETRONAS established Gentari, a wholly-owned independent clean energy solutions entity to focus on delivering clean energy solutions and to seize opportunities in the energy transition. Gentari provides clean energy solutions across three core areas—Renewable Energy, Hydrogen, and Green Mobility. In line with global outlooks that anticipate Asia Pacific as the fastest-growing region for renewable energy, Gentari’s vision is to become Asia Pacific’s most valued clean energy solutions provider.

Currently present in eight countries, Gentari offers diverse clean energy solutions with primary focus on the following goals:

- **Renewable Energy:** To become a leading next-generation commercial and industrial (“C&I”) and utility-scale renewable energy developer, enabling an integrated clean energy offering.
- **Hydrogen:** To become a large-scale clean hydrogen producer and go-to industry partner in enabling decarbonization.
- **Green Mobility:** To become Asia Pacific’s leading green mobility solutions partner, accelerating the shift towards sustainable transportation.

Renewable Energy

Gentari’s renewable energy business is the cornerstone of its commitment to providing sustainable and clean energy solutions. Beginning with the acquisition of a 300 MW C&I portfolio in India, Gentari’s renewable energy business is now present in five countries with developments in utility-scale solar, wind, and battery energy storage systems (“BESS”).

As of December 31, 2024, Gentari had secured approximately 8 GW of global renewable energy capacity installed and under construction. The following table sets forth Gentari’s renewable capacity as of December 31, 2024:

	<u>As of December 31, 2024</u>	
	<u>Capacity under construction</u>	<u>Capacity installed / in operation</u>
	(MW)	
India	4,545	2,305
Malaysia	172	86
Australia	415	399
Taiwan (ROC)	301	—
Total	5,433	2,790

India

In April 2019, PETRONAS made its first major stride into the renewable energy space with the acquisition of Amplus Energy Solutions Pte Ltd. (“**Amplus**”), a company specializing in solutions for rooftop and ground-mounted solar power generation. This acquisition provided PETRONAS with technical knowledge, market understanding and customer reach for end-to-end solutions for rooftop and ground-mounted solar power projects. Through a combination of organic and inorganic growth, Amplus’ solar capacity has grown since PETRONAS’ acquisition to over 2.2 GW as at December 31, 2024, serving more than 400 commercial and industrial customers across 650 locations in India.

In December 2022, Gentari continued to grow its presence in India through the incorporation of Gentari Renewables India Pte Ltd (“**GRI**”) to lead the development in utility-scale solar projects. Key progress made by Amplus and GRI in 2023 and 2024 include entry into a joint venture with India’s leading decarbonization solutions provider, ReNew Power Pvt. Ltd., through the acquisition of 49% equity interests in ReNew’s 403 MW project and entry into a power purchase agreement for 650 MW of round-the-clock renewables in India with AM Green Ammonia Holding B.V. A subsidiary of GRI also won the bid for a 400 MW Interstate Transmission System-connected wind-solar hybrid power project in India, which is planned to be commissioned by 2027.

Malaysia

PETRONAS is also establishing its renewable energy business in Malaysia. Its solar rooftop solution, M+ by PETRONAS, offers a wide variety of affordable and customer-centric solar energy solutions, including on-site rooftop solar, off-site solar and advanced analytics energy monitoring solutions. PETRONAS' joint venture, NE Suria Satu Sdn. Bhd., provides solar rooftop solutions for 15 sites in Malaysia and has a 20-year power purchase agreement with Lotus's Stores (Malaysia) Sdn. Bhd., the largest commercial solar power purchase agreement of its kind in Malaysia. PETRONAS also has a 70% interest in a solar farm in Gebeng, Pahang, which it operates through a joint venture. In addition, PETRONAS has launched an initiative to install solar photovoltaic panels at its assets. PETRONAS is also exploring the integration of solar and electric vehicle charging in Malaysia.

Other Countries

Australia is a key market for Gentari's renewable energy business, as it is a mature market that provides the potential for Gentari to enhance its renewable energy and BESS capacity, supporting Gentari's hydrogen production goals and providing access to financial incentives for clean energy products. In February 2023, Gentari made its entry into Australia through the acquisition of WIRSOL Energy, which was subsequently rebranded to Gentari Solar Australia, thereby adding 422 MW of gross capacity to Gentari's overall renewables portfolio. In addition, Gentari achieved final investment decision in May 2024 for a solar-BESS hybrid project with 243 MW solar and 350 MWh BESS capacity in Australia.

In September 2023, Gentari, through its 25% Joint Venture with Gurin Energy, received conditional approval from Singapore's Energy Market Authority for a new cross-border renewable energy project to establish a green electricity trading corridor between Singapore and Indonesia. In December 2023, Gentari acquired a 29.4% interest in the Hai Long offshore wind project in Taiwan. This two-phase project is expected to generate wind capacity of 1,022 MW.

Hydrogen

Gentari is focused on developing hydrogen supply solutions and securing early commitments from customers. As a significant milestone of its joint plan with AM Green to develop a total green ammonia capacity of 4.0 mmtpa by 2030, a final investment decision was reached in August 2024 for the first mmtpa of green ammonia export project in India. This project aims to commence exports by 2027 and serve key OECD markets, such as the European Union, Japan, South Korea, and Singapore.

As of December 31, 2024, Gentari has matured 175 ktpa of green hydrogen opportunities and advanced feasibility studies through various strategic collaborations with local and regional partners, including with MISC to develop innovative and reliable shipping solutions for the delivery of clean ammonia.

Green Mobility

Gentari's focus area for green mobility is to provide solutions that accelerate the shift towards sustainable transportation. As of December 31, 2024, Gentari has approximately 1,000 electric vehicle chargers in operation across Malaysia, India and Thailand. As of December 31, 2024, Gentari has also deployed approximately 3,500 electric vehicles through its Vehicle-as-a-Service offering across the Asia Pacific region, clocking in approximately 57 million electric kilometres driven and contributing to carbon avoidance of around 1,910 tonnes CO₂e.

Gentari is Malaysia's leading on-the-go direct current charging point provider, and through 21 memoranda of understanding and agreements, it has fostered partnerships with major vehicle original equipment manufacturers and charging point providers.

REAL ESTATE BUSINESS

PETRONAS holds certain interests in real estate located in Malaysia through its subsidiaries. PETRONAS develops and manages real estate properties in the Kuala Lumpur City Centre (“**KLCC**”), an integrated and mixed commercial development with office, convention and exhibition, retail, hotel, residential and recreational facilities, within a park setting, located on a 100-acre prime site situated in the commercial hub of Kuala Lumpur.

PETRONAS' subsidiary, KLCCP Stapled Group, is Malaysia's largest real estate investment trust and the country's only stapled security listed on Main Board of Bursa Malaysia. KLCCP Stapled Group focuses on property investment and development and provision of management services, such as facilities management and car park management. Through KLCCP Stapled Group, PETRONAS' diversified property portfolio contains office, retail and hotel assets, including some iconic prime assets, such as PETRONAS Twin Towers, the world's tallest twin towers that house PETRONAS' headquarters, Menara ExxonMobil, Menara 3 PETRONAS, Menara Dayabumi, Mandarin Oriental, Kuala Lumpur, a 5-star hotel, and Suria KLCC, a premier shopping mall.

PETRONAS also holds a 64.41% interest in Putrajaya Holdings Sdn Bhd (“**PJH**”), the master developer of Malaysia's federal government administrative capital, Putrajaya. PJH is responsible for formulating, planning, implementing and funding all Putrajaya-related development activities for the Government of Malaysia; in return, PJH receives commercial and public residential land for development as well as rental payments in respect of properties subleased to the Government. PJH has been entrusted with the task of translating the vision of Putrajaya into reality through the 20-year Putrajaya Masterplan, which covers the development of 20 precincts with 3.9 million square meters of Government office, 3.4 million square meters of commercial space, and 73,767 residential property units. PJH has more than 20 signature development projects in Putrajaya, and it has also acquired development land and develop buildings outside of Putrajaya.

SUSTAINABILITY AT PETRONAS

Sustainability is deeply rooted in PETRONAS' Statement of Purpose—“A progressive energy and solutions partner enriching lives for a sustainable future.” PETRONAS embeds sustainability in business operations and stakeholder relations.

PETRONAS is dedicated to sustainable business practices which are essential for its long-term success, stakeholders and the environment. Actions are framed by PETRONAS' Sustainability Approach that encompasses the themes of Delivering Net Zero, Thriving with Nature and Fostering a Just Transition, underpinned by Responsible Governance. This provides a unified and comprehensive approach to guide sustainability efforts, supporting the delivery of PETRONAS' Energy Transition Strategy.

In 2024, PETRONAS conducted a full materiality assessment to identify and quantify matters of significant impact, aligned with its Sustainability Approach, thereby reinforcing sustainability objectives and strengthening their integration into business strategy and execution.

Creating Sustainable Value through Responsible Governance

Corporate Governance

PETRONAS recognizes the importance of responsible governance to organizational resilience in creating sustainable value. Its Board of Directors, the highest authority in corporate governance, has oversight of the Company’s sustainability approach, strategy, and targets. The Board of Directors’ sustainability-related competencies are enhanced through dedicated training program and periodic sustainability-themed board Conversations.

PETRONAS’ Sustainability Executive Leadership Team provides oversight of sustainability strategy development and implementation, policies, practices, and performance measures. Sustainability elements were included in the long-term incentive plan for senior leadership for the period from 2022 to 2024, including net carbon intensity as well as diversity and inclusion, comprising a 20% share of the total plan.

Low Carbon and Energy Transition Business

Six new business growth areas are being pursued to strengthen the portfolio, which include bio-based solutions, specialty chemicals, CCS-as-a-service, hydrogen, renewable energy and green mobility. Through disciplined investments and project management, both organically and through partnerships, PETRONAS aims to strategically scale its presence in these new areas to meet the evolving demands of the energy landscape. For more details on PETRONAS’ new businesses, see “*Summary—PETRONAS*,” “*—Downstream Segment—Refining & Trading Business—Biorefinery*,” “*—Downstream Segment—Chemical Business—Specialty Chemicals*,” “*—Upstream Segment—Domestic E&P Operations*,” and “*—Corporate and Others Segment—Clean Energy Solutions*.”

Safety management

PETRONAS prioritizes the safety and well-being of all employees and contractors. The Health, Safety and Environment (“HSE”) Management System and The HSE Mandatory Control Framework align with the International Organization of Standardization’s (ISO) 14001:2015 and ISO 45001:2018, respectively, and apply to all activities where PETRONAS has operational control.

<u>Number of cases per one million man-hours</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Lost Time Injury Frequency (LTIF)	0.13	0.11	0.10
Total Recordable Case Frequency (TRCF)	0.34	0.31	0.31

Proactive measures are in place to prevent incidents from recurring, including the Organizational Learning From Incidents online portal, which provides a centralized resource for lessons learned and incident management governance. The Organizational Learning From Incidents includes the Electronic Permit to Work, a system that enhances contractor safety management, the Work Leader Assessment program that standardizes safety capabilities among supervisors, and the Digi-FIT system to prevent joint leaks and reinforce Loss of Primary Containment prevention measures.

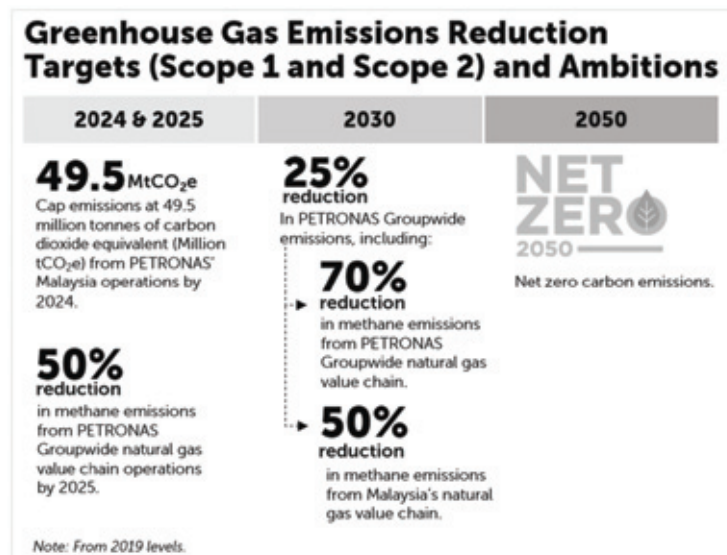
Delivering Net Zero

PETRONAS recognizes the need to balance energy security, with affordability, and sustainability. The Company announced its Net Zero Carbon Emissions by 2050 Pathway in November 2022, which described PETRONAS’ intent to reduce operational emissions and invest in lower-carbon and energy transition opportunities.

PETRONAS has allocated 20% of its capital expenditure to scale up decarbonization projects and expand into cleaner energy solutions, within the period 2022 to 2026, These efforts are crucial for mitigating environmental risks, strengthening resilience, and preparing PETRONAS for a lower carbon future.

GHG emissions

PETRONAS has set short, near-term and long-term emissions reduction targets using 2019 emissions data as the baseline. Delivery of these targets is anchored on its business context, national policies, international frameworks, and scientific consensus on climate change.



Scope 1 emissions: emissions from sources that PETRONAS owns or controls directly.

Scope 2 emissions: indirect emissions from sources that PETRONAS purchases or otherwise acquires.

PETRONAS Net Zero Carbon Emissions by 2050 Pathway is dependent on four main decarbonization levers that provide the needed focus for reducing emissions across its operations and value chains.

- *Zero Routine Flaring and Venting:* Implementing flare gas and vent recovery projects, improvements in compressor capacity and vent-to-flare conversions. PETRONAS has endorsed the World Bank’s Zero Routine Flaring by 2030 Initiative, pledging to avoid routine flaring in new oil field developments and end routine flaring at existing oil production sites by 2030. In 2023, Upstream operations in Malaysia reached the notable milestone of zero routine venting
- *Energy Efficiency:* Building on existing operational excellence, adopting technological and innovative solutions for process optimization for gas turbine operations, superior heat transfer, furnace, and boiler efficiency.
- *Electrification:* Investing in and developing renewable energy infrastructure to power PETRONAS’ operations and processes, which includes fuel gas replacement with electricity where feasible.

- **CCS:** Maturing CCS technologies to decarbonize PETRONAS' portfolio and position Malaysia as a CCS hub to meet CCS demand across Asia. Several CCS facilities are under development, with Kasawari as the first CCS project and expected to achieve first CO₂ injection in 2026. Once operational, Kasawari will be one of the largest CCS projects in the world.

Since the introduction of its initial carbon commitments in 2012, PETRONAS has reduced cumulative emissions by more than 20 million tonnes of CO₂e.

To ensure transparency and accuracy in its reporting, independent verification of PETRONAS' GHG emissions is conducted by an accredited assurance provider, adhering to ISO 14064-1:2018. This verification exercise covers Scope 1 and 2 emissions under both operational control and equity share, as well as Scope 3 Category 11 emissions (use of sold products) from 2019.

The following tables set forth PETRONAS' GHG emissions by operational control and by equity share for the years 2022, 2023 and 2024.

Total GHG Emissions by Operational Control (excluding Corporate and Others segment)	2022	2023	2024⁽¹⁾
PETRONAS (million tonnes CO ₂ e)	49.57	49.22	50.25
Breakdown by Region			
Malaysia (million tonnes CO ₂ e)	46.10	45.16	46.04
International (million tonnes CO ₂ e)	3.47	4.06	4.21
Breakdown by Scope			
Scope 1 – Direct GHG Emissions (million tonnes CO ₂ e)	48.88	48.50	49.75
Scope 2 – Indirect GHG emissions (million tonnes CO ₂ e)	0.69	0.72	0.50
Scope 3 – Other Indirect GHG emissions	286.29	307.51	292.88
Total GHG Emissions by Equity Share (excluding Corporate and Others segment)	2022	2023⁽¹⁾	2024⁽¹⁾
PETRONAS (million tonnes CO ₂ e)	45.39	44.07	45.64
Breakdown by Region			
Malaysia (million tonnes CO ₂ e)	40.81	39.74	41.70
International (million tonnes CO ₂ e)	4.58	4.33	3.94
Breakdown by Scope			
Scope 1 – Direct GHG Emissions (million tonnes CO ₂ e)	44.59	43.24	44.95
Scope 2 – Indirect GHG emissions (million tonnes CO ₂ e)	0.80	0.83	0.69
Scope 3 – Other Indirect GHG emissions	277.16	286.69	277.41

(1) Data subject to ongoing external verification.

In 2024, PETRONAS' total GHG emissions under operational control amounted to 50.25 million tonnes of CO₂e, representing a slight increase in annual emissions compared to 2023, which is attributable to the strengthened GHG accounting and monitoring accuracy, as well as an increase in production and energy generation.

For Malaysia operations, PETRONAS reported GHG emissions of 46.04 million tonnes of CO₂e for operation control emissions, well within its near-term emissions target of not exceeding 49.5 million tonnes of CO₂e and marking progress towards its Net Zero Carbon Emissions by 2050 Pathway.

From an equity share perspective, PETRONAS' GHG emissions have decreased by more than 10% from 51.49 million tonnes of CO₂e in 2019 to 45.64 million tonnes of CO₂e in 2024, attributable to various GHG emissions reduction efforts. PETRONAS remains on track to meet its target of a 25% reduction in groupwide emissions by 2030, compared to the 2019 baseline.

By the end of 2024, methane emissions from PETRONAS' groupwide natural gas value chain operations had been reduced by more than 60%, surpassing the 2025 target of a 50% reduction from 2019 levels target, ahead of schedule.

These efforts contribute to PETRONAS' signatory commitments to the World Bank's Zero Routine Flaring Initiative by 2030 and the Oil & Gas Methane Partnership 2.0, where PETRONAS maintained its Gold Standard on methane emissions pathway status for the second consecutive year. Further demonstrating its commitment to drive down emissions, PETRONAS launched the ASEAN Energy Sector Methane Leadership Program 2.0 together with other partner organizations, and announced plans to establish the Southeast Asia Methane Emissions Technology Evaluation Centre in collaboration with the Japan Organization for Metals and Energy Security.

In 2024, PETRONAS established a groupwide energy management system to enhance its readiness towards meeting the requirements of Malaysia's Energy Efficiency and Conservation Act 2024 and enable continuous improvement efforts, consistent with industry best practices.

Thriving with Nature

Nature and biodiversity are essential for sustaining life on earth. Recognising the impact of operations on natural ecosystems, PETRONAS is committed to using natural resources responsibly, promoting circularity practices, and addressing nature and biodiversity loss. This includes engaging in practices that restore, protect, and conserve ecosystems in Malaysia and other countries where PETRONAS operates.

Nature and Biodiversity

The PETRONAS Nature and Biodiversity Position, established in 2022, outlines five areas of action that address environmental concerns and integrate biodiversity considerations into business practices. PETRONAS is guided by key frameworks such as the Kunming-Montreal Global Biodiversity Framework, Malaysia's National Policy on Biological Diversity 2022-2030, and other relevant national positions and regulations. In addition, PETRONAS adheres to industry best practices promoted by the International Petroleum Industry Environmental Conservation Association, a global oil and gas association for advancing environmental and social performance, and the World Business Council for Sustainable Development. The focus is on restoring, protecting, and conserving nature and biodiversity. This includes enhancing risk assessment practices, integrating biodiversity considerations into decision-making, and mainstreaming them into business strategies.

In direct support of the Net Zero Carbon Emissions by 2050 Pathway, efforts are underway to develop and obtain high-integrity nature-based solutions carbon credits. Such credits will be used in the future when other abatement practices have been exhausted for the residual and hardest to address GHG emissions.

Environmental Management

PETRONAS balances operational excellence with environmental stewardship to foster responsible resource use and management of waste, air emissions, water, and oil spill prevention. A structured environmental management approach in accordance with ISO 14001:2015 environmental management system is in use to minimize environmental risks for existing assets and to integrate pollution prevention and resource conservation measures into the design of new facilities.

This approach aligns with internationally recognized principles and frameworks adjusted for host-country standards for the design and operation of pollution prevention and control equipment, Global Reporting Initiative 2021 Standards, World Bank/International Finance Corporation Group Environmental, Health and Safety Guidelines and World Resources Institute's Aqueduct Water Stress Atlas guide activities to ensure best practices are applied across all its operations.

Waste Management

Waste management strategies are structured based on the type, volume, and frequency of waste to ensure proper handling, treatment, and disposal. Regular monitoring tracks progress to drive performance improvements. The operational waste management approach focuses on managing drill cutting waste, oily sludge, and solvents in line with specific host country regulations and local requirements. These standards are also extended to third parties handling hazardous waste.

Air emissions

In 2024, PETRONAS Continuous Emission Monitoring System was developed to enhance transparency and regulatory compliance in emissions reporting while enabling more effective tracking and management of air pollutants. An online monitoring platform has been introduced to track air emissions, assess risks, and detect rising emission trends. This approach includes continuous monitoring and periodic sampling of sulphur oxides and nitrogen oxides to ensure compliance and minimize environmental impact.

Water Management

Water accounting, availability assessment, and efficient utilization are prioritized to help ensure responsible freshwater management. Policies, standards, and practices are designed to optimize freshwater resource use and promote water circularity, particularly in water-stressed areas. For Malaysia, water management improvements include the implementation of the Non-Phosphate Program under the Phosphate Elimination at Cooling Water Environment initiative, resulting in freshwater savings.

Oil Spill Prevention

Oil Spill Response processes, including the Oil Spill Response Assessment and Oiled Wildlife Response, strengthen preparedness and response capabilities. Prevention and effective recovery are prioritized through maintaining asset integrity, following standard operating procedures, and equipping personnel with comprehensive training in oil spill management.

Circular Economy

A more sustainable approach to resource stewardship has been adopted by promoting the use of bio-based solutions, recycling, and reuse. Circular economy practices, such as repurposing, repairing, reusing, and recycling extend material lifecycles, contribute to a lower-waste future, and reduce dependency on raw materials. Converting waste into products presents the opportunity to create new revenue streams while conserving resources and reducing costs.

A holistic approach to circular economy is applied through PETRONAS' Five Approaches to Circular Economy, which are bio solutions, waste-to-products, circular carbon, repurpose and reuse, and sharing model. There is also a focus on addressing single-use plastics and championing a New Plastics Economy to minimize environmental impact while unlocking new value chains.

New Plastics Economy

PETRONAS supports the New Plastics Economy that addresses the challenges posed by single-use plastics. The approach fosters innovation in waste recovery and recycling mechanisms, promoting sustainable practices that minimize waste and address plastic pollution. Efforts in plastic circularity and waste management include eliminating unnecessary single-use plastics in operations, developing systemic collection and recycling mechanisms, and participating in global initiatives such as Operation Clean Sweep® to prevent plastic resin loss.

Circular Carbon and Bio Solutions

PETRONAS is advancing the biofuels value chain with the intention to foster the development of a holistic bio-based ecosystem in Malaysia. This ecosystem integrates sustainable practices that optimize resources, reduce carbon emissions, and promote circular carbon systems. Circular economy principles are applied by extending asset lifecycles and transforming carbon dioxide into value-added products.

PETRONAS and its partners, Enilive S.p.A and Euglena Co. Ltd., reached final investment decision to develop a new biorefinery at PIC in Johor, Malaysia. The biorefinery will produce biofuel products such as sustainable aviation fuel, renewable diesel, and bio-naphtha from wastes and residue feedstocks, including used vegetable oils, animal fats, waste from the processing of vegetable oils, and other biomass. In addition, microalgae oils will be explored in the mid-term.

Product Stewardship

PETRONAS aims to adhere to responsible business practices, ensuring that its products and solutions meet the highest standards. This includes continuously identifying, assessing and communicating HSE risks throughout a product's life cycle. The integrity of product data disclosed is enhanced through product safety and regulatory compliance. PETRONAS' commitment spans various disciplines, including product safety and regulatory compliance, toxicology, ecotoxicology and environmental health.

Fostering a Just Transition

The global energy transition represents a transformative shift towards cleaner energy systems, impacting how energy is produced, distributed, and consumed. This transition to a lower-carbon economy will present both opportunities and potential risks to existing business models and jobs.

Respecting human rights throughout this transition is essential to promote inclusive societies that enable equitable social and economic growth, while preventing exploitation and discrimination.

Since its inception in 1974, PETRONAS has steadfastly delivered on its mandate for nation-building and industrial ecosystem development, contributing to economic growth and societal well-being. PETRONAS is dedicated to implementing its Energy Transition Strategy in a manner that respects human rights, supports workforce development, strengthens the supply chain ecosystem, and builds resilient communities. By prioritizing a just transition, PETRONAS aims to ensure that new investments create opportunities and improved prospects for social progress.

Human Rights

PETRONAS published its Human Rights Policy in 2024, which provides a structured approach to managing human rights risks across operations and throughout the value chain. The policy is guided by recognized frameworks such as the International Bill of Human Rights, International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the United Nations Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.

PETRONAS prioritizes four key areas of material importance for human rights: labor and working conditions, supply chain management, responsible security, and community well-being. These salient issues have been identified as part of its risk-based approach to human rights due diligence.

Central to PETRONAS' Human Rights Policy, it conducts due diligence to identify and assess potential impacts, prioritize access to remedy through grievance mechanisms, and ensure improvement through ongoing monitoring, reporting, and review. In 2024, PETRONAS completed an independent third party review on its human rights due diligence processes and implementation.

Just Transition Priorities

Preparing the Workforce for the Future

The energy transition is reshaping industries, demanding both technological advancements and a capable, agile workforce. To address the rapid evolution of energy technologies, PETRONAS is building a future-ready workforce through investments in education, including sponsorship of students in secondary schools and institutions of higher learning, both in Malaysia and overseas. To complement these activities, PETRONAS engages in reskilling, upskilling, and industry collaboration. PETRONAS has established several educational institutions in its human capital development ecosystem to ensure a sustainable pipeline of highly knowledgeable and skilled talent that supports its growth, as well as Malaysia's energy industry, namely PETRONAS Universiti Teknologi PETRONAS, a leading engineering, science, and technology university; Institut Teknologi Petroleum PETRONAS, which focuses on developing a skilled technical workforce for the oil and gas industry; PETRONAS Leadership Center, which offers new programs to advance sustainability leadership and management training; Akademi Laut Malaysia, which offers maritime education and training; and PETROSAINS, an interactive science discovery center that promotes science, technology, engineering and mathematics education.

Strengthening the Supply Chain Ecosystem

PETRONAS actively collaborates with suppliers, particularly within Malaysia's oil and gas, services and equipment sector, to enhance their capabilities and promote sustainable practices. Strict compliance is enforced with the Contractor Code of Conduct on Human Rights to ensure adherence to fundamental labor and working condition principles.

Supply chain resilience is enhanced by supporting and empowering suppliers, including small and medium enterprises. Responsible business practices are promoted by engaging industry stakeholders, policymakers and regulatory bodies to shape sustainable supply chain standards. This includes policy alignment, capacity-building initiatives and sector-wide improvements.

To further strengthen the supply chain, PETRONAS launched its Supplier Support Programme in 2024, engaging over 1,000 vendors. This program strengthens industry sustainability capabilities, supports workforce mobility, and creates avenues for local businesses to supply for emerging energy value chains.

Building Resilient Communities

PETRONAS aims to foster inclusive community consultation and collaboration to gain new perspectives and understand the aspirations of those who may be affected by the Company's operations. PETRONAS' social impact investment program is designed with this in mind and prioritizes three areas of action: Powering Knowledge, which provides access to education and capability building through sponsorships and various upskilling and reskilling programs; Uplifting Lives, which promotes sustainable livelihoods by providing access to basic needs and fostering social entrepreneurship; and Planting Tomorrow, which supports nature and biodiversity conservation.

HUMAN RESOURCES

As at December 31, 2024, PETRONAS and its subsidiaries employed a total of 52,157 employees, compared to 49,771 people and 54,105 people as at December 31, 2022 and 2023, respectively. A total of 8,664 of PETRONAS' non-executive employees belong to seven of its in-house unions in Malaysia as at December 31, 2024, four of which signed collective bargaining agreements directly with PETRONAS and the remaining three with the relevant subsidiary. PETRONAS' collective bargaining agreements typically have a term of three years. In general, Management believes it has a good relationship with its employees and with its in-house unions.

PETRONAS and its employees contribute to the Employee Provident Fund, a mandatory employee retirement fund administered by a board appointed by the Government of Malaysia. Contributions to the fund are based on a prescribed percentage of the employee's monthly salary, where the employee and PETRONAS contribute 11% and 12%, respectively. PETRONAS also provides additional contributions of 3%, 5% and 7% above the 12% statutory contribution. The amount of these additional contributions is relative to the employee's length of service with PETRONAS.

INSURANCE

PETRONAS has comprehensive insurance policies issued in countries where it has a business presence. These policies cover its business and properties and litigation brought by third parties.

PETRONAS performs insurance risk assessment to analyze the risks faced by its businesses in determining the appropriate insurance policies and the adequacy of the insurance coverage. PETRONAS' insurance coverage includes property damage, third party liability and cyber and employee benefits insurance. PETRONAS considers its insurance coverage to be in accordance with industry standards.

LEGAL PROCEEDINGS

In the ordinary course of their businesses, PETRONAS and its subsidiaries are parties to legal proceedings and potential disputes with, among others, their customers, suppliers and contractual counterparties. As at the date of this Offering Circular, PETRONAS is not aware of any pending or threatened litigation, arbitration or administrative proceedings against it or its subsidiaries that could have a material adverse effect on PETRONAS' business, results of operations or financial condition.

PETRONAS CAPITAL LIMITED

PETRONAS Capital Limited is a wholly-owned subsidiary of PETRONAS and was incorporated in the Federal Territory of Labuan, Malaysia under the Labuan Companies Act, 1990 on April 17, 2002. At the date of this Offering Circular, PETRONAS Capital Limited has an issued and paid-up share capital of U.S.\$2,000 comprising 2,000 ordinary shares.

PETRONAS Capital Limited is a financing vehicle for PETRONAS. It has no other operations nor any subsidiaries. PETRONAS Capital Limited will provide substantially all proceeds of its borrowings to PETRONAS or its subsidiaries and associated companies. See “*Use of Proceeds.*”

The directors of PETRONAS Capital Limited at the date of this Offering Circular are:

Name Appointed	Position	Year
Freida Amat	Director	2024
Hazleena Hamzah	Director	2020
Wan Shamilah Wan Muhammad Saidi	Resident Director	2021

The registered office of PETRONAS Capital Limited is Unit Level 13(A), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Federal Territory of Labuan, Malaysia. The correspondence address of each of the directors of PETRONAS Capital Limited for the purposes of their directorship in PETRONAS Capital Limited is Tower 1, PETRONAS Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur Federal Territory, Malaysia.

The main outside functions of the directors of PETRONAS Capital Limited are serving as employees of PETRONAS.

Capitalization

The following table sets forth the capitalization of PETRONAS Capital Limited as at December 31, 2024.

	Actual
Non-current borrowings: ⁽¹⁾	
3.500% Guaranteed Notes due 2030	U.S.\$ 2,250,000,000
2.480% Guaranteed Notes due 2032	U.S.\$ 1,250,000,000
4.500% Guaranteed Notes due 2045	U.S.\$ 1,500,000,000
4.550% Guaranteed Notes due 2050	U.S.\$ 2,750,000,000
4.800% Guaranteed Notes due 2060	U.S.\$ 1,000,000,000
3.404% Guaranteed Notes due 2061	U.S.\$ 1,750,000,000
Total non-current borrowings	U.S.\$ 10,500,000,000
Shareholders' equity:	
Share capital (Issued and paid-up—2,000 ordinary shares)	U.S.\$2,000
Total Capitalization ⁽²⁾	<u>U.S.\$10,500,002,000</u>

(1) Principal amount of debt issued by PETRONAS Capital Limited and guaranteed by PETRONAS.

(2) Capitalization is the sum of total non-current borrowings and shareholders' equity.

PETRONAS ENERGY CANADA LTD.

PETRONAS Energy Canada Ltd. is a wholly-owned subsidiary of PETRONAS and is incorporated in Alberta, Canada. PETRONAS entered Canada as part of a joint venture with Progress Energy in 2011, and Progress Energy became a subsidiary of PETRONAS in 2012. In November 2018, Progress Energy changed its name to PETRONAS Energy Canada Ltd. At the date of this Offering Circular, PETRONAS Energy Canada Ltd. has an issued and paid-up share capital of C\$12,201,697,488 comprising 12,201,697,488 ordinary shares.

PETRONAS Energy Canada Ltd. is a subsidiary of PETRONAS focused on the exploration for, and the acquisition, development and production of oil, and natural gas in Canada.

The directors of PETRONAS Energy Canada Ltd. at the date of this Offering Circular are:

<u>Name Appointed</u>	<u>Position</u>	<u>Year</u>
Mohd Jukris Abdul Wahab	Director	2024
Donald F. Archibald	Director	2013
Judy Fairburn	Director	2020
Mark Fitzgerald	Director	2016
Chris Seasons	Director	2017
Mohd Redhani Abdul Rahman	Director	2024
Karima Mohd Noor	Director	2024
Azhar Noordin	Director	2025

As at the date of this Offering Circular, the members of the management team of PETRONAS Energy Canada Ltd. consist of Mark Fitzgerald (President and Chief Executive Officer), Kevin Georget (Chief Financial Officer), Joe Leonard (Vice President, Health, Safety & Environment), Kelly Prevost (Vice President, Resource Development), Mark Tysdal (Vice President, Finance), Shannon Young (General Counsel & Vice President, External Affairs), Olga Macbeath (Vice President, Strategy & Commercial) and Mazuwin Bt A Karim (Vice President, People, Culture & Capability).

The registered office of PETRONAS Energy Canada Ltd. is Suite 1600, 215 Second Street S.W., Calgary, Alberta, Canada, T2P 1M4.

Capitalization

The following table sets forth the capitalization of PETRONAS Energy Canada Ltd. as at December 31, 2024.

	<u>Actual (C\$)</u>	<u>Actual (US\$)⁽¹⁾</u>
Non-current borrowings:		
Shareholder loan due to PETRONAS International Corporation Ltd ⁽²⁾	5,162,053,750	3,597,250,000
2.112% Guaranteed Notes due 2028	861,000,000	600,000,000
Guaranteed Term Loan due 2029	1,140,825,000	795,000,000
Total non-current borrowings	7,163,878,750	4,992,250,000
Shareholders' equity:		
Share capital (Issued and paid-up—12,201,697,488 ordinary shares)	<u>12,201,697,488</u>	<u>8,502,925,079</u>
Total Capitalization ⁽³⁾⁽⁴⁾	<u><u>19,365,576,238</u></u>	<u><u>13,495,175,079</u></u>

(1) U.S. dollar translations are calculated using an exchange rate of C\$1.4350 to U.S.\$1.00.

(2) Consists of shareholder loan principal only.

(3) Except as disclosed herein, there have been no material changes in the consolidated capitalization of PETRONAS Energy Canada Ltd. since December 31, 2024.

(4) Capitalization is the sum of total non-current borrowings and shareholders' equity.

MANAGEMENT

Directors

The Constitution of PETRONAS provides that the Board of Directors shall consist of not less than two and not more than fifteen directors. The Board of Directors currently consists of eight individuals. One-third of the non-executive members of the Board are subject to annual retirement by rotation, although they may be reappointed.

The directors and company secretaries of PETRONAS as of March 21, 2025 are as follows:

Name	Current Position /Designation	Director/Company Secretary Since
Tan Sri Dato' Seri Mohd Bakke Salleh	Independent Non-Executive Chairman/Director	June 18, 2019
YM Tan Sri Tengku Muhammad Taufik Tengku Kamadjaja Aziz	Executive Director, President & Group Chief Executive Officer	October 15, 2018
Azizan Zakaria ⁽¹⁾⁽²⁾⁽³⁾	Independent Non-Executive Director	November 15, 2023
Tan Sri Zaharah Ibrahim ⁽¹⁾⁽²⁾⁽³⁾	Independent Non-Executive Director	August 17, 2020
Dato' Seri Shaik Abdul Rasheed Abdul Ghaffour	Independent Non-Executive Director	March 21, 2025
Datuk Dr Shahrazat binti Haji Ahmad ⁽¹⁾⁽²⁾⁽³⁾	Non-Independent Non-Executive Director	January 13, 2025
Liza Mustapha	Executive Director, Executive Vice President & Group Chief Financial Officer	June 1, 2021
Azizi Md Ali	Company Secretary	January 17, 2024
Norwankiss Mohd Ridhuan Kau	Company Secretary	January 28, 2025

(1) Member of the Audit Committee described below.

(2) Member of the Risk Committee described below.

(3) Member of the Nomination and Remuneration Committee described below.

Board Committees

There are three Board Committees made up primarily of Non-Executive Directors, namely the Audit Committee, the Risk Committee and the Nomination and Remuneration Committee.

Audit Committee. The Audit Committee assists the Board in fulfilling its oversight functions in relation to internal controls and financial reporting of PETRONAS. The committee provides the Board with the assurance of the quality and reliability of financial information issued by PETRONAS while ensuring the integrity of its assets. This committee also considers matters in relation to external auditors including appointment, fees and scope of audits; it also reviews PETRONAS' internal audit report, annual audit plan and assesses the adequacy of the scope, functions and resources and performance of PETRONAS' internal audit function.

Risk Committee. The Risk Committee provides oversight and in-depth discussion on risk management matters at the Board level. The committee fulfills its responsibilities by reviewing the

policies, strategies, on-key risk indicators and risk tolerance levels and oversees the adequacy and effectiveness of the risk management systems in managing and mitigating risks within PETRONAS. It is also responsible for reviewing and recommending to the Board the appropriate corporate governance policies, framework and procedures in accordance with international governance standards and best practices.

Nomination and Remuneration Committee. The Nomination and Remuneration Committee assists the Board in discharging its responsibilities by defining and assessing the Board composition and performance, identifying and recommending qualified new Directors to the Board and recommending top management's appointment and/or renewal. The committee also oversees the development of the succession management plan for the Board and top management and recommends the remuneration for Non-Executive Directors and performance-related pay schemes for top management.

Executive Leadership Team

The members of PETRONAS' Executive Leadership Team as of March 21, 2025 are as follows:

<u>Name</u>	<u>Current Position / Designation</u>	<u>Date Joined PETRONAS</u>
YM Tan Sri Tengku Muhammad Taufik Tengku Kamadjaja Aziz	President & Group Chief Executive Officer	October 15, 2018 ⁽¹⁾
Mohd Jukris Abdul Wahab	Executive Vice President & CEO Upstream	July 1, 2024 ⁽²⁾
Datuk Sazali Hamzah	Executive Vice President & CEO Downstream	January 2, 1990
Datuk Adif Zulkifli	Executive Vice President & CEO Gas & Maritime Business	May 13, 1993
Liza Mustapha	Executive Vice President & Group Chief Financial Officer	September 16, 1995
Datuk Ir. Bacho Pulong	Senior Vice President Malaysia Petroleum Management	April 16, 1992
Marina Md Taib	Senior Vice President Corporate Strategy	February 18, 1999
Razman Hashim	Senior Vice President Group Legal & Group General Counsel	September 16, 1998
Ir Mohd Yusri Mohamed Yusof	Senior Vice President Project Delivery & Technology	April 3, 1989
Ruslan Halim Islahudin	Vice President & Group Human Resource Officer	October 16, 1997

(1) First joined PETRONAS in 2000, left in 2012 before rejoining PETRONAS in 2018.

(2) First joined PETRONAS in 1990, left in 2022 before rejoining PETRONAS in 2024.

SHARE OWNERSHIP

The shareholders of PETRONAS at the date of this Offering Circular are as follows:

Shareholder	Percent of Ownership
Minister of Finance (Incorporated)	99.99
The Federal Lands Commissioner (Incorporated)	0.01

RELATIONSHIP WITH THE GOVERNMENT OF MALAYSIA

PETRONAS was established by the Government of Malaysia pursuant to the Malaysia Petroleum Development Act, 1974 to own and manage the petroleum resources of Malaysia and was incorporated under the Malaysian Companies Act, 1965 (as repealed and replaced by the Malaysian Companies Act, 2016) on August 17, 1974. Under the Petroleum Development Act of 1974, PETRONAS is subject to the control and direction of the Prime Minister of Malaysia, who may from time to time issue such direction as he may deem fit. PETRONAS' Constitution provides that the Government of Malaysia is the only entity entitled to be a shareholder of PETRONAS.

Under the Malaysian Companies Act, 2016, as owner of PETRONAS, the Government of Malaysia controls the approval of all corporate matters that require shareholder resolutions, including, but not limited to, approval of dividends, the appointment of the Chairman of PETRONAS and any change of auditor. Currently, the Deputy Secretary General of Treasury (Investment), Ministry of Finance, is the only official from the Government of Malaysia serving on PETRONAS' Board of Directors.

PETRONAS plays an important role in the implementation of the Government of Malaysia's oil and gas policy. In addition to its relationship with the Government of Malaysia as its shareholder, PETRONAS consults informally with the Government of Malaysia on matters relating to energy policy and central planning. Since its incorporation, PETRONAS has played an integral role in helping Malaysia achieve the objectives set forth in each of the Government of Malaysia's economic plans.

Absent a contractual obligation, the Government of Malaysia is not liable for PETRONAS' obligations.

TAXATION

Certain U.S. Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax considerations that may be relevant to a beneficial owner of a Note that is, for U.S. federal income tax purposes, a citizen or resident of the United States or a domestic corporation or that otherwise is subject to U.S. federal income taxation on a net income basis in respect of the Note (a “**United States holder**”). This summary is based on laws, regulations, rulings and decisions now in effect, all of which are subject to change. This summary deals only with United States holders that will hold Notes as capital assets, and does not address tax considerations applicable to investors that may be subject to special tax rules, such as banks, tax-exempt entities, insurance companies, regulated investment companies, dealers in securities or currencies, traders in securities electing to mark to market, persons that will hold Notes as a position in a “straddle” or conversion transaction, or as part of a “synthetic security” or other integrated financial transaction, entities taxed as partnerships or the partners therein, U.S. expatriates, nonresident alien individuals present in the United States for more than 182 days in a taxable year, persons that carry on a business or have a permanent establishment in Malaysia or Canada or persons that have a “functional currency” other than the U.S. dollar. Further, this summary addresses only U.S. federal income tax consequences, and does not address the alternative minimum tax, the Medicare tax on net investment income, the special timing rules prescribed under section 451(b) of the U.S. Internal Revenue Code, or other aspects of U.S. federal income or state and local taxation that may be relevant to a holder in light of such holder’s particular circumstances. Any special U.S. federal income tax considerations relevant to a particular issue of Notes, including any Floating Rate Notes, Dual Currency Notes, or Zero Coupon Notes will be provided in the applicable Pricing Supplement.

Investors should consult their own tax advisors in determining the tax consequences to them of holding Notes, including the application to their particular situation of the U.S. federal income tax considerations discussed below, as well as the application of state, local, foreign or other tax laws.

Because Bearer Notes cannot be offered or sold in connection with their initial distribution to “United States persons” (as defined in the Code) (or to other persons located in the United States), this summary does not discuss special tax considerations relevant to the ownership and disposal of Bearer Notes by United States holders.

Payments of Interest

Payments of “**qualified stated interest**” (as defined below under “—*Original Issue Discount*”) and additional amounts (if any) on a Note will be taxable to a United States holder as ordinary interest income at the time that such payments are accrued or are actually or constructively received (in accordance with the United States holder’s method of tax accounting). If such payments of interest are made with respect to a Note denominated in a single foreign currency (a “**Foreign Currency Note**”), the amount of interest income realized by a United States holder that uses the cash method of tax accounting will be the U.S. dollar value of the relevant foreign currency payment based on the exchange rate in effect on the date of receipt regardless of whether the payment in fact is converted into U.S. dollars. A United States holder that uses the accrual method of accounting for tax purposes will accrue interest income on the Note in the relevant foreign currency and translate the amount accrued into U.S. dollars based on the average exchange rate in effect during the interest accrual period (or portion thereof within the United States holder’s taxable year), or, at the accrual basis United States holder’s election, at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year within such accrual period if the accrual period spans more

than one taxable year), or at the spot rate of exchange on the date of receipt, if such date is within five business days of the last day of the accrual period. A United States holder that makes such election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the Internal Revenue Service (the “IRS”). A United States holder that uses the accrual method of accounting for tax purposes will recognize foreign currency gain or loss, as the case may be, on the receipt of an interest payment made with respect to a Foreign Currency Note if the exchange rate in effect on the date the payment is received differs from the rate applicable to a previous accrual of that interest income. Amounts attributable to pre-issuance accrued interest (if any) will generally not be includable in income, except to the extent of foreign currency gain or loss attributable to any changes in exchange rates during the period between the date the United States holder acquired the Note and the first Interest Payment Date. This foreign currency gain or loss will be treated as ordinary income or loss but generally will not be treated as an adjustment to interest income received on the Note.

Purchase, Sale and Retirement of Notes

A United States holder’s tax basis in a Note generally will equal the cost of such Note to such holder, increased by any amounts includable in income by the holder as original issue discount and market discount and reduced by any amortized premium (each as described below) and any payments other than payments of qualified stated interest made on such Note. In the case of a Foreign Currency Note, the cost of such Note to a United States holder will be the U.S. dollar value of the foreign currency purchase price on the date of purchase. In the case of a Foreign Currency Note that is traded on an established securities market, a cash basis United States holder (and, if it so elects, an accrual basis United States holder) will determine the U.S. dollar value of the cost of such Note by translating the amount paid at the spot rate of exchange on the settlement date of the purchase. The amount of any subsequent adjustments to a United States holder’s tax basis in a Note in respect of original issue discount, market discount and premium denominated in a foreign currency will be determined in the manner described under “—Original Issue Discount” and “—Premium and Market Discount” below. The conversion of U.S. dollars to the relevant foreign currency and the immediate use of the foreign currency to purchase a Foreign Currency Note generally will not result in taxable gain or loss for a United States holder.

Upon the sale, exchange or retirement of a Note, a United States holder generally will recognize gain or loss equal to the difference between the amount realized on the sale, exchange or retirement (less any accrued qualified stated interest, which will be taxable as such) and the United States holder’s tax basis in such Note. If a United States holder receives a currency other than the U.S. dollar in respect of the sale, exchange or retirement of a Note, the amount realized will be the U.S. dollar value of the foreign currency received calculated at the exchange rate in effect on the date the instrument is disposed of or retired. In the case of a Foreign Currency Note that is traded on an established securities market, a cash basis United States holder, and if it so elects, an accrual basis United States holder will determine the U.S. dollar value of the amount realized by translating such amount at the spot rate on the settlement date of the sale. The election available to accrual basis United States holders in respect of the purchase and sale of Foreign Currency Notes traded on an established securities market, discussed above, must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

Except as described below with respect to market discount, Short-Term Notes (as defined below) and foreign currency gain or loss, gain or loss recognized by a United States holder generally will be long-term capital gain or loss if the United States holder has held the Note for more than one year at the time of disposition. Long-term capital gains recognized by an individual holder generally are subject to tax at a lower rate than short-term capital gains or ordinary income. The deduction of capital losses is subject to limitations.

Gain or loss recognized by a United States holder on the sale, exchange or retirement of a Foreign Currency Note generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in exchange rates during the period in which the holder held such Note. This foreign currency gain or loss will not be treated as an adjustment to interest income received on the Notes.

Original Issue Discount

If an Issuer issues Notes at a discount from their stated redemption price at maturity, and the discount is equal to or more than the product of one-fourth of one percent (0.25%) of the stated redemption price at maturity of such Notes multiplied by the number of full years to their maturity (the “*de minimis* threshold”) the Notes will be “**Original Issue Discount Notes.**” The difference between the issue price and the stated redemption price at maturity of such Notes will be the “original issue discount.” The “issue price” of a Note will be the first price at which a substantial amount of the Notes is sold to the public (i.e., excluding sales of Notes to underwriters, placement agents, wholesalers, or similar persons). The “stated redemption price at maturity” will include all payments under the Notes other than payments of “qualified stated interest” (as determined below).

United States holders of Original Issue Discount Notes generally will be subject to the special tax accounting rules for obligations issued with original issue discount (“**OID**”) provided by the Internal Revenue Code of 1986, as amended, and certain regulations promulgated thereunder (the “**OID Regulations**”). United States holders of such Notes should be aware that, as described in greater detail below, they generally must include OID in ordinary gross income for U.S. federal income tax purposes as it accrues, in advance of the receipt of cash attributable to that income.

In general, each United States holder of an Original Issue Discount Note, whether such holder uses the cash or the accrual method of tax accounting, will be required to include in ordinary gross income the sum of the “daily portions” of OID on the Note for all days during the taxable year that the United States holder owns the Note. The daily portions of OID on an Original Issue Discount Note are determined by allocating to each day in any accrual period a ratable portion of the OID allocable to that accrual period. Accrual periods may be of any length and may vary in length over the term of an Original Issue Discount Note, provided that no accrual period is longer than one year and each scheduled payment of principal or interest occurs on either the final day or the first day of an accrual period. In the case of an initial holder, the amount of OID on an Original Issue Discount Note allocable to each accrual period is determined by (a) multiplying the “adjusted issue price” (as defined below) of the Original Issue Discount Note at the beginning of the accrual period by the yield to maturity of such Original Issue Discount Note (appropriately adjusted to reflect the length of the accrual period) and (b) subtracting from that product the amount (if any) of qualified stated interest (as defined below) allocable to that accrual period. The yield to maturity of a Note is the discount rate that causes the present value of all payments on the Note as of its original issue date to equal the issue price of such Note. The “adjusted issue price” of an Original Issue Discount Note at the beginning of any accrual period will generally be the sum of its issue price (generally including accrued interest, if any) and the amount of OID allocable to all prior accrual periods, reduced by the amount of all payments other than payments of qualified stated interest (if any) made with respect to such Note in all prior accrual periods. The term “qualified stated interest” generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually during the entire term of an Original Issue Discount Note at a single fixed rate of interest or, subject to certain conditions, based on one or more interest indices. In the case of an Original Issue Discount Note that is a Floating Rate Note, both the “yield to maturity” and “qualified stated interest” will generally be determined for these purposes as though the Original Issue Discount Note will bear interest in all periods at a fixed rate generally equal to the rate that would be

applicable to the interest payments on the Note on its date of issue or, in the case of certain Floating Rate Notes, the rate that reflects the yield that is reasonably expected for the Note. (Additional rules may apply if interest on a Floating Rate Note is based on more than one interest index.) As a result of this “constant yield” method of including OID in income, the amounts includible in income by a United States holder in respect of an Original Issue Discount Note denominated in U.S. dollars generally are lesser in the early years and greater in the later years than the amounts that would be includible on a straight-line basis.

A United States holder generally may make an irrevocable election to include in its income its entire return on a Note (i.e., the excess of all remaining payments to be received on the Note, including payments of qualified stated interest, over the amount paid by such United States holder for such Note) under the constant-yield method described above. For Notes purchased at a premium or bearing market discount in the hands of the United States holder, the United States holder making such election will also be deemed to have made the election (discussed below in “—Premium and Market Discount”) to amortize premium or to accrue market discount in income currently on a constant-yield basis.

In the case of an Original Issue Discount Note that is also a Foreign Currency Note, a United States holder should determine the U.S. dollar amount includible in income as OID for each accrual period by (a) calculating the amount of OID allocable to each accrual period in the foreign currency using the constant-yield method described above, and (b) translating the amount of the foreign currency so derived at the average exchange rate in effect during that accrual period (or portion thereof within a United States holder’s taxable year) or, at the United States holder’s election (as described above under “—Payments of Interest”), at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year), or at the spot rate of exchange on the date of receipt, if such date is within five business days of the last day of the accrual period. Because exchange rates may fluctuate, a United States holder of an Original Issue Discount Note that is also a Foreign Currency Note may recognize a different amount of OID income in each accrual period than would the holder of an otherwise similar Original Issue Discount Note denominated in U.S. dollars. All payments on an Original Issue Discount Note (other than payments of qualified stated interest) will generally be viewed first as payments of previously-accrued OID (to the extent thereof), with payments attributed first to the earliest-accrued OID, and then as payments of principal. Upon the receipt of an amount attributable to OID (whether in connection with a payment of an amount that is not qualified stated interest or the sale or retirement of the Original Issue Discount Note), a United States holder will recognize ordinary income or loss measured by the difference between the amount received (translated into U.S. dollars at the exchange rate in effect on the date of receipt or on the date of disposition of the Original Issue Discount Note, as the case may be) and the amount accrued (using the exchange rate applicable to such previous accrual).

A subsequent United States holder of an Original Issue Discount Note that purchases the Note at a cost less than its remaining redemption amount (as defined below), or an initial United States holder that purchases an Original Issue Discount Note at a price other than the Note’s issue price, also generally will be required to include in gross income the daily portions of OID, calculated as described above. However, if the United States holder acquires the Original Issue Discount Note at a price greater than its adjusted issue price, such holder is required to reduce its periodic inclusions of OID income to reflect the premium paid over the adjusted issue price. The “remaining redemption amount” for a Note is the total of all future payments to be made on the Note other than payments of qualified stated interest.

Floating Rate Notes generally will be treated as “variable rate debt instruments” under the OID Regulations. Accordingly, the stated interest on a Floating Rate Note generally will be treated as

“qualified stated interest” and such a Note will not have OID solely as a result of the fact that it provides for interest at a variable rate. If a Floating Rate Note does not qualify as a “variable rate debt instrument,” such Note will be subject to special rules (the “**Contingent Payment Regulations**”) that govern the tax treatment of debt obligations that provide for contingent payments (“**Contingent Debt Obligations**”). A detailed description of the tax considerations relevant to United States holders of any such Notes will be provided in the applicable Pricing Supplement.

Certain of the Notes may be subject to special redemption, repayment or interest rate reset features, as indicated in the applicable Pricing Supplement. Notes containing such features, in particular Original Issue Discount Notes, may be subject to special rules that differ from the general rules discussed above. Purchasers of Notes with such features should carefully examine the applicable Pricing Supplement and should consult their own tax advisors with respect to such Notes since the tax consequences with respect to such features, and especially with respect to OID, will depend, in part, on the particular terms of the purchased Notes.

If a Note provides for a scheduled accrual period that is longer than one year (for example, as a result of a long initial period on a Note with interest is generally paid on an annual basis), then stated interest on the Note will not qualify as “qualified stated interest” under the OID Regulations. As a result, the Note would be an Original Issue Discount Note. In that event, among other things, cash-method U.S. holders will be required to accrue stated interest on the Note under the rules for OID described above, and all U.S. holders will be required to accrue OID that would otherwise fall under the *de minimis* threshold.

Premium and Market Discount

A United States holder of a Note that purchases the Note at a cost greater than its remaining redemption amount (as defined in the third preceding paragraph) generally will be considered to have purchased the Note at a premium, and may elect to amortize such premium (as an offset to interest income), using a constant-yield method, over the remaining term of the Note. Such election, once made, generally applies to all bonds held or subsequently acquired by the United States holder on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the IRS. A United States holder that elects to amortize such premium must reduce its tax basis in a Note by the amount of the premium amortized during its holding period. Original Issue Discount Notes purchased at a premium will not be subject to the OID rules described above. In the case of premium in respect of a Foreign Currency Note, a United States holder should calculate the amortization of such premium in the foreign currency. Amortization deductions attributable to a period reduce interest payments in respect of that period and therefore are translated into U.S. dollars at the exchange rate used by the United States holder for such interest payments. Exchange gain or loss will be realized with respect to amortized bond premium on such a Note based on the difference between the exchange rate on the date or dates such premium is recovered through interest payments on the Note and the exchange rate on the date on which the United States holder acquired the Note. With respect to a United States holder that does not elect to amortize bond premium, the amount of bond premium will be included in the United States holder’s tax basis when the Note matures or is disposed of by the United States holder. Therefore, a United States holder that does not elect to amortize such premium and that holds the Note to maturity generally will be required to treat the premium as capital loss when the Note matures.

If a United States holder of a Note purchases the Note at a price that is lower than its remaining redemption amount, or in the case of an Original Issue Discount Note, its adjusted issue price, by at least 0.25% of its remaining redemption amount multiplied by the number of remaining whole years to maturity, the Note will be considered to have “market discount” in the hands of such United States

holder. In such case, gain realized by the United States holder on the disposition of the Note generally will be treated as ordinary income to the extent of the market discount that accrued on the Note while held by such United States holder. In addition, the United States holder could be required to defer the deduction of a portion of the interest paid on any indebtedness incurred or maintained to purchase or carry the Note. In general terms, market discount on a Note will be treated as accruing ratably over the term of such Note, or, at the election of the holder, under a constant-yield method. Market discount on a Foreign Currency Note will be accrued by a United States holder in the specified currency. The amount includible in income by a United States holder in respect of such accrued market discount will be the U.S. dollar value of the amount accrued, generally calculated at the exchange rate in effect on the date that the Note is disposed of by the United States holder.

A United States holder may elect to include market discount in income on a current basis as it accrues (on either a ratable or constant-yield basis), in lieu of treating a portion of any gain realized on a sale of a Note as ordinary income. If a United States holder elects to include market discount on a current basis, the interest deduction deferral rule described above will not apply. Any accrued market discount on a Foreign Currency Note that is currently includible in income will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the United States holder's taxable year). Any such election, if made, applies to all market discount bonds acquired by the taxpayer on or after the first day of the first taxable year to which such election applies and is revocable only with the consent of the IRS.

Short-Term Notes

The rules set forth above will also generally apply to Notes having maturities of not more than one year ("**Short-Term Notes**"), but with certain modifications.

First, the OID Regulations treat none of the interest on a Short-Term Note as qualified stated interest. Thus, all Short-Term Notes will be Original Issue Discount Notes. OID will be treated as accruing on a Short-Term Note ratably, or at the election of a United States holder, under a constant yield method.

Second, a United States holder of a Short-Term Note that uses the cash method of tax accounting and is not a bank, securities dealer, regulated investment company or common trust fund, and does not identify the Short-Term Note as part of a hedging transaction, will generally not be required to include OID in income on a current basis. Such a United States holder may not be allowed to deduct all of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry such Note until the maturity of the Note or its earlier disposition in a taxable transaction. In addition, such a United States holder will be required to treat any gain realized on a sale, exchange or retirement of the Note as ordinary income to the extent such gain does not exceed the OID accrued with respect to the Note during the period the United States holder held the Note. Notwithstanding the foregoing, a cash-basis United States holder of a Short-Term Note may elect to accrue OID into income on a current basis or to accrue the "acquisition discount" on the Note under the rules described below. If the United States holder elects to accrue OID or acquisition discount, the limitation on the deductibility of interest described above will not apply.

A United States holder using the accrual method of tax accounting and certain cash-basis United States holders (including banks, securities dealers, regulated investment companies and common trust funds) generally will be required to include original issue discount on a Short-Term Note in income on a current basis. Alternatively, a United States holder of a Short-Term Note can elect to accrue the "acquisition discount," if any, with respect to the Note on a current basis. If such an election is made, the OID rules will not apply to the Note. Acquisition discount is the excess of

the Short-Term Note's stated redemption price at maturity (i.e., all amounts payable on the Short-Term Note) over the purchase price. Acquisition discount will be treated as accruing ratably or, at the election of the United States holder, under a constant-yield method based on daily compounding.

Finally, the market discount rules will not apply to a Short-Term Note.

Notes Providing for Contingent Payments

The Contingent Payment Regulations, which govern the tax treatment of Contingent Debt Obligations, generally require accrual of interest income on a constant-yield basis in respect of such obligations at a yield determined at the time of their issuance, and may require adjustments to such accruals when any contingent payments are made. A detailed description of the tax considerations relevant to United States holders of any contingent debt obligations will be provided in the applicable Pricing Supplement.

Information Reporting and Backup Withholding

Information returns may need to be filed with the IRS with respect to payments on the Notes made to certain United States persons (as defined in the Code). In addition, certain United States persons may be subject to backup withholding tax in respect of such payments if they do not provide their taxpayer identification numbers and certify that they are not subject to backup withholding or otherwise establish an exemption from backup withholding. Persons holding Notes who are not United States persons may be required to comply with applicable certification procedures to establish that they are exempt from the application of such information reporting requirements and backup withholding tax. Any amounts withheld under the backup withholding rules will be allowed as a credit against a holder's United States federal income tax liability, if any, or as a refund, provided the required information is timely furnished to the IRS.

Information with Respect to Foreign Financial Assets

Individual United States holders that own "specified foreign financial assets" with an aggregate value in excess of U.S.\$50,000 on the last day of the taxable year or U.S.\$75,000 at any time during the taxable year are generally required to file an information statement along with their tax returns, currently on Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-United States financial institution, as well as securities issued by a non-United States issuer (which would include the Notes) that are not held in accounts maintained by financial institutions. Higher reporting thresholds apply to certain individuals living abroad and to certain married individuals. Regulations extend this reporting requirement to certain entities that are treated as formed or availed of to hold direct or indirect interests in specified foreign financial assets based on certain objective criteria. United States holders who fail to report the required information could be subject to substantial penalties. In addition, the statute of limitations for assessment of tax would be suspended, in whole or part. Prospective investors should consult their own tax advisors concerning the application of these rules to their investment in Notes, including the application of the rules to their particular circumstances.

Reportable Transactions

A United States holder that participates in a "reportable transaction" will be required to disclose its participation to the IRS. The scope and application of these rules are not entirely clear. Under the relevant rules, if the debt securities are denominated in a foreign currency, a United States holder may be required to treat a foreign currency exchange loss from the debt securities as a

reportable transaction if this loss is equal to or exceeds the relevant threshold in the regulations (U.S.\$50,000 in a single taxable year, if the United States holder is an individual or trust, or higher amounts for other non-individual United States holders). In the event the acquisition, ownership or disposition of a Foreign Currency Note constitutes participation in a “reportable transaction” for purposes of these rules, a United States holder will be required to disclose its investment to the IRS, currently on IRS Form 8886. Prospective investors are urged to consult their tax advisors regarding the application of these rules to the acquisition, ownership or disposition of Foreign Currency Notes.

Malaysian Tax Considerations

Under present Malaysian law, all interest payable by a Labuan Company (as defined in the Labuan Business Activity Tax Act 1990) to non-residents is exempted from withholding tax by virtue of a specific tax exemption where relevant conditions are met, provided that such non-residents are not licensed to carry on a business under the Malaysian Financial Services Act 2013 or the Malaysian Islamic Financial Services Act 2013. However, there is no assurance that this present position will continue and in the event that such exemption is revoked, modified or rendered otherwise inapplicable, such interest shall be subject to withholding tax at the then prevailing withholding tax rate. However, notwithstanding the foregoing, the Issuer shall be obliged pursuant to the terms of the Notes, in the event of any such withholding, to pay such additional amounts to the investors so as to ensure that the investors receive the full amount which they would have received had no such withholding been imposed.

There is no capital gains tax in Malaysia except in relation to real property gains tax chargeable on capital gains derived from the disposal of real property, shares of unlisted companies, or shares of real property companies (“Chargeable Assets”). As the Notes are not considered Chargeable Assets for real property gains tax purposes, the issuance, disposition, redemption or transfer of the Notes will not be subject to real property gains tax in Malaysia.

Certain Canadian Federal Income Tax Considerations

The following is a summary of the principal Canadian federal income tax considerations generally applicable at the date hereof to a person who acquires beneficial ownership of a Note issued by the Canadian Issuer pursuant to the Program and who at all relevant times for purposes of the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the “**Tax Act**”): (a) deals at arm’s length with the Canadian Issuer, the Guarantor and its subsidiaries; (b) is not, and is not deemed to be, a resident of Canada; (c) is entitled to receive all payments (including any interest and principal) made in respect of the Note; (d) is not, and deals at arm’s length with each person who is, a “specified shareholder” of the Canadian Issuer for the purposes of the thin capitalization rules in the Tax Act; and (e) does not use or hold and is not deemed to use or hold the Note in, or in the course of, carrying on a business in Canada (“**Non-Resident Holder**”). Special rules which apply to non-resident insurers carrying on business in Canada and elsewhere are not discussed in this summary. This summary also assumes that no amount paid or payable in respect of a Note will be the deduction component of a “hybrid mismatch arrangement” under which the payment arises within the meaning of paragraph 18.4(3)(b) of the Tax Act.

This summary is based upon: (a) the current provisions of the Tax Act in force as of the date hereof; (b) all specific proposals to amend the Tax Act that have been publicly announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof (“**Tax Proposals**”), and (c) the current published administrative policies of the Canada Revenue Agency (“**CRA**”). This summary assumes that the Tax Proposals will be enacted as currently proposed, but no assurance can be given that this will be the case. This summary is not exhaustive of all possible Canadian federal income tax

considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in law or in the administrative or assessing policies and practices of the CRA, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign tax considerations.

In general, for the purposes of the Tax Act, all amounts relating to the acquisition, holding, redemption or other disposition of Notes (including adjusted cost base, proceeds of disposition, interest, and premium, if any) must be expressed in Canadian dollars. For purposes of the Tax Act, amounts not otherwise expressed in Canadian dollars must be converted into Canadian dollars based on exchange rates as determined in accordance with the Tax Act.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any prospective Non-Resident Holder. Accordingly, prospective Non-Resident Holders should consult their own tax advisers with respect to their particular circumstances. In addition, the acquisition, holding and disposition of Notes will generally have Canadian income tax implications to Canadian residents and non-residents who carry on (or are deemed to carry on) a business in Canada and any such investors should consult with their own tax advisors.

If the principal Canadian federal income tax considerations applicable to any particular Series or Tranche of Notes are materially different from those that are described in this summary, such Canadian federal income tax considerations will be summarized in the applicable Pricing Supplement related to that particular Series or Tranche of Notes.

Interest paid or credited or deemed to be paid or credited (including amounts as, on account or in lieu of payment of, or in satisfaction of interest) by the Canadian Issuer to a Non-Resident Holder in respect of a Note will not be subject to Canadian non-resident withholding tax unless all or any portion of such interest (other than on a “prescribed obligation” described below) is contingent or dependent on the use of or production from property in Canada or is computed by reference to revenue, profit, cash flow, commodity price or any other similar criterion or by reference to dividends paid or payable to shareholders of any class or series of shares of the capital stock of a corporation (“**Participating Debt Interest**”). An obligation is a “prescribed obligation” if it is an “indexed debt obligation” and no amount payable in respect of it is contingent or dependent upon the use of, or production from, property in Canada or computed by reference to revenue, profit, cash flow, commodity price or any other similar criterion, other than a change in the purchasing power of money, or dividends paid or payable to shareholders of any class of shares. An “indexed debt obligation” is a debt obligation the terms or conditions of which provide for an adjustment to an amount payable in respect of the obligation for a period during which the obligation was outstanding that is determined by reference to a change in the purchasing power of money.

In the event that a Note is redeemed, cancelled, repurchased or purchased by any person resident or deemed to be resident in Canada (“**Canadian Transferee**”) from a Non-Resident Holder or is otherwise assigned or transferred by a Non-Resident Holder to a Canadian Transferee for an amount which exceeds, generally, the issue price thereof, such excess may, in certain circumstances, be deemed to be interest and may, together with (but without duplication of) any interest that has accrued on the Note to that time, be subject to Canadian non-resident withholding tax if: (i) all or any portion of such interest is Participating Debt Interest; or (ii) the Non-Resident Holder does not deal at arm’s length with such Canadian Transferee. Such excess will not be subject to withholding tax if the Note is considered to be an “excluded obligation” for purposes of the Tax Act. A Note that: (a) is not an indexed debt obligation; (b) was issued for an amount not less than 97% of the principal amount (as defined in the Tax Act) of the Note, and (c) the yield from which, expressed in

terms of an annual rate (determined in accordance with the Tax Act) on the amount for which the Note was issued does not exceed 4/3 of the interest stipulated to be payable on the Note, expressed in terms of an annual rate on the outstanding principal amount from time to time, will be an excluded obligation for this purpose.

If applicable, the normal rate of Canadian non-resident withholding tax is 25% but such rate may be reduced under the terms of an applicable income tax treaty between Canada and the country in which the Non-Resident Holder is resident.

Generally, there are no other Canadian federal income taxes that would be payable by a Non-Resident Holder as a result of holding or disposing of a Note (including for greater certainty, any gain realized by a Non-Resident Holder on a disposition of a Note).

Hong Kong

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the “**Inland Revenue Ordinance**”) as it is currently applied by the Inland Revenue Department, interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (a) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong, notwithstanding that the moneys in respect of which the interest is received or accrues are made available outside Hong Kong; or
- (b) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong; or
- (c) interest on the Notes is derived from Hong Kong and is received by or accrues to a person (other than a corporation) carrying on a trade, profession or business in Hong Kong and is in respect of the funds of the trade, profession or business; or
- (d) interest on the Notes is received by or accrues to a corporation (other than a financial institution) and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the Inland Revenue Ordinance).

Sums derived from the sale, disposal or redemption of the Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a corporation, who carries on a trade,

profession or business in Hong Kong and the sums have a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired or disposed of.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the Inland Revenue Ordinance) from the sale, disposal or other redemption of Notes will be subject to Hong Kong profits tax.

In addition, with effect from January 1, 2024, pursuant to various foreign-sourced income exemption legislation in Hong Kong (the “**FSIE Amendments**”), certain specified foreign-sourced income (including interest, dividend, disposal gain or intellectual property income, in each case, arising in or derived from a territory outside Hong Kong) accrued to an MNE entity (as defined in the FSIE Amendments) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The FSIE Amendments also provide for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

Stamp duty will not be payable on the issue of Bearer Notes, provided that either:

- (a) such Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (b) such Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong)).

If stamp duty is payable, it is payable by the relevant Issuer or the Guarantor on the issue of Bearer Notes at a rate of 3% of the market value of the Notes at the time of issue. No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes.

Stamp duty may be payable on any transfer of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfers of Registered Notes, provided that either:

- (a) the Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (b) the Registered Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong)).

If stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.2% (of which 0.1% is payable by the seller and 0.1% is payable by the purchaser) normally by reference to the consideration or its value, whichever is higher. If, in the case of either the sale or purchase of such Registered Notes, stamp duty is not paid, both the seller and the purchaser may be liable jointly and severally to pay any unpaid stamp duty and also any penalties for late payment. If stamp duty is not paid on or before the due date (two days after the sale or purchase if effected in Hong Kong or 30 days if effected elsewhere) a penalty of up to 10 times the duty payable may be imposed. In addition, stamp duty is payable at the fixed rate of HK\$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

INDEPENDENT AUDITORS

The consolidated and unconsolidated financial statements of Petroliam Nasional Berhad (PETRONAS) as of December 31, 2024 and 2023, and for each of the years in the three-year period ended December 31, 2024, included in this Offering Circular, have been audited by KPMG PLT, independent auditors, as stated in their report appearing herein.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have, in an amended and restated program agreement (the “**Program Agreement**”) dated March 21, 2025, agreed with the Issuers and PETRONAS a basis upon which they or any of them may from time to time agree to purchase, or procure purchasers of, Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes*.” The Issuer will pay the Relevant Dealer(s) a commission as agreed between them in respect of Notes issued under the Program.

In accordance with the terms of the Program Agreement, the Issuers (failing which, PETRONAS) has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Program and the issue of Notes under the Program and the Issuers and PETRONAS have agreed to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

The Dealers and certain of their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the Dealers and/or their respective affiliates have, in the past, performed investment banking and advisory services for PETRONAS for which they have received customary fees and expenses. Each of the Dealers and/or their respective affiliates may, from time to time, engage in further transactions with, and perform services for, PETRONAS in the ordinary course of their respective businesses. In addition, in the ordinary course of their various business activities, the Dealers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account or for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the Issuers or PETRONAS. Certain of the Dealers or their affiliates that have a lending relationship with PETRONAS routinely hedge their credit exposure to PETRONAS consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in PETRONAS’ or its subsidiaries’ securities, including potentially the Notes. The Dealers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Notice to Capital Market Intermediaries and Prospective Investors Pursuant to Paragraph 21 of the Hong Kong SFC Code of Conduct—Important Notice to CMIs (Including Private Banks)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for the relevant CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the relevant Notes. In addition,

private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer or any CMI (including its group companies) and inform the relevant Dealers accordingly.

CMIs are informed that, unless otherwise notified, the marketing and investor targeting strategy for the relevant CMI Offering may include institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any MiFID II product governance language or any UK MiFIR product governance language set out elsewhere in this Offering Circular and/or the applicable Pricing Supplement.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e., two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the relevant Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place “X-orders” into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the relevant Notes. CMIs are informed that a private bank rebate may be payable as stated above and in the applicable Pricing Supplement, or otherwise notified to prospective investors.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Dealers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the relevant Notes, private banks should disclose, at the same time, if such order is placed other than on a “principal” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a “principal” basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a “principal” basis may require the relevant affiliated Dealer(s) (if any) to categorize it as a proprietary order and apply the “proprietary orders” requirements of the SFC Code to such order and will result in that private bank not being entitled to, and not being paid, any rebate.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- (i) The name of each underlying investor;
- (ii) A unique identification number for each investor;

- (iii) Whether an underlying investor has any “Associations” (as used in the SFC Code);
- (iv) Whether any underlying investor order is a “Proprietary Order” (as used in the SFC Code); and
- (v) Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus orders should be sent to the Dealers named in the relevant Pricing Supplement.

To the extent information being disclosed by CMI and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in the relevant CMI Offering. The relevant Dealers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Dealers with such evidence within the timeline requested.

Transfer Restrictions

As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

Each purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) will be deemed to have acknowledged, represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (i) that either: (a) if the Series includes Rule 144A Notes, it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A; or (b) if the Series includes IAI Registered Notes, it is an Institutional Accredited Investor which has delivered an IAI Investment Letter; or (c) it is outside the United States and is not a U.S. person;
- (ii) that the Notes and the Guarantee are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (iii) that, unless it holds an interest in a Regulation S Global Note and either is a person located outside the United States or is not a U.S. person, if in the future it decides to

resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the date which is one year after the later of the last Issue Date for the Series and the last date on which the Issuer, the Guarantor or their respective affiliates was the owner of such Notes, only: (a) to the Issuer, the Guarantor or their respective affiliates; (b) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A or, if the applicable Pricing Supplement so permit, to an Institutional Accredited Investor that has delivered a duly executed IAI Investment Letter in a private transaction exempt from the registration requirements of the Securities Act; (c) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act; (d) pursuant to an exemption from registration under the Securities Act (if available); or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. state securities laws;

- (iv) it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (iii) above, if then applicable;
- (v) that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Notes, that Notes offered to Institutional Accredited Investors will be in the form of Definitive IAI Registered Notes and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;
- (vi) that the Notes, other than the Regulation S Global Notes, will bear a legend to the following effect unless otherwise agreed to by the Issuer and the Guarantor:

“THIS NOTE AND THE RELATED GUARANTEE HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT (1) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS OR (2) IT IS AN INSTITUTIONAL “ACCREDITED INVESTOR” (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) (AN “INSTITUTIONAL ACCREDITED INVESTOR”); (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE NOTE EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE AFFILIATES WAS THE OWNER OF SUCH NOTE, OTHER THAN (1) TO THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE AFFILIATES, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES

ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS NOTE, THE RELATED GUARANTEE AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS NOTE TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS NOTE SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS NOTE AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).”;

- (vii) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as forty days after the completion of the distribution of all the Notes in a particular Tranche), it will do so only: (a)(i) outside the United States in compliance with Rule 903 or 904 under the Securities Act; or (ii) if the Series includes Rule 144A Notes to a QIB in compliance with Rule 144A; and (b) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer and the Guarantor:

“THIS NOTE AND THE RELATED GUARANTEE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART”;

- (viii) that the Issuer, the Guarantor and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Institutional Accredited Investors who purchase Registered Notes in definitive form offered and sold in the United States in reliance upon the exemption from registration provided by Section 4(a)(2) of the Securities Act are required to execute and deliver to the Registrar an IAI Investment Letter. Upon execution and delivery of an IAI Investment Letter by an Institutional Accredited Investor, Notes will be issued in definitive registered form. See “Form of the Notes.”

The IAI Investment Letter will state, among other things, the following:

- (i) that the Institutional Accredited Investor has received a copy of this Offering Circular and such other information as it deems necessary in order to make its investment decision;
- (ii) that the Institutional Accredited Investor understands that any subsequent transfer of the Notes is subject to certain restrictions and conditions set forth in this Offering Circular and the Notes (including those set out above) and that it agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes except in compliance with, such restrictions and conditions and the Securities Act;
- (iii) that the Institutional Accredited Investor understands that the offer and sale of the Notes have not been registered under the Securities Act, and that the Notes may not be offered or sold except as permitted in the following sentence. The Institutional Accredited Investor agrees, on its own behalf and on behalf of any accounts for which it is acting, not to offer, sell or otherwise transfer such Notes except (A) to the Issuer and the Guarantor or any affiliate thereof, (B) inside the United States to a person whom it reasonably believes is a qualified institutional buyer within the meaning of Rule 144A under the Securities Act purchasing for its own account or for the account of a qualified institutional buyer in a transaction which meets the requirements of Rule 144A, (C) to an Institutional Accredited Investor that, prior to such transfer, furnishes to the Issuer and the Guarantor a signed letter IAI Investment Letter, (D) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (E) pursuant to an effective registration statement under the Securities Act or (F) pursuant to any other available exemption from the registration requirements of the Securities Act, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;
- (iv) that, in the normal course of its business, the Institutional Accredited Investor invests in or purchases securities similar to the Notes;
- (v) that the Institutional Accredited Investor is an Institutional Accredited Investor within the meaning of Rule 501 (a)(1), (2), (3) or (7) of Regulation D under the Securities Act and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Notes, and it and any accounts for which it is acting are each able to bear the economic risk of its or any such accounts' investment for an indefinite period of time; and
- (vi) that the Institutional Accredited Investor is acquiring the Notes purchased by it for its own account or for one or more accounts (each of which is an Institutional Accredited Investor) as to each of which it exercises sole investment discretion and not with a view to any distribution of the Notes in a transaction that would violate the Securities Act or the securities laws of any State of the United States or any other applicable jurisdiction.

No sale of the Legended Notes in the United States to any one purchaser will be for less than (in the case of an Institutional Accredited Investor) U.S.\$500,000 (or its foreign currency

equivalent) principal amount and (in the case of a QIB) U.S.\$200,000 (or its foreign currency equivalent) principal amount and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$200,000 (or its foreign currency equivalent) or, in the case of sales to Institutional Accredited Investors, U.S.\$500,000 (or its foreign currency equivalent) principal amount of the Registered Notes.

Notice to Canadian Investors

Representations of Canadian Investors

Each Canadian investor who purchases Notes on a private placement basis will be deemed to have represented to the Issuer, the Relevant Dealers and any dealer from whom the purchaser confirmation is received, that such investor, or any ultimate investor for which such initial investor is acting as agent: (a) is resident in a province of Canada and is entitled under applicable provincial securities laws to purchase such Notes without the benefit of a prospectus qualified under such securities laws, (b) is basing its investment decision solely on this Offering Circular and any Supplemental Offering Circular and not on any other information concerning the Issuer or the offering, (c) it has been independently advised as to restrictions with respect to trading in the Notes imposed by applicable securities laws in the jurisdiction in which it resides, confirms that no representation (written or oral) has been made to it by or on behalf of the Issuer or the Dealers with respect thereto, acknowledges that it is aware of the characteristics of the Notes, the risks relating to an investment in the Notes and of the fact that it may not be able to resell the Notes except in accordance with limited exemptions under applicable securities legislation and regulatory policy and compliance with the other requirements of applicable law, (d) acknowledges that it has been advised to consult its own legal counsel in its jurisdiction of residence for full particulars of the resale restrictions applicable to it, (e) has reviewed and acknowledges the terms referred to below under the heading “Canadian Resale Restrictions”, and (f) is in compliance with the following:

- (i) the investor is an “accredited investor” as defined in Section 73.3(1) of the *Securities Act* (Ontario) (if the investor is resident in the Province of Ontario) or in Section 1.1 of National Instrument 45-106—*Prospectus Exemptions* (“**NI 45-106**”), as applicable, and is not a person created or being used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of “accredited investor” in Section 1.1 of NI 45-106;
- (ii) the investor is either purchasing Notes as principal for its own account, or is deemed to be purchasing the Notes as principal for its own account in accordance with the applicable securities laws of the province in which such investor is resident, by virtue of being either (i) a trust company or trust corporation as further described in subsection (p) of the definition of “accredited investor” in Section 1.1 of NI 45-106; or (ii) a person acting on behalf of a fully managed account managed by that person as further described in subsection (q) of the definition of “accredited investor” in Section 1.1 of NI 45-106;
- (iii) the investor is not an individual unless the investor is a “permitted client” (as such term is defined in National Instrument 31-103—*Registration Requirements, Exemptions and Ongoing Registrant Obligations*) (“**NI 31-103**”);
- (iv) if the investor is purchasing from or through a Relevant Dealer or other dealer relying on the international dealer exemption found in NI 31-103, the investor is a “permitted client” (as such term is defined in NI 31-103);

- (v) the investor acknowledges and agrees that the offering was made exclusively under this Offering Circular and was not made through an advertisement of the Notes in any printed media of general and regular paid circulation, radio, television or telecommunications, including electronic display, or any other form of advertising in Canada;
- (vi) the investor acknowledges that the Notes are being distributed in Canada on a private placement basis only and that any resale of Notes must be in accordance with the requirements of applicable securities laws, which will vary depending on the relevant jurisdictions;
- (vii) where required by applicable securities laws, regulations or rules, the investor will execute, deliver and file such reports, undertakings and other documents relating to the purchase of the Notes by the investor as may be required by such laws, regulations or rules, or assist the Issuer and the Relevant Dealers, as applicable, in obtaining and filing such reports, undertakings and other documents or provide to the Issuer or the Relevant Dealers such information about the investors as may be required by such laws, regulations or rules. Furthermore, by purchasing the Notes, the investor acknowledges that it may be required to certify as to its status as an “accredited investor” under NI 45-106 or Section 73.3 of the *Securities Act* (Ontario), as applicable, and that such information and other information that the investor may have provided to any Relevant Dealers involved in the trade of the Notes may be required to be delivered by such Relevant Dealers to the Issuer or other parties under the terms of the Program Agreement and the supplements thereto. By purchasing the Notes, the investor consents to the disclosure of such information;
- (viii) the investor acknowledges and agrees that its name and other specified information, including the amount of Notes purchased, will be disclosed to the relevant Canadian securities regulatory authorities and may become available to the public in accordance with the requirements of applicable securities and freedom of information laws and regulations. The investor consents to the disclosure of such information. If required by applicable securities laws or stock exchange rules, the investor agrees to execute, deliver and file or assist the Relevant Dealers and/or the Issuer in obtaining and filing such certificates, reports, undertakings and other documents relating to the purchase of the Notes by the investor as may be required by any securities commission, stock exchange or other regulatory authority; and
- (ix) none of the funds being used to purchase the Notes are, to the best of its knowledge, proceeds obtained or derived, directly or indirectly, as a result of illegal activities and:
 - (a) the funds being used to purchase the Notes and advanced by or on behalf of the investor to the Issuer and/or the applicable Relevant Dealer do not represent proceeds of crime for the purpose of the Criminal Code (Canada) or the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) (collectively, the “**Anti-Money Laundering Laws**”);
 - (b) it is not a person or entity identified on a list established under any Anti-Money Laundering Law (including, without limitation, Section 83.05 of the *Criminal Code* (Canada)) and the investor is not a person or entity identified in the legislation or regulations enacting any economic or financial sanctions, laws, regulations, embargoes, or restrictive measures imposed, administered or enforced by Canada, including but not limited to, the provisions of the *United Nations Act* (Canada), the

Special Economic Measures Act (Canada) or any other economic sanctions laws administered by Foreign Affairs and International Trade Canada or the Department of Public Safety Canada (collectively, “**Canadian Economic Sanctions**”);

- (c) it acknowledges that the Issuer and the applicable Relevant Dealer may in the future be required by law to disclose the name of and other information relating to the investor and any purchase of the Notes, on a confidential basis, pursuant to the Anti-Money Laundering Laws and the legislation, regulations or instruments enacting Canadian Economic Sanctions or as otherwise may be required by applicable laws, regulations or rules, and by accepting delivery of this Offering Circular it will be deemed to have agreed to the foregoing;
- (d) to the best of its knowledge, none of the funds to be provided by or on behalf of the investor to the applicable Relevant Dealer (i) have been or will be derived from or related to any activity that is deemed criminal under the laws of Canada or any other jurisdiction, or (ii) are being tendered on behalf of a person or entity who has not been identified to the investor; and
- (e) it shall promptly notify the Issuer and the applicable Relevant Dealer if it discovers that any of the representations contained in this subparagraph (viii) ceases to be true, and shall provide the Issuer and the applicable Relevant Dealer with appropriate information in connection therewith.

Indirect Collection of Personal Information

By investing in the Notes, each individual Canadian investor acknowledges that its name, address, telephone number and other specified information, including the aggregate amount and value of Notes it has purchased, may be disclosed to other Canadian securities regulatory authorities and may become available to the public in accordance with the requirements of applicable laws. By investing in the Notes, the Canadian investor consents to the disclosure of such information.

In addition, each Canadian investor will be deemed to have represented to the Issuer and the Relevant Dealer, as applicable, and each dealer from whom a purchaser confirmation is received, that such investor:

- (i) has been notified by the Issuer that:
 - (a) the Issuer or the Relevant Dealer may be required to provide personal information pertaining to the investor as required to be disclosed in Schedule I of Form 45-106F1 under NI 45-106 (including, without limitation, its name, address, telephone number and the aggregate price paid by the investor for the Notes) (“**personal information**”), which Form 45-106F1 may be required to be filed by the Issuer under NI 45-106;
 - (b) such personal information may be delivered to the securities regulatory authority in each Canadian jurisdiction in accordance with NI 45-106;
 - (c) such personal information is collected indirectly under the authority granted to the securities regulatory authority in each Canadian jurisdiction under applicable securities legislation;

- (d) such personal information is collected for the purposes of the administration and enforcement of the securities legislation of each local Canadian jurisdiction; and
- (e) the contact information in each local Canadian jurisdiction for questions about the collection of such personal information is as follows:

Alberta Securities Commission

Suite 600, 250—5th Street SW
 Calgary, Alberta T2P 0R4
 Telephone: (403) 297-6454
 Toll free in Canada: 1-877-355-0585
 Facsimile: (403) 297-6156
 Email: inquiries@asc.ca
 Public official contact regarding indirect collection of information: FOIP Coordinator

British Columbia Securities Commission

P.O. Box 10142, Pacific Centre
 701 West Georgia Street
 Vancouver, British Columbia V7Y 1L2
 Inquiries: (604) 899-6854
 Toll free in Canada: 1-800-373-6393
 Facsimile: (604) 899-6506
 Email: FOI-privacy@bcsc.bc.ca
 Public official contact regarding indirect collection of information: Privacy Officer

The Manitoba Securities Commission

500—400 St. Mary Avenue
 Winnipeg, Manitoba R3C 4K5
 Telephone: (204) 945-2561
 Toll free in Manitoba 1-800-655-5244
 Facsimile: (204) 945-0330
 Email: securities@gov.mb.ca
 Public official contact regarding indirect collection of information: Director

Financial and Consumer Services Commission

(New Brunswick)

85 Charlotte Street, Suite 300
 Saint John, New Brunswick E2L 2J2
 Telephone: (506) 658-3060
 Toll free in Canada: 1-866-933-2222
 Facsimile: (506) 658-3059
 Email: info@fcnbc.ca
 Public official contact regarding indirect collection of information: Chief Executive Officer and Privacy Officer

Nova Scotia Securities Commission

Suite 400, 5251 Duke Street
 Duke Tower
 P.O. Box 458
 Halifax, Nova Scotia B3J 2P8
 Telephone: (902) 424-7768
 Facsimile: (902) 424-4625
 Email: NSSCinquiries@novascotia.ca
 Public official contact regarding indirect collection of information: Executive Director

Ontario Securities Commission

20 Queen Street West, 22nd Floor
 Toronto, Ontario M5H 3S8
 Telephone: (416) 593-8314
 Toll free in Canada: 1-877-785-1555
 Facsimile: (416) 593-8122
 Email: exemptmarketfilings@osc.gov.on.ca
 Public official contact regarding indirect collection of information: Inquiries Officer

Prince Edward Island Securities Office

95 Rochford Street, 4th Floor Shaw Building
 P.O. Box 2000
 Charlottetown, Prince Edward Island C1A 7N8
 Telephone: (902) 368-4569
 Facsimile: (902) 368-5283
 Email: ccs@gov.pe.ca
 Public official contact regarding indirect collection of information: Superintendent of Securities

Autorité des marchés financiers

800, Square Victoria, 22e étage
 C.P. 246, Place Victoria
 Montreal, Quebec H4Z 1G3
 Telephone: (514) 395-0337 or 1-877-525-0337
 Facsimile: (514) 873-6155 (For filing purposes only)
 Facsimile: (514) 864-6381 (For privacy requests only)
 Email: financementdassocies@lautorite.qc.ca
 Public official contact regarding indirect collection of information: Corporate Secretary

**Government of Newfoundland and Labrador
Office of the Superintendent**

Department of Digital Government and Service
NL
P.O. Box 8700
Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John's, Newfoundland and Labrador A1B 4J6
Attention: Superintendent of Securities
Telephone: (709) 729-2571
Facsimile: (709) 729-6187
Email: securitiesexemptions@gov.nl.ca
Public official contact regarding indirect
collection of information: Superintendent of
Securities

**Financial and Consumer Affairs Authority of
Saskatchewan**

Suite 601-1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5842
Facsimile: (306) 787-5899
Email: fcaa@gov.sk.ca
Public official contact regarding indirect
collection of information: Executive Director,
Securities Division

- (ii) has authorized the indirect collection of the personal information by the securities regulatory authority or regulator in each Canadian jurisdiction.

In addition, by purchasing the Notes, each Canadian investor will be deemed to have agreed to provide the Issuer and the Relevant Dealers, as applicable, with any and all information about the Canadian investor necessary to permit the Issuer and the Relevant Dealers, as applicable, to properly complete and file Form 45-106F1 as required under NI 45-106.

Canadian Resale Restrictions

The distribution of the Notes in the provinces of Canada is being made on a private placement basis only and is therefore exempt from the requirement that the Issuer prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Notes in Canada must be made in accordance with applicable Canadian securities laws, which may require resales to be made in accordance with exemptions from the prospectus requirement and in compliance with, or in accordance with exemptions from, the registration requirements. These resale restrictions may in some circumstances apply to resales of the Notes outside Canada. Canadian purchasers are advised to seek legal advice prior to any resale of the Notes.

The Issuer is not, and may never be, a “reporting issuer”, as such term is defined under applicable Canadian securities legislation, in any province or territory of Canada and there currently is no public market for any of the securities of the Issuer in Canada, including the Notes, and one may never develop. Canadian investors are advised that under no circumstances will the Issuer be required to file a prospectus or similar document with any securities regulator or regulatory authority in Canada qualifying the resale of the Notes to the public in any province or territory of Canada. Canadian investors are also advised that the Issuer currently has no intention to file a prospectus or similar document with any securities regulator or regulatory authority in Canada qualifying the resale of the Notes to the public in any province or territory in Canada.

In order to comply with the dealer registration requirements of Canadian securities laws, any resale of the Notes by a Canadian investor must be made either by a person not required to register as a dealer under applicable Canadian securities laws, or through an appropriately registered dealer or in accordance with applicable Canadian securities laws, or through an appropriately registered dealer or in accordance with an exemption from the dealer registration requirements.

Language of Documents

Upon acceptance of this Offering Circular, each Canadian investor in Notes in Canada confirms its express wish that all documents evidencing or relating to the sale of the Notes and all other contracts and related documents be drafted in the English language. *À la réception de ce document, chaque investisseur canadien confirme sa volonté expresse que tous les documents attestant de la vente des titres ou s'y rapportant ainsi que tous les autres contrats et documents s'y rattachant soient rédigés en langue anglaise.*

Bank Act (Canada)

The Issuer is not a member institution of the Canada Deposit Insurance Corporation. The liability incurred by the Issuer through the issuance and sale of the Notes is not a deposit. The Issuer is not regulated as a financial institution in Canada.

Interest Act (Canada)

For purposes of the *Interest Act* (Canada) and disclosure thereunder, wherever any interest to be paid upon Notes issued by the Issuer is to be calculated on the basis of a 360-day or 365-day year, the yearly rate of interest to which the rate used in such calculation is equivalent is the rate so used multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by 360 or 365, as applicable. The rates of interest under Notes issued by the Issuer are nominal rates and not effective rates or yields. The principle of deemed reinvestment of interest does not apply to any interest calculation under Notes issued by the Issuer.

Selling Restrictions

United States

The Notes and the Guarantee have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this section have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended (the “Code”) and the U.S. Treasury regulations and administrative guidance promulgated thereunder, including TEFRA D, TEFRA C, and Notice 2012-20. For purposes of this Offering Circular, “TEFRA D” and “TEFRA C” mean rules in substantially the same form as U.S. Treasury Regulations §1.163-5(c)(2)(i)(D) and §1.163-5(c)(2)(i)(C), respectively, for purposes of Section 4701 of the Code.

If the relevant Pricing Supplement relating to any Tranche of Bearer Notes specifies that the applicable TEFRA exemption is “TEFRA D,” each Relevant Dealer will be required to represent, undertake and agree that:

- (i) except to the extent permitted under TEFRA D, (a) it has not offered or sold, and during the restricted period will not offer or sell, Bearer Notes to a person who is within the United States or its possessions or to a United States person and (b) it has not delivered and will not deliver within the United States or its possessions definitive Bearer Notes that are sold during the restricted period;

- (ii) it has, and throughout the restricted period it will have in effect, procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by TEFRA D;
- (iii) if it is a United States person, it is acquiring the Bearer Notes for purposes of resale in connection with their original issuance and if it retains Bearer Notes for its own account, it will only do so in accordance with the applicable requirements of TEFRA D;
- (iv) with respect to each affiliate that acquires Bearer Notes from it for the purpose of offering or selling such Bearer Notes during the restricted period, it either: (a) repeats and confirms the representations and agreements contained in subparagraphs (i), (ii) and (iii) above on such affiliate's behalf; or (b) agrees that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in subparagraphs (i), (ii) and (iii) above;
- (v) it shall obtain for the benefit of the Issuer the representations, undertakings and agreements contained in subparagraphs (i), (ii), (iii), and (iv) of this paragraph from any person other than its affiliate with whom it enters into a written contract, (a "distributor" as defined in TEFRA D), for the offer or sale during the restricted period of the Notes; and
- (vi) if it will be a holder of the Notes on the earlier of the date of the first actual payment of interest by the Issuer on such Notes or the date of delivery by the Issuer of the definitive Notes, it will deliver to the Issuer and the Guarantor a duly executed certification as required by TEFRA D in the form set forth in Annex A to the Selling Restrictions attached to the Program Agreement and such certification is a condition precedent to the Issuer's delivery of such Notes.

If the relevant Pricing Supplement relating to any Tranche of Bearer Notes specifies that the applicable TEFRA exemption is "TEFRA C," such Bearer Notes must, in connection with their original issuance, be issued and delivered outside the United States and its possessions and, accordingly, each Relevant Dealer will be required to represent, warrant and undertake that, in connection with the original issuance of the Bearer Notes:

- (i) it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any Bearer Notes within the United States or its possessions in connection with their original issuance of such Notes;
- (ii) it has not negotiated or communicated, and will not negotiate or communicate, directly or indirectly, with a prospective purchaser if it or such prospective purchaser is within the United States or its possessions and will not otherwise involve its United States office in the offer and sale of Bearer Notes;
- (iii) it has not and will not advertise or otherwise promote such Bearer Notes in the United States or its possessions; and
- (iv) it has not and will not significantly engage in "interstate commerce" with respect to the issuance of such Bearer Notes within the meaning of TEFRA C.

In connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S

(“**Regulation S Notes**”), each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it will not offer, sell or deliver such Regulation S Notes: (i) as part of their distribution at any time; or (ii) otherwise until forty days after the completion of the distribution, as determined and certified by the Relevant Dealer(s) or, in the case of an issue of Notes on a syndicated basis, the relevant Lead Manager(s), of all Notes of the Tranche of which such Regulation S Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons, except if the relevant series includes Rule 144A Notes pursuant to an exemption from registration under the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Program will be required to agree, that it will send to each dealer to which it sells any Regulation S Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until forty days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

If a Series includes Rule 144A Notes, Dealers may arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is U.S.\$200,000 (or the approximate equivalent thereof in any other currency). To the extent that PETRONAS is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, PETRONAS has agreed to furnish to holders of Notes and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

If so specified in the applicable Pricing Supplement for a Series, Dealers may also arrange for the sale of Notes to Institutional Accredited Investors in private transactions exempt from the registration requirements of the Securities Act. Each Institutional Accredited Investor will be required to deliver a duly executed IAI Investment Letter. The minimum aggregate principal amount of Notes which may be purchased by an Institutional Accredited Investor is U.S.\$500,000.

Each issuance of Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the Relevant Dealer(s) may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

European Economic Area Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that:

- (i) unless the Pricing Supplement specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering

contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (A) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
 - (B) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (C) not a qualified investor as defined in Regulation (EU) No 2017/1129 (as amended, the “**Prospectus Regulation**”); and
 - (b) the expression an offer includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.
- (ii) If the Pricing Supplement specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the EEA, it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Member State:
- (a) if the Pricing Supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Member State, or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
 - (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
 - (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the Relevant Dealer or Dealers nominated by the Issuer for any such offer; or
 - (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer, the Guarantor or any Relevant Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an offer of Notes to the public in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression Prospectus Regulation means Regulation (EU) No 2017/1129.

Hong Kong

Each Dealer has represented and agreed and each further Dealer appointed under the Program will be required to represent and agree, that:

- (i) it has not offered or sold, and will not offer or sell, in the Hong Kong Special Administrative Region of the People’s Republic of China (“**Hong Kong**”), by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”) and any rules made under the SFO, or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the “**C(WUMP)O**”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (ii) it has not issued, or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended) (the “**FIEA**”). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered or sold and will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Law (Law No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Malaysia

The Notes may not be offered, sold or delivered, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within any one of the categories of persons specified under paragraph 1(a), (b) or (d) of Part 1 of Schedule 5, Schedule 6 (or Section 229(1)(b)), Schedule 7 (or Section 230(1)(b)), and Schedule 8 (or Section 257(3)), read together with Schedule 9 (or Section 257(3)) of the Capital Markets and Services Act 2007 of Malaysia, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission Malaysia and/or any other regulatory authority from time to time.

In addition, residents of Malaysia may be required to obtain relevant regulatory approvals, including approval from the Controller of Foreign Exchange to purchase the Notes. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Dealers is responsible for any invitation, offer, sale or purchase of the Notes as aforesaid without the necessary approvals being in place.

An invitation to subscribe for, or an offer to purchase the Notes may only be made into Labuan if such Notes are offered for subscription or sale, sold, transferred or otherwise disposed of, directly or indirectly to a person falling, or if such offer or invitation falls, within Section 8(5) of the Labuan Financial Services and Securities Act 2010.

Singapore

The Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Notes may not be made the subject of an invitation for subscription or purchase and may not be offered or sold or be caused to be made the subject of an invitation for subscription or purchase, and the Offering Circular may not be circulated or distributed, nor may other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore.

Any reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time, including by such of its subsidiary legislation as may be applicable at the relevant time.

United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Program will be required to represent and agree, that:

- (i) unless the Pricing Supplement specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:
 - (a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the UK Financial Services and Markets Act 2000 (the “FSMA”) to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of United Kingdom domestic law by virtue of the EUWA; or

- (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression an offer includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.
- (ii) in relation to any Notes which have a maturity of less than one year, (i) the Relevant Dealer is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) the Relevant Dealer has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (iii) the Relevant Dealer has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (iv) the Relevant Dealer has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Dealer has represented and agreed that the Notes have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Dealer has represented and agreed that it has not offered and will not offer the Notes to any person in the Dubai International Financial Centre unless such offer is:

- (i) an “Exempt Offer” for the purposes of the Markets Rules 2012 of the Dubai Financial Services Authority (“**DFSA**”); and
- (ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business.

State of Qatar

Each Dealer has represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, any Notes in the State of Qatar (“**Qatar**”), except (a) in compliance with all applicable laws and regulations of Qatar and (b) through persons or corporate entities authorized and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in Qatar.

Kingdom of Bahrain

Each Dealer has represented and agreed that it has not offered or sold, and will not offer or sell, any Notes except on a private placement basis to persons in the Kingdom of Bahrain who are “accredited investors.”

For this purpose, an “accredited investor” means:

- (i) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more;
- (ii) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (iii) a government, supranational organization, central bank or other national monetary authority or a state organization whose main activity is to invest in financial instruments (such as a state pension fund).

Kuwait

Each Dealer has represented and agreed that no Notes have been licensed for offering in Kuwait by the Kuwait Capital Markets Authority. The offering of the Notes in Kuwait on the basis of a private placement or public offering is, therefore, restricted in accordance with Law No. 7 of 2010 “Establishing of the Capital Markets Authority and the organization of securities activity”, its Executive Regulations and the various Resolutions and Announcements issued pursuant thereto or in connection therewith. No private or public offering of the Notes is being made in Kuwait, and no agreement relating to the sale of the Notes will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Notes in Kuwait.

Canada

This Offering Circular does not constitute and is not to be construed as a public offering of Notes in any jurisdiction in Canada. No securities commission or similar regulatory authority in Canada has reviewed this Offering Circular or has in any way passed upon the merits of Notes offered hereunder. No prospectus has been filed with any such authority in connection with Notes offered hereunder.

In respect of any offers of Notes in Canada, each Relevant Dealer on behalf of itself and each of its affiliates that participates in the initial distribution of any Notes has or will be required to represent, warrant and agree that:

- (i) the sale and delivery of any Notes to any purchaser who is a resident of Canada it shall be made so as to be exempt from the prospectus filing requirements and exempt from or in compliance with the dealer registration requirements of all applicable securities laws and regulations, rulings and orders made thereunder and rules, instruments and policy statements issued and adopted by the relevant securities regulator or regulatory authority, including those applicable in each of the provinces of Canada and only to such purchasers that are resident in a province of Canada;
- (ii) where required under applicable Canadian securities laws, (i) it is duly registered under the applicable Canadian securities laws (is otherwise relying on an exemption from the

registration requirements under applicable Canadian securities laws) in each province where it proposes to sell and deliver the Notes to purchasers that are resident of such province, and to whom it sells or delivers any Notes or (ii) such sale and delivery will be made through an affiliate of it that is so registered (or is otherwise relying on an exemption from such registration requirements) and agrees to make such sale and delivery in compliance with the representations, warranties and agreements of the Relevant Dealer set out in the Program Agreement and the supplements thereto;

- (iii) it will comply with all applicable Canadian securities laws concerning any distribution of the Notes in Canada;
- (iv) it will use commercially reasonable efforts to confirm that each Canadian purchaser, or any ultimate investor for which such initial investor is acting as agent (i) is an “accredited investor” as defined in Section 73.3 of the *Securities Act* (Ontario) (if the investor is resident in the Province of Ontario) or in Section 1.1 of NI 45-106, as applicable; (ii) is not a person created or being used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of “accredited investor” in section 1.1 of NI 45-106; (iii) is either purchasing Notes as principal (or deemed to be purchasing as principal under Canadian securities laws); (iv) is not an individual unless the investor is a “permitted client” (as such term is defined in NI 31-101) and (v) if the Relevant Dealer or affiliate is relying on the international dealer exemption in NI 31-103, is a “permitted client” (as such term is defined in NI 31-101); such Relevant Dealer will use commercially reasonable efforts to obtain and retain relevant information and documentation to evidence the steps taken to verify compliance with the exemption in accordance with its usual document retention policies and procedures in compliance with applicable laws, and will provide to the Issuer forthwith upon written request all such information or documentation as the Issuer may reasonably request in good faith and solely for the purpose of verifying compliance with the exemption, correcting any required filings and responding to regulatory inquiries with respect thereto;
- (v) other than in accordance with applicable Canadian securities laws, the offer and sale of the Notes was not made through or accompanied by any advertisement of the Notes, including, without limitation, in printed media of general and regular paid circulation, radio, television or telecommunications, including electronic display, or any other form of advertising or as part of a general solicitation in Canada; and
- (vi) it has not provided and will not provide to any purchaser any document or other material that would constitute an offering memorandum (other than this Offering Circular, any Supplemental Offering Circular or the information set out herein).

Taiwan (ROC)

Each Dealer has represented and agreed that the Notes have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of the ROC and/or other regulatory authority of the ROC pursuant to relevant securities laws and regulations and may not be sold, issued or offered within the ROC through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of the ROC or relevant laws and regulations that requires a registration, filing or approval of the Financial Supervisory Commission of the ROC and/or other regulatory authority of the ROC. No person or entity in the ROC has been authorized to offer or sell the Notes in the ROC.

Korea

Each Dealer has represented and agreed that it has not and will not, directly or indirectly, offer, sell or deliver any Notes in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined in the Korean Foreign Exchange Transaction Law “FETL”), or to others for reoffering or resale, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined in the FETL), except as otherwise permitted by applicable Korean laws and regulations, including the Financial Investment Services and Capital Markets Act and the FETL) and the decrees and regulations thereunder. The Notes have not been registered with the Financial Services Commission of Korea for public offering in Korea.

Furthermore, the Notes may not be re-sold to Korean residents unless the purchaser of the Notes complies with all applicable regulatory requirements (including but not limited to government approval requirements under the FETL and its subordinate decrees and regulations) in connection with their purchase. The aggregate number of Notes offered in Korea or to a resident in Korea, shall in each case be less than 50. By purchasing the Notes, each noteholder will be deemed to represent, warrant and agree that for a period of one year from the issue date thereof, the Notes, may not be sub-divided or re-denominated so as to result in increasing the aggregate number of Notes to 50 or more.

General

Each Dealer has agreed, and each further Dealer appointed under the Program will be required to agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, PETRONAS nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, PETRONAS and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the Relevant Dealer(s) will be required to comply with such other restrictions as the Issuer, PETRONAS and the Relevant Dealer(s) shall agree and as shall be set out in the applicable Pricing Supplement.

BOOK-ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, CDS, Euroclear or Clearstream (each a “Clearing System” and together, the “Clearing Systems”) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuers and PETRONAS believe to be reliable, but none of the Issuers, PETRONAS or any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuers, PETRONAS, the Arranger, any Dealer or any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. The applicable Pricing Supplement will specify the Clearing System(s) applicable for each Series.

Book-entry Systems

DTC

DTC has advised the Issuer and PETRONAS that it is a limited purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (“**Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC System is also available to others such as securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the “**Rules**”), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC’s book-entry settlement system (“**DTC Notes**”) as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the U.S. Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (“**Owners**”) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co, or such other name as may be requested by an authorized representative of DTC. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to DTC Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer and PETRONAS as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer, PETRONAS or the Principal Paying Agent on the due date for payment in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Issuer or PETRONAS, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer (and failing whom, PETRONAS), disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Because of time zone differences, credits of Notes received in Clearstream or Euroclear as a result of a transaction with a DTC Participant may be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions in such Notes settled during such processing will be reported to the relevant Clearstream participants or Euroclear participants on such business day. Cash received in Clearstream or Euroclear as a result of sales of Notes by or through a Clearstream participant or a Euroclear participant to a DTC Participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Note, will be legended as set forth under “*Subscription and Sale and Transfer and Selling Restrictions.*”

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream

Euroclear and Clearstream each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Book-entry Ownership of and Payment in respect of CDS

CDS was formed in November 2006 pursuant to the restructuring of The Canadian Depository for Securities Limited (“**CDS Ltd.**”). CDS is wholly-owned by CDS Ltd. CDS Ltd. was incorporated in 1970 and remains the holding company for CDS and two other operating subsidiaries and is Canada’s national securities clearing and depository services organization. CDS Ltd. was acquired in August 2012 by Maple Group Acquisition Corporation (renamed TMX Group Limited). CDS is part of TMX Group Limited. It is affiliated with CDS Inc., which provides services to the Canadian Securities Administrators, and CDS Innovations Inc., a commercial marketer of CDS information products such as CDS Bulletins and entitlements information.

CDS is Canada’s national securities depository, clearing and settlement hub, supporting Canada’s equity, fixed income and money markets. Functioning as a service utility for the Canadian financial community, CDS provides a wide variety of computer automated services for financial

institutions and investment dealers active in domestic and international capital markets. CDS participants (“**CDS Participants**”) include banks, investment dealers and trust companies and may include certain of the Dealers. Indirect access to CDS is available to other organizations that clear through or maintain a custodial relationship with a CDS Participant. Transfers of ownership and other interests in Notes deposited in CDS, including cash distributions, may only be processed through CDS Participants and will be completed in accordance with existing CDS rules and procedures. CDS is headquartered in Toronto and has offices in Montreal, Vancouver and Calgary.

Book-entry Ownership of and Payments in respect of DTC Notes

The Issuer and PETRONAS may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the Relevant Dealer(s). Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or Indirect Participants, including the respective depositaries of Euroclear and Clearstream. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants’ account.

The Issuer and PETRONAS expect DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer and PETRONAS also expect that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Principal Paying Agent, the Registrar, the Issuer or PETRONAS. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer (and failing whom, PETRONAS).

CDS

The Canadian dollar-denominated Notes of each Series issued in Canada, subject to certain exceptions, will be represented by one or more fully-registered global securities held by, or on behalf of, CDS, as custodian of the global securities (for its participants) and registered in the name of CDS & Co., and registrations of interests in and transfers of the Notes will be made only through the book-entry only system of CDS. Except as described below, owners of beneficial interests in Notes will not be entitled to a certificate or other instrument from the Issuer or the Guarantor or CDS evidencing the purchaser’s ownership there of, owners of beneficial interests in Notes held

through CDS and its participants will not be considered the “holders” of those Notes under the Program and no such beneficial owner of Notes will be shown on the records maintained by CDS, although it is expected that such beneficial interests will be reflected through book-entry accounts of CDS’ direct and indirect participants acting on behalf of such beneficial owners. Each purchaser of Notes represented by a Global Registered Note is expected to receive a customer confirmation of purchase from the Relevant Dealer from which the Notes are purchased in accordance with the practices and procedures of the Relevant Dealer. The practices of the Relevant Dealer may vary but, generally, customer confirmations are issued promptly after execution of a customer order. CDS will be responsible for establishing and maintaining book-entry accounts for its direct participants having interests in global securities, and CDS’ direct and indirect participants will be responsible for maintaining book-entry accounts for beneficial owners holding interests in the Notes. Sales of interests in a global security in CDS can only be completed through participants in the book-entry only depository service of CDS.

None of the Issuer, Guarantor or the Relevant Dealers will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Notes held by CDS or any of its direct or indirect participants or the payments relating thereto; (b) maintaining, supervising or retaining any records relating to the Notes; or (c) any advice or representation made by, or with respect to, CDS or any action to be taken by CDS or at the direction of its participants.

The laws of some states may require that certain purchasers of securities take physical delivery of securities in definitive form. Such limits and such laws may impair the ability to own, transfer or pledge beneficial interests in the Notes.

For as long as the Notes are maintained in book-entry form at CDS, CDS or its nominee will be the registered holder of the Notes for all purposes and all payments on the Notes will be made to CDS and payments to beneficial owners of Notes will be made in accordance with CDS’ procedures and the procedures of its participants. Consequently, purchasers will need to look to CDS and its participants through which such purchaser’s interests in the Notes are owned for any payment or to exercise any rights in respect of the Notes. The Issuers and the Guarantor bear no responsibility for the actions of CDS or its participants, and any purchaser’s ability to receive payments or exercise any rights in respect of the notes will be subject to their procedures.

Transfers of Notes Represented by Registered Global Notes

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream will be effected in accordance with the customary rules and operating procedures of the relevant Clearing System. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under “*Subscription and Sale and Transfer and Selling Restrictions—Transfer*

Restrictions”, cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream or Euroclear accountholders, on the other, will be effected by the relevant Clearing System in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian (“**Custodian**”) with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date two business days after the trade date (T+2). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. For transfers between a Regulation S Global Note and a Rule 144A Global Note, transfers will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of such transfers, settlement cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuers, PETRONAS, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

Transfers of beneficial ownership of Notes represented by a global security deposited with CDS will be effected only through records maintained by CDS for such global security (with respect to interests of participants) and on the records of its direct and indirect participants (with respect to interests of persons other than participants). Beneficial owners who are not participants in the book-entry only depository service of CDS, but who desire to purchase, sell or otherwise transfer ownership of or other interests in a global security, may do so only through participants in the book-entry only depository service of CDS.

The ability of a beneficial owner of an interest in a Note represented by a global security to pledge the Notes or otherwise take action with respect to such owner’s interest in the Notes represented by a global security (other than through a participant) may be limited due to the lack of possession of a certificate representing physical notes.

CDS may discontinue providing its services as securities depository with respect to the Notes deposited in CDS at any time by giving reasonable notice to the Issuer. If CDS is no longer willing or able to discharge properly its responsibilities as depository with respect to the Notes, the Issuer will use commercially reasonable efforts to locate a qualified successor. However, definitive Notes will be issued in exchange for beneficial interests in global Notes, registered in the names of persons other than CDS or its nominee, only if there is an Exchange Event. In the event that definitive Notes

are to be issued as aforesaid, the Issuer will notify the Registrar and promptly execute, and the authenticating agent, upon receipt of an order from the Issuer for the authentication and delivery of definitive notes, will authenticate and deliver definitive Notes in an aggregate principal amount equal to the principal amount of the global securities in exchange for beneficial interests in such global securities in accordance with the instructions, if any, of CDS.

If definitive Notes are issued under the limited circumstances described above, registration of transfers or exchanges of certificated Notes may be made by delivery of those certificated Notes, duly endorsed or accompanied by instruments of transfer duly endorsed, by the registered holders thereof, at the office of a registrar for the Notes.

Purchasers may elect to hold interests in the Notes outside Canada through Clearstream and Euroclear, if such purchaser is a participant in those systems, or indirectly through organizations that are participants in those systems. Clearstream and Euroclear will hold interests on behalf of their participants through securities accounts in Clearstream's and Euroclear's names on the books of their respective sub-custodians. The interests are ultimately held through a CDS Participant that acts as sub-custodian for Euroclear or Clearstream, as applicable.

Cross market transfers between persons holding directly or indirectly through CDS Participants, on the one hand, and directly or indirectly through Clearstream participants or Euroclear participants, on the other, will be effected in CDS in accordance with CDS rules; however, such cross market transactions will require delivery of instructions to the relevant clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines. The relevant clearing system will, if the transaction meets its settlement requirements, deliver instructions to CDS directly or through its Canadian sub-custodian to take action to effect final settlement on its behalf by delivering or receiving Notes in CDS, and making or receiving payment in accordance with normal procedures for settlement in CDS. Clearstream participants and Euroclear participants may not deliver instructions directly to CDS or the Canadian sub-custodians.

Because of time zone differences, credits of Notes received in Clearstream or Euroclear as a result of a transaction with a CDS Participant may be made during subsequent securities settlement processing and dated the business day following the CDS settlement date. Such credits or any transactions in such Notes settled during such processing will be reported to the relevant Clearstream participants or Euroclear participants on such business day. Cash received in Clearstream or Euroclear as a result of sales of Notes by or through a Clearstream participant or a Euroclear participant to a CDS Participant will be received with value on the CDS settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in CDS.

Although CDS, Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of Notes among participants of CDS, Clearstream and Euroclear, they are under no obligation to perform or continue to perform such procedures and such procedures may be modified or discontinued at any time. The Issuers and the Guarantor will not have any responsibility for the performance by CDS, Euroclear or Clearstream or their respective direct or indirect participants of their obligations under the rules and procedures governing their operations.

STATUTORY RIGHTS OF ACTION IN CANADA

Securities legislation in certain of the provinces of Canada provides purchasers, in addition to any other rights they may have at law, with a remedy for rescission or damages where an offering document or any amendment to it, and in some cases, advertising and sales literature used in connection therewith, contains a misrepresentation. These remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limit prescribed, and are subject to the defenses contained, in the applicable securities legislation. Canadian purchasers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal advisor.

Statutory Rights of Action (Ontario Purchasers)

Section 5.2 of OSC Rule 45-501—*Ontario Prospectus and Registration Exemptions* provides that when an offering memorandum, such as this Offering Circular, is delivered to an investor to whom securities are distributed in reliance upon the “accredited investor” prospectus exemption in Section 73.3(2) of the *Securities Act* (Ontario), the right of action referred to in Section 130.1 of the *Securities Act* (Ontario) (“**Section 130.1**”) is applicable, unless the prospective purchaser is:

- (i) a Canadian financial institution, meaning either:
 - (a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under Section 473(1) of that Act; or
 - (b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;
- (ii) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);
- (iii) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or
- (iv) a subsidiary of any person referred to in paragraphs (a), (b) or (c), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

Section 130.1 provides such investors who purchase securities offered by an offering memorandum with a statutory right of action against the Issuer of securities for rescission or damages in the event that the offering memorandum and any amendment to it contains a “misrepresentation”. “Misrepresentation” means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading or false in the light of the circumstances in which it was made.

Where this Offering Circular is delivered to a prospective purchaser of Notes in connection with a trade made in reliance on Section 73.3(2) of the *Securities Act* (Ontario), and this document contains a misrepresentation the purchaser will have, without regard to whether the purchaser relied on the misrepresentation, a statutory right of action against the Issuer for damages or, while still the

owner of Notes, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that no action shall be commenced more than, in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) 180 days after such holder of Notes first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action.

The defendant shall not be liable for a misrepresentation if it proves that the purchaser purchased the Notes with knowledge of the misrepresentation.

In an action for damages, the defendant shall not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the Notes as a result of the misrepresentation relied upon.

In no case shall the amount recoverable for the misrepresentation exceed the price at which the Notes were offered.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the *Securities Act* (Ontario) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Statutory Rights of Action (Saskatchewan Purchasers)

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the “**Saskatchewan Act**”) provides that where an offering memorandum (such as this Offering Circular) or any amendment to it is sent or delivered to a purchaser and it contains a “misrepresentation” (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it has, without regard to whether the purchaser relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for rescission against the Issuer or a selling security holder on whose behalf the distribution is made or a right of action for damages against:

- (i) the Issuer or a selling security holder on whose behalf the distribution is made;
- (ii) every promoter and director of the Issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;
- (iii) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;
- (iv) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and
- (v) every person who or company that sells securities on behalf of the Issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

- (i) if the purchaser elects to exercise its right of rescission against the Issuer or selling security holder, it shall have no right of action for damages against that party;
- (ii) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;
- (iii) no person or company, other than the Issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it purporting to be made on the person's or company's own authority as an expert or purporting to be a copy of, or an extract from, the person's or company's own report, opinion or statement as an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;
- (iv) no person who or company that sells securities on behalf of the Issuer or selling security holder will be liable if that person or company can establish that he, she or it cannot reasonably be expected to have had knowledge of any misrepresentation in the offering memorandum or any amendment to it;
- (v) in no case shall the amount recoverable exceed the price at which the securities were offered; and
- (vi) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the Issuer or selling security holder, will be liable if the person or company proves, among other things, that:

- (i) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company gave reasonable general notice that it was so sent or delivered;
- (ii) after the filing of the offering memorandum or any amendment to it and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the offering memorandum or any amendment to it, the person or company withdrew the person's or company's consent to it and gave reasonable general notice of the person's or company's withdrawal and the reason for it;
- (iii) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or that the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;

- (iv) with respect to any part of the offering memorandum or of any amendment to it purporting to be made on the person's or company's own authority as an expert or purporting to be a copy of, or an extract from, the person's or company's own report, opinion or statement as an expert that contains a misrepresentation attributable to failure to represent fairly his, her or its report, opinion or statement as an expert:
 - (a) the person or company had, after reasonable investigation, reasonable grounds to believe, and did believe, that the part of the offering memorandum or of any amendment to it fairly represented the person's or company's report, opinion or statement; or
 - (b) on becoming aware that the part of the offering memorandum or of any amendment to it did not fairly represent the person's or company's report, opinion or statement as an expert, the person or company immediately advised the Financial and Consumer Affairs Authority of Saskatchewan and gave reasonable general notice that such use had been made of it and that the person or company would not be responsible for that part of the offering memorandum or of any amendment to it; or
- (v) with respect to a false statement purporting to be a statement made by an official person or contained in what purports to be a copy of or extract from a public official document, the statement was a correct and fair representation of the statement or copy of or extract from the document and the person or company had reasonable grounds to believe, and did believe, that the statement was true.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

The liability for damages of all persons and companies referred to above is joint and several, provided that the court may deny the right to recover a contribution where, in all the circumstances of the case, it is satisfied that to permit recovery of a contribution would not be just and equitable.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold by a vendor who is trading in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Financial and Consumer Affairs Authority of Saskatchewan.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action shall be commenced to enforce any of the foregoing rights more than:

- (i) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (ii) in the case of any other action, other than an action for rescission, the earlier of:
 - (a) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or
 - (b) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act with a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

This summary is subject to the express provisions of the Saskatchewan Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Statutory Rights of Action (Newfoundland and Labrador Purchasers)

By purchasing Notes hereunder, purchasers in Newfoundland and Labrador will be deemed to have been granted by the Issuer and will be entitled to the same rights of action for damages or rescission provided to residents of Ontario who purchase Notes.

Statutory Rights of Action (Nova Scotia Purchasers)

The right of action for rescission or damages described herein is conferred by section 138 of the *Securities Act* (Nova Scotia) ("**Section 138**"). Section 138 provides, in the relevant part, that in the event that this Offering Circular, together with any amendments hereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains an untrue statement of material fact or omits to state a material fact that is required to be stated or that is necessary in order to make any statements contained herein or therein not misleading in light of the circumstances in which it was made (a "misrepresentation"), a purchaser of Notes is deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the seller of such Notes, the directors of the seller at the date of this Offering Circular and the persons who have signed this Offering Circular or, alternatively, while still the owner of the Notes, may elect instead to exercise a statutory right of rescission against the seller, in which case the purchaser shall have no right of action for damages against the seller, the directors of the seller or the persons who have signed this Offering Circular, provided that, among other limitations:

- (i) no action shall be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia later than 120 days after the date payment was made for

the Notes (or after the date on which initial payment was made for the Notes where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);

- (ii) no person will be liable if it proves that the purchaser purchased the Notes with knowledge of the misrepresentation;
- (iii) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Notes as a result of the misrepresentation relied upon; and
- (iv) in no case will the amount recoverable in any action exceed the price at which the Notes were offered to the purchaser.

In addition no person or company other than the Issuer is liable if that person or company proves that:

- (i) this Offering Circular or any amendment to this Offering Circular was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;
- (ii) after delivery of this Offering Circular or any amendment to this Offering Circular and before the purchase of the Notes by the purchaser, on becoming aware of any misrepresentation in this Offering Circular, or amendment to this Offering Circular, the person or company withdrew the person's or company's consent to this Offering Circular, or amendment to this Offering Circular, and gave reasonable general notice of the withdrawal and the reason for it; or
- (iii) with respect to any part of this Offering Circular or amendment to this Offering Circular purporting: (i) to be made on the authority of an expert; or (ii) to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that (A) there had been a misrepresentation, or (B) the relevant part of this Offering Circular or amendment to this Offering Circular (1) did not fairly represent the report, opinion or statement of the expert, or (2) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Furthermore, no person or company other than the Issuer is liable under Section 138 with respect to any part of this Offering Circular or amendment to this Offering Circular not purporting: (a) to be made on the authority of an expert, or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed that there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into, this Offering Circular or amendment to this Offering Circular, the misrepresentation is deemed to be contained in this Offering Circular or amendment to this Offering Circular.

The liability of all persons or companies referred to above is joint and several with respect to the same cause of action. A defendant who is found liable to pay a sum in damages may recover a

contribution, in whole or in part, from a person or company who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law. This summary is subject to the express provisions of the *Securities Act* (Nova Scotia) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Statutory Rights of Action (New Brunswick Purchasers)

Section 2.1 of Financial and Consumer Services Commission Rule 45-802 provides that the statutory rights of action in rescission or damages referred to in section 150 of the *Securities Act* (New Brunswick) (“**Section 150**”) apply to information relating to an offering memorandum, such as this Offering Circular, that is provided to a purchaser of securities in connection with a distribution made in reliance on the “accredited investor” prospectus exemption in section 2.3 of NI 45-106. Section 150 provides investors who purchase securities offered for sale in reliance on an exemption from the prospectus requirements of the *Securities Act* (New Brunswick) with a statutory right of action against the Issuer of securities for rescission or damages in the event that an offering memorandum provided to the purchaser contains a “misrepresentation”. Section 150 also provides such investors with a statutory right of action against every person who was a director of the Issuer at the date of the offering memorandum and every person who signed the offering memorandum. Under the *Securities Act* (New Brunswick), “misrepresentation” means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Where this Offering Circular is delivered to a prospective purchaser of Notes in connection with a trade made in reliance on section 2.3 of NI 45-106, and this document contains a misrepresentation, a purchaser who purchases the securities shall be deemed to have relied on the misrepresentation and will have, subject to certain limitations and defences, a statutory right of action against the Issuer for damages or, while still the owner of Notes, for rescission (if the securities were purchased from (i) the Issuer or (ii) the selling security holder on whose behalf the distribution was made), in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that the right of action for rescission will be exercisable by the purchaser only if the purchaser commences an action against the defendant, not more than 180 days after the date of the transaction that gave rise to the cause of action, or, in the case of any action other than an action for rescission, the earlier of: (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) six years after the date of the transaction that gave rise to the cause of action.

The defendant shall not be liable for a misrepresentation if it proves that the purchaser purchased the Notes with knowledge of the misrepresentation.

In an action for damages, the defendant shall not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the Notes as a result of the misrepresentation relied upon.

In no case shall the amount recoverable for the misrepresentation exceed the price at which the Notes were offered.

The liability of all persons and companies referred to above is joint and several. The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the *Securities Act* (New Brunswick) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Statutory Rights of Action (Prince Edward Island Purchasers)

The right of action for rescission or damages described herein is conferred by section 112 of the *Securities Act* (Prince Edward Island) (“**Section 112**”). Section 112 provides that, in the event that this Offering Circular contains a “misrepresentation”, a purchaser who purchased the Notes during the period of distribution, without regard to whether the purchaser relied upon such misrepresentation, has a statutory right of action for damages against the Issuer, the selling security holder on whose behalf the distribution is made, every director of the Issuer at the date of this Offering Circular, and every person who signed this Offering Circular. Alternatively, the purchaser while still the owner of the Notes may elect to exercise a statutory right of action for rescission against the Issuer, or the selling security holder on whose behalf the distribution is made. Under the *Securities Act* (Prince Edward Island), “misrepresentation” means an untrue statement of material fact, or an omission to state a material fact that is required to be stated by the *Securities Act* (Prince Edward Island), or an omission to state a material fact that needs to be stated so that a statement is not false or misleading in light of the circumstances in which it is made. Statutory rights of action for rescission or damages by a purchaser are subject to the following limitations:

- (i) no action will be commenced to enforce the right of action for rescission by a purchaser, resident in Prince Edward Island, later than 180 days after the date of the transaction that gave rise to the cause of action;
- (ii) in the case of any action other than an action for rescission:
 - (a) 180 days after the purchaser first had knowledge of the facts given rise to the cause of action; or
 - (b) three years after the date of the transaction giving rise to the cause of action;whichever period expires first;
- (iii) no person will be liable if the person proves that the purchaser purchased the security with knowledge of the misrepresentation;
- (iv) no person other than the Issuer or selling security holder will be liable if the person proves that:
 - (a) this Offering Circular, or any amendment thereto, was sent to the purchaser without the person’s knowledge or consent and that, on becoming aware of it being sent, the person had promptly given reasonable notice to the Issuer that it had been sent without the knowledge and consent of the person;
 - (b) the person, on becoming aware of the misrepresentation in this Offering Circular, or any amendment thereto, had withdrawn the person’s consent to this Offering Circular, or any amendment thereto, and had given reasonable notice to the Issuer of the withdrawal and the reason for it; or
 - (c) with respect to any part of this Offering Circular, or any amendment thereto, purporting to be made on the authority of an expert or purporting to be a copy of, or

an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe, and did not believe that;

(A) there had been a misrepresentation; or

(B) the relevant part of this Offering Circular, or any amendment thereto:

1. did not fairly represent the report, statement or opinion of the expert, or
2. was not a fair copy of, or an extract from, the report, statement, or opinion of the expert.

If the purchaser elects to exercise a right of action for rescission, the purchaser will have no right of action for damages.

In no case will the amount recoverable in any action exceed the price at which the Notes were offered to and purchased by the purchaser.

In an action for damages, the defendant will not be liable for any damages that the defendant proves do not represent the depreciation in value of the Notes as a result of the misrepresentation.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right or remedy the purchaser may have at law.

This summary is subject to the express conditions of the *Securities Act* (Prince Edward Island) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Statutory Rights of Action (Manitoba)

Pursuant to section 141.1(1) of the *Securities Act* (Manitoba) (the “**Manitoba Act**”), where this Offering Circular, or any amendment to this Offering Circular, is sent or delivered to a purchaser in the Province of Manitoba and such document contains a misrepresentation, a purchaser who purchases Notes offered by this Offering Circular or any amendment to this Offering Circular is deemed to have relied on that misrepresentation if it was a misrepresentation at the time of purchase and, subject to the defenses described in the Manitoba Act, has:

- (i) a right of action for damages against:
 - (a) the Issuer;
 - (b) every director of the Issuer at the date of this Offering Circular or any amendment to the Offering Circular; and
 - (c) every person or company who signed this Offering Circular or any amendment to this Offering Circular; and
- (ii) while still an owner of the Notes, a right of rescission against the Issuer which if exercised will result in the purchaser having no right of action for damages against the Issuer or against a person or company referred to in (a) (i) or (iii) above;

provided that:

- (i) no person or company is liable if the person or company proves that the purchaser purchased the Notes with knowledge of the misrepresentation;
- (ii) in an action for damages, the defendant is not liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the Notes resulting from the misrepresentation; and
- (iii) in no case will the amount recovered exceed the price at which the Notes were offered under this Offering Circular or any amendment to this Offering Circular.

No person or company other than the Issuer is liable:

- (i) if the person or company proves that this Offering Circular or any amendment to this Offering Circular was sent without the person's or company's knowledge or consent and that, after becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was so sent;
- (ii) if the person or company proves that after becoming aware of any misrepresentation in this Offering Circular or any amendment to this Offering Circular, the person or company withdrew the person's or company's consent to it and gave reasonable notice to the Issuer of the person's or company's withdrawal and the reason for it;
- (iii) if the person or company proves that with respect to any part of this Offering Circular or of any amendment to this Offering Circular purporting to be made on the authority of an expert or purporting to be a copy of or an extract from a report, opinion or statement of an expert, the person or company had no reasonable grounds to believe and did not believe that:
 - (a) there had been a misrepresentation; or
 - (b) the relevant part of this Offering Circular or of the amendment to this Offering Circular:
 - (A) did not fairly represent the report, opinion or statement of the expert; or
 - (B) was not a fair copy of or extract from the report, opinion or statement of the expert; or
- (iv) with respect to any part of this Offering Circular or of the amendment to this Offering Circular not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, the expert's report, opinion or statement, unless the person or company:
 - (a) did not conduct an investigation, sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or
 - (b) believed that there had been a misrepresentation.

Pursuant to section 141.4 of the Manitoba Act, but subject to the other provisions thereof, no action shall be commenced to enforce any of the foregoing rights more than:

- (i) in the case of an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action, or
- (ii) in the case of an action for damages, the earlier of:
 - (a) 180 days after the date that the plaintiff first had knowledge of the facts giving rise to the cause of action, or
 - (b) two years after the date of the transaction that gave rise to the cause of action.

If a misrepresentation is contained in a record that is incorporated by reference in, or that is deemed to be incorporated into, this Offering Circular or any amendment to this Offering Circular, the misrepresentation is deemed to be contained in this Offering Circular or any amendment to this Offering Circular.

The foregoing statutory rights of action for rescission or damages under the Manitoba Act are in addition to and without derogation from any other right that the purchaser may have at law.

This summary is subject to the express provisions of the Manitoba Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Contractual Rights of Action (Newfoundland and Labrador)

Purchasers of Notes resident in Newfoundland and Labrador will be entitled to a contractual right of action for damages or rescission in circumstances where this Offering Circular, or any amendment to this Offering Circular contains a “misrepresentation” (as defined under applicable securities law) in the same manner and to the same extent as the statutory rights provided to purchasers in Ontario and described above.

GENERAL INFORMATION

1. Listing of the Notes:

With respect to any Notes that may be issued by the Labuan Issuer pursuant to the Program and which are agreed at or prior to the time of issue thereof to be listed, approval-in-principle has been obtained on March 5, 2015 for (a) listing of such Notes on, and admission to the Official List of, the Labuan International Financial Exchange and (b) for listing of such Notes on, and admission to the Official List of, Bursa Malaysia under the Bursa Malaysia (Exempt Regime). With respect to any Notes that may be issued by the Canadian Issuer pursuant to the Program and which are agreed at or prior to the time of issue thereof to be listed, approval-in-principle, if applicable, will be obtained for (a) listing of such Notes on, and admission to the Official List of, the Labuan International Financial Exchange and (b) for listing of such Notes on, and admission to the Official List of, Bursa Malaysia under the Bursa Malaysia (Exempt Regime). The Issuers and PETRONAS cannot guarantee that the application for listing of the Notes on the Hong Kong Stock Exchange will be approved and/or that the Notes will be so listed, or that Notes sought to be listed on the Labuan International Financial Exchange or Bursa Malaysia (Exempt Regime) will be so listed. See *“Risk Factors—Risks Relating to the Notes—A listing of the Notes on a securities exchange cannot be guaranteed.”* The offering and settlement of the Notes are not conditional on obtaining any of these listings. Moreover, even if the Notes are so listed at the time of issuance, PETRONAS may seek an alternative listing for such Notes on another stock exchange, but there can be no assurance that such alternative listing will be obtained. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange, the Labuan International Financial Exchange and Bursa Malaysia take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. Approval-in-principle from, admission of the Notes to, and the listing and quotation of the Notes on, the Hong Kong Stock Exchange, Labuan International Financial Exchange and/or Bursa Malaysia (Exempt Regime) is not to be taken as an indication of the merits of the Issuers or the Guarantor, the Program or the Notes. Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, an investor should consult his or her advisors.

The legal entity identifier of PETRONAS is 5493003RZQYJM7QGNE15, the legal entity identifier of PETRONAS Capital Limited is 549300G7YFX3540OYR85 and the legal entity identifier of PETRONAS Energy Canada Ltd. is 5493001PEB90YGTDC638.

2. Responsibility Statement:

This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuers and the Guarantor. The Issuers and the Guarantor accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

3. Authorizations:

The update of the Program was authorized by resolutions of the board of directors of PETRONAS Capital Limited dated February 24, 2025. The update of the Program was authorized by resolutions of the board of directors of PETRONAS Energy Canada Ltd. dated March 17, 2025. The update of the Program and the Guarantee were authorized by resolutions of the Board of Directors of

PETRONAS dated February 24, 2025. The establishment of the Program and the giving of the Guarantee were also authorized by resolutions of the Board of Directors of PETRONAS dated February 26, 2015. Each of PETRONAS, PETRONAS Capital Limited and PETRONAS Energy Canada Ltd. has obtained or has agreed to obtain from time to time all necessary consents, approvals and authorizations in connection with the issue of Notes and the giving of the Guarantee under the Program and entry into the relevant transaction documents.

4. No Material Adverse Change:

Except as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of PETRONAS since December 31, 2024.

5. Litigation:

Except as disclosed in this Offering Circular, the Issuers are not involved in any legal, arbitration, administrative or other proceedings relating to claims which are material in the context of the issue of the Notes and, so far as the Issuers are aware, no such proceedings are pending or being threatened.

6. Available Documents:

As long as any Note is outstanding, copies of the following documents will be available for inspection, and in the case of the document referred to in paragraph (b) below, copies may be obtained, during normal business hours at the registered office of the Issuer and from the specified office of the Principal Paying Agent for the time being, that is, 40th Floor, One Canada Square, London, E14 5AL, United Kingdom:

- (a) the Program Agreement, the Agency Agreement, the Guarantee, and forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;
- (b) a copy of this Offering Circular;
- (c) any future offering memoranda, prospectuses, information memoranda and supplements (including Pricing Supplements save that a Pricing Supplement related to an unlisted Series of Notes will only be available for inspection by a holder of any such Notes and such holder must produce evidence satisfactory to the Issuer, PETRONAS and the Principal Paying Agent as to the identity of such holder) to this Offering Circular and the documents incorporated therein by reference; and
- (d) in the case of a syndicated issue of listed Notes, the Subscription Agreement or Purchase Agreement (or equivalent document).

7. Consent of Independent Auditors:

KPMG PLT has given and not withdrawn their written consent to the reproduction of their audit report dated March 21, 2025 on the published consolidated and unconsolidated financial statements of PETRONAS as at December 31, 2023 and 2024, and for each of the years in the three-year period ended December 31, 2024, included in this Offering Circular and with references to KPMG PLT in the form and context in which they appear herein. A written consent made under the Capital Markets and Services Act, 2007 of Malaysia is different from a consent filed with the U.S. Securities and Exchange Commission under Section 7 of the Securities Act, which is applicable only to transactions

involving securities registered under the Securities Act. As the offering of our securities in this Global Medium Term Note Program will not be registered under the Securities Act, KPMG PLT has not filed a consent under Section 7 of the Securities Act.

8. Clearing Systems:

Each of the Issuers may make applications to Clearstream and/or Euroclear for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. The appropriate Common Code and ISIN for each Tranche of Bearer Notes allocated by Euroclear and Clearstream will be specified in the applicable Pricing Supplement. In addition, the Issuer may make an application for any Notes in registered form to be accepted or eligible for trading in book-entry form by DTC, CDS or the common depository for Euroclear and Clearstream, as applicable. The CUSIP and/or CINS numbers (if any) for each Tranche of Registered Notes, together with the relevant ISIN and Common Code, will be specified in the applicable Pricing Supplement. If the Notes are to be cleared through an additional or alternative clearing system the appropriate information will be specified in the applicable Pricing Supplement.

INDEX TO FINANCIAL STATEMENTS

	Page
Independent Auditors' Report	F-2
Consolidated Statements of Financial Position as at December 31, 2023 and 2024	F-5
Consolidated Statements of Profit or Loss and Other Comprehensive Income for Each of the Three Years Ended December 31, 2022, 2023 and 2024	F-7
Consolidated Statements of Changes in Equity for Each of the Three Years Ended December 31, 2022, 2023 and 2024	F-9
Consolidated Statements of Cash Flows for Each of the Three Years Ended December 31, 2022, 2023 and 2024	F-15
Unconsolidated (Company) Statements of Financial Position as at December 31, 2023 and 2024	F-18
Unconsolidated (Company) Statements of Profit or Loss and Other Comprehensive Income for Each of the Three Years Ended December 31, 2022, 2023 and 2024	F-19
Unconsolidated (Company) Statements of Changes in Equity for Each of the Three Years Ended December 31, 2022, 2023 and 2024	F-20
Unconsolidated (Company) Statements of Cash Flows for Each of the Three Years Ended December 31, 2022, 2023 and 2024	F-21
Notes to the Financial Statements	F-23

References in the following financial statements and notes thereto to the "Group" are to PETRONAS and its consolidated subsidiaries and those references to the "Company" are to PETRONAS only.



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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PETROLIAM NASIONAL BERHAD (PETRONAS)

(Company No. 197401002911 (20076-K))
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated statements of financial position of Petroliam Nasional Berhad ("the Company") and its subsidiaries ("the Group") as at 31 December 2023 and 2024, and the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for each of the years ended 31 December 2022, 2023 and 2024, and the related unconsolidated (Company) statements of profit or loss and other comprehensive income, changes in equity and cash flows for each of the years ended 31 December 2022, 2023 and 2024, and a summary of material accounting policies and other explanatory notes, as set out on pages F-5 to F-175.

In our opinion, the accompanying financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and 2024, and of their financial performance and cash flows for each of the years ended 31 December 2022, 2023 and 2024 and the unconsolidated (Company) financial position as at 31 December 2023 and 2024, and of its financial performance and cash flows for each of the years ended 31 December 2022, 2023 and 2024, in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards") and IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRS Accounting Standards and IFRS Accounting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya, Malaysia

Date: 21 March 2025

PETROLIAM NASIONAL BERHAD (PETRONAS)

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023 AND 2024**

<i>In RM Mil</i>	Note	31.12.2023	31.12.2024
ASSETS			
Property, plant and equipment	3	326,398	327,356
Investment properties	4	9,388	9,379
Land held for development	5	2,887	7,337
Investments in associates	7	2,919	4,350
Investments in joint ventures	8	7,449	7,869
Intangible assets	9	31,902	31,175
Long-term receivables	10	47,939	46,690
Fund and other investments	11	10,778	16,633
Deferred tax assets	13	27,853	25,459
TOTAL NON-CURRENT ASSETS		<u>467,513</u>	<u>476,248</u>
Trade and other inventories	14	14,307	14,096
Trade and other receivables	15	57,028	71,748
Fund and other investments	11	11,620	15,698
Cash and cash equivalents	16	208,492	188,476
		<u>291,447</u>	<u>290,018</u>
Assets classified as held for sale	17	14,341	407
TOTAL CURRENT ASSETS		<u>305,788</u>	<u>290,425</u>
TOTAL ASSETS		<u>773,301</u>	<u>766,673</u>

continue to next page

The accompanying notes form an integral part of these financial statements.

PETROLIAM NASIONAL BERHAD (PETRONAS)

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023 AND 2024****(continued)**

<i>In RM Mil</i>	Note	31.12.2023	31.12.2024
EQUITY			
Share capital	18	100	100
Reserves	19	443,369	451,115
Total equity attributable to shareholders of the Company		<u>443,469</u>	<u>451,215</u>
Non-controlling interests	20	59,396	55,395
TOTAL EQUITY		<u>502,865</u>	<u>506,610</u>
LIABILITIES			
Borrowings	21	98,754	90,837
Deferred tax liabilities	13	13,297	13,029
Other long-term liabilities and provisions	22	64,434	64,766
TOTAL NON-CURRENT LIABILITIES		<u>176,485</u>	<u>168,632</u>
Trade and other payables	23	68,076	67,156
Borrowings	21	12,867	20,060
Taxation		3,931	4,064
		<u>84,874</u>	<u>91,280</u>
Liabilities classified as held for sale	17	9,077	151
TOTAL CURRENT LIABILITIES		<u>93,951</u>	<u>91,431</u>
TOTAL LIABILITIES		<u>270,436</u>	<u>260,063</u>
TOTAL EQUITY AND LIABILITIES		<u>773,301</u>	<u>766,673</u>

continued from previous page

The accompanying notes form an integral part of these financial statements.

PETROLIAM NASIONAL BERHAD (PETRONAS)

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR EACH OF THE THREE YEARS ENDED
31 DECEMBER 2022, 2023 AND 2024**

<i>In RM Mil</i>	Note	2022	2023	2024
Continuing operations				
Revenue	24	330,009	305,755	305,131
Cost of revenue		(175,509)	(182,465)	(187,892)
Gross profit		<u>154,500</u>	<u>123,290</u>	<u>117,239</u>
Selling and distribution expenses		(7,324)	(8,943)	(9,950)
Administration expenses		(13,888)	(15,245)	(17,993)
Net impairment losses/write-off ¹		(1,749)	(6,096)	(4,882)
Other expenses		(3,312)	(3,359)	(3,000)
Other income		7,723	8,479	6,016
Operating profit	25	<u>135,950</u>	<u>98,126</u>	<u>87,430</u>
Financing costs	26	(4,929)	(5,500)	(5,878)
Share of profit after tax and non-controlling interests of equity accounted associates and joint ventures		957	872	581
Profit before taxation from continuing operations		<u>131,978</u>	<u>93,498</u>	<u>82,133</u>
Tax expense	27	(34,173)	(14,559)	(26,348)
Profit for the year from continuing operations		<u>97,805</u>	<u>78,939</u>	<u>55,785</u>
Discontinued operations				
Profit/(Loss) for the year from discontinued operations, net of tax	17	3,813	1,775	(693)
PROFIT FOR THE YEAR		<u>101,618</u>	<u>80,714</u>	<u>55,092</u>
Profit/(Loss) attributable to:				
Shareholders of the Company				
From continuing operations		88,720	72,840	49,996
From discontinued operations		3,593	1,521	(892)
		<u>92,313</u>	<u>74,361</u>	<u>49,104</u>
Non-controlling interests				
From continuing operations		9,085	6,099	5,789
From discontinued operations		220	254	199
		<u>9,305</u>	<u>6,353</u>	<u>5,988</u>
PROFIT FOR THE YEAR		<u>101,618</u>	<u>80,714</u>	<u>55,092</u>

¹ Excludes well costs and includes loss on remeasurement/derecognition of financial assets measured at amortised cost.

The accompanying notes form an integral part of these financial statements.

PETROLIAM NASIONAL BERHAD (PETRONAS)

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE
INCOME FOR EACH OF THE THREE YEARS ENDED
31 DECEMBER 2022, 2023 AND 2024**

<i>In RM Mil</i>	Note	2022	2023	2024
Profit for the year		101,618	80,714	55,092
Other comprehensive (loss)/income				
Continuing operations				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Net changes in fair value of equity investments at fair value through other comprehensive income ("OCI")		(429)	(128)	(136)
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net movements from exchange differences		8,428	10,279	(10,663)
Cash flow hedge		2,999	(873)	(1,120)
Others		190	11	437
Total other comprehensive income/(loss) for the year from continuing operations, net of tax		<u>11,188</u>	<u>9,289</u>	<u>(11,482)</u>
Discontinued operations				
Total other comprehensive loss for the year from discontinued operations, net of tax	17	<u>(3)</u>	<u>(199)</u>	<u>–</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>112,803</u>	<u>89,804</u>	<u>43,610</u>
Total comprehensive income/(loss) attributable to:				
Shareholders of the Company				
From continuing operations		97,336	80,063	39,929
From discontinued operations		3,590	1,374	(892)
		<u>100,926</u>	<u>81,437</u>	<u>39,037</u>
Non-controlling interests				
From continuing operations		11,657	8,165	4,374
From discontinued operations		220	202	199
		<u>11,877</u>	<u>8,367</u>	<u>4,573</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>112,803</u>	<u>89,804</u>	<u>43,610</u>

The accompanying notes form an integral part of these financial statements.

PETROLIAM NASIONAL BERHAD (PETRONAS)

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR EACH OF THE THREE YEARS ENDED
31 DECEMBER 2022, 2023 AND 2024**

		<i>Attributable to shareholders of the Company</i>				
		<i>Non-distributable</i>				
<i>In RM Mil</i>	Note	Share Capital	Capital and Other Reserves	Foreign Currency Translation Reserve	Fair Value through OCI Reserve	Hedging Reserve
Balance at 1 January 2022		100	15,838	33,370	574	(1,608)
Net changes of equity						
investments at fair value through OCI		–	–	–	(429)	–
Net movements from exchange differences		–	–	6,422	–	–
Cash flow hedge		–	–	–	–	2,471
Other comprehensive income		–	149	–	–	–
Total other comprehensive income/(loss) for the year, net of tax		–	149	6,422	(429)	2,471
Profit for the year		–	–	–	–	–
Total comprehensive income/ (loss) for the year		–	149	6,422	(429)	2,471
Changes in ownership interest in subsidiaries		–	–	(21)	–	–
Redemption of redeemable preference shares in a subsidiary		–	–	–	–	–
Dividends to shareholders of the Company	28	–	–	–	–	–
Dividends to non-controlling interests		–	–	–	–	–
Total transactions with owners of the Group		–	–	(21)	–	–
Balance at 31 December 2022		100	15,987	39,771	145	863

continue to next page

The accompanying notes form an integral part of these financial statements.

PETROLIAM NASIONAL BERHAD (PETRONAS)

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR EACH OF THE THREE YEARS ENDED
31 DECEMBER 2022, 2023 AND 2024
(continued)**

<i>In RM Mil</i>	Note	<i>Attributable to shareholders of the Company</i>			Non- controlling Interests	Total Equity
		<i>Distributable</i>				
		General Reserve	Retained Profits	Total		
Balance at 1 January 2022		12,000	290,529	350,803	53,484	404,287
Net changes of equity						
investments at fair value through OCI		–	–	(429)	–	(429)
Net movements from exchange differences		–	–	6,422	2,008	8,430
Cash flow hedge		–	–	2,471	528	2,999
Other comprehensive income		–	–	149	36	185
Total other comprehensive income/(loss) for the year, net of tax		–	–	8,613	2,572	11,185
Profit for the year		–	92,313	92,313	9,305	101,618
Total comprehensive income/ (loss) for the year		–	92,313	100,926	11,877	112,803
Changes in ownership interest in subsidiaries		–	(99)	(120)	355	235
Redemption of redeemable preference shares in a subsidiary		–	–	–	(855)	(855)
Dividends to shareholders of the Company	28	–	(50,000)	(50,000)	–	(50,000)
Dividends to non-controlling interests		–	–	–	(6,039)	(6,039)
Total transactions with owners of the Group		–	(50,099)	(50,120)	(6,539)	(56,659)
Balance at 31 December 2022		12,000	332,743	401,609	58,822	460,431

continued from previous page

The accompanying notes form an integral part of these financial statements.

PETROLIAM NASIONAL BERHAD (PETRONAS)

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR EACH OF THE THREE YEARS ENDED****31 DECEMBER 2022, 2023 AND 2024**

(continued)

<i>In RM Mil</i>	Note	<i>Attributable to shareholders of the Company</i>				
		<i>Non-distributable</i>				Hedging Reserve
		Share Capital	Capital and Other Reserves	Foreign Currency Translation Reserve	Fair Value through OCI Reserve	
Balance at 1 January 2023		100	15,987	39,771	145	863
Net changes of equity investments at fair value through OCI		–	–	–	(128)	–
Net movements from exchange differences		–	–	8,070	–	–
Cash flow hedge		–	–	–	–	(756)
Other comprehensive (loss)/ income		–	(110)	–	–	–
Total other comprehensive (loss)/ income for the year, net of tax		–	(110)	8,070	(128)	(756)
Profit for the year		–	–	–	–	–
Total comprehensive (loss)/ income for the year		–	(110)	8,070	(128)	(756)
Changes in ownership interests in subsidiaries		–	(59)	120	–	–
Redemption of redeemable preference shares in subsidiaries		–	342	–	–	–
Dividends to shareholders of the Company	28	–	–	–	–	–
Dividends to non-controlling interests		–	–	–	–	–
Total transactions with owners of the Group		–	283	120	–	–
Balance at 31 December 2023		100	16,160	47,961	17	107

continue to next page

The accompanying notes form an integral part of these financial statements.

PETROLIAM NASIONAL BERHAD (PETRONAS)

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR EACH OF THE THREE YEARS ENDED
31 DECEMBER 2022, 2023 AND 2024**

(continued)

<i>In RM Mil</i>	Note	<i>Attributable to shareholders of the Company</i>			Non- controlling Interests	Total Equity
		<i>Distributable</i>		Total		
		General Reserve	Retained Profits			
Balance at 1 January 2023		12,000	332,743	401,609	58,822	460,431
Net changes of equity investments at fair value through OCI		–	–	(128)	–	(128)
Net movements from exchange differences		–	–	8,070	2,001	10,071
Cash flow hedge		–	–	(756)	(117)	(873)
Other comprehensive (loss)/ income		–	–	(110)	130	20
Total other comprehensive (loss)/ income for the year, net of tax		–	–	7,076	2,014	9,090
Profit for the year		–	74,361	74,361	6,353	80,714
Total comprehensive (loss)/ income for the year		–	74,361	81,437	8,367	89,804
Changes in ownership interests in subsidiaries		–	362	423	129	552
Redemption of redeemable preference shares in subsidiaries		–	(342)	–	(660)	(660)
Dividends to shareholders of the Company	28	–	(40,000)	(40,000)	–	(40,000)
Dividends to non-controlling interests		–	–	–	(7,262)	(7,262)
Total transactions with owners of the Group		–	(39,980)	(39,577)	(7,793)	(47,370)
Balance at 31 December 2023		12,000	367,124	443,469	59,396	502,865

continued from previous page

The accompanying notes form an integral part of these financial statements.

PETROLIAM NASIONAL BERHAD (PETRONAS)

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR EACH OF THE THREE YEARS ENDED
31 DECEMBER 2022, 2023 AND 2024
(continued)**

<i>In RM Mil</i>	Note	<i>Attributable to shareholders of the Company</i>				
		Share Capital	Capital and Other Reserves	Foreign Currency Translation Reserve	Fair Value through OCI Reserve	Hedging Reserve
Balance at 1 January 2024		100	16,160	47,961	17	107
Net changes of equity investments at fair value through OCI		–	–	–	(136)	–
Net movements from exchange differences		–	–	(9,297)	–	–
Cash flow hedge		–	–	–	–	(1,072)
Other comprehensive income/ (loss)		–	438	–	–	–
Total other comprehensive income/(loss) for the year, net of tax		–	438	(9,297)	(136)	(1,072)
Profit for the year		–	–	–	–	–
Total comprehensive income/ (loss) for the year		–	438	(9,297)	(136)	(1,072)
Changes in ownership interests in subsidiaries		–	–	153	–	–
Transfer to retained earnings for permanent diminution		–	–	–	99	–
Disposal of subsidiaries		–	(180)	2,278	–	–
Redemption of redeemable preference shares in a subsidiary		–	26	–	–	–
Dividends to shareholders of the Company	28	–	–	–	–	–
Dividends to non-controlling interests		–	–	–	–	–
Total transactions with owners of the Group		–	(154)	2,431	99	–
Balance at 31 December 2024		100	16,444	41,095	(20)	(965)

continue to next page

The accompanying notes form an integral part of these financial statements.

PETROLIAM NASIONAL BERHAD (PETRONAS)

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR EACH OF THE THREE YEARS ENDED
31 DECEMBER 2022, 2023 AND 2024
(continued)**

<i>In RM Mil</i>	Note	<i>Attributable to shareholders of the Company</i>			Non- controlling Interests	Total Equity
		<i>Distributable</i>		Total		
		General Reserve	Retained Profits			
Balance at 1 January 2024		12,000	367,124	443,469	59,396	502,865
Net changes of equity investments at fair value through OCI		–	–	(136)	–	(136)
Net movements from exchange differences		–	–	(9,297)	(1,366)	(10,663)
Cash flow hedge		–	–	(1,072)	(48)	(1,120)
Other comprehensive income/ (loss)		–	–	438	(1)	437
Total other comprehensive income/(loss) for the year, net of tax		–	–	(10,067)	(1,415)	(11,482)
Profit for the year		–	49,104	49,104	5,988	55,092
Total comprehensive income/ (loss) for the year		–	49,104	39,037	4,573	43,610
Changes in ownership interests in subsidiaries		–	(1,722)	(1,569)	(601)	(2,170)
Transfer to retained earnings for permanent diminution		–	(99)	–	–	–
Disposal of subsidiaries		–	180	2,278	(1,701)	577
Redemption of redeemable preference shares in a subsidiary		–	(26)	–	(147)	(147)
Dividends to shareholders of the Company	28	–	(32,000)	(32,000)	–	(32,000)
Dividends to non-controlling interests		–	–	–	(6,125)	(6,125)
Total transactions with owners of the Group		–	(33,667)	(31,291)	(8,574)	(39,865)
Balance at 31 December 2024		12,000	382,561	451,215	55,395	506,610

continued from previous page

The accompanying notes form an integral part of these financial statements.

PETROLIAM NASIONAL BERHAD (PETRONAS)

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR EACH OF THE THREE YEARS ENDED
31 DECEMBER 2022, 2023 AND 2024**

<i>In RM Mil</i>	Note	2022	2023	2024
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation from continuing operations		131,978	93,498	82,133
Adjustments for:				
Amortisation of intangible assets and contract costs		2,154	2,433	2,169
Change in contract liabilities & provisions		(982)	(1,515)	(261)
Depreciation of property, plant and equipment and investment properties		31,458	35,354	36,811
Financing costs		4,929	5,500	5,878
Interest income		(5,645)	(11,514)	(12,682)
Loss on remeasurement/derecognition of financial assets measured at amortised cost		939	874	2,974
Loss on remeasurement of net assets classified as held for sale		1,304	–	52
Net impairment losses of assets		432	1,716	1,340
Net impairment/write-off of well costs		1,363	1,439	2,991
Net inventories written down to net realisable value/ written off		234	133	397
Net loss/(gain) on realisation of foreign currency translation reserve from disposals		329	(445)	(1,836)
Net loss/(gain) on disposals of investments in subsidiaries, associates, property, plant and equipment, intangible assets, other investments and a business		303	(1,240)	234
Net unrealised (gain)/loss on derivatives		(32)	(33)	91
Net unrealised loss/(gain) on foreign exchange		5,287	1,523	(2,288)
Net write-off of assets		381	3,508	590
Share of profit after tax and non-controlling interests of equity accounted associates and joint ventures		(957)	(872)	(581)
Other non-cash items		80	(2)	–
Operating profit before changes in working capital from continuing operations		173,555	130,357	118,012
Change in trade and other receivables		(12,929)	(8,268)	(2,924)
Change in trade inventories		(1,134)	(703)	(521)
Change in trade and other payables		3,577	10,339	2,691
Cash generated from continuing operations		163,069	131,725	117,258
Interest income received		5,645	11,514	12,682
Interest expenses paid		(2,906)	(3,234)	(4,750)
Taxation paid, net of refund		(31,134)	(28,218)	(24,323)
Net cash generated from continuing operations		134,674	111,787	100,867
Net cash generated from discontinued operations	17	612	2,371	1,593
Net cash generated from operating activities		135,286	114,158	102,460

continue to next page

The accompanying notes form an integral part of these financial statements.

PETROLIAM NASIONAL BERHAD (PETRONAS)

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR EACH OF THE THREE YEARS ENDED****31 DECEMBER 2022, 2023 AND 2024**

(continued)

<i>In RM Mil</i>	Note	2022	2023	2024
CASH FLOWS FROM INVESTING ACTIVITIES				
Investments in:				
- associates and joint ventures		(710)	(2,905)	(1,906)
- securities and other investments		(3,681)	(13,955)	(14,540)
Long-term receivables and advances paid to joint arrangements		–	(137)	(11,321)
Purchase of property, plant and equipment, investment properties, land held for development and intangible assets		(37,428)	(47,933)	(51,868)
Other investing items		2,769	6,092	8,703
Net cash used in investing activities from continuing operations	29	(39,050)	(58,838)	(70,932)
Net cash used in investing activities from discontinued operations	17	(381)	(458)	(78)
Net cash used in investing activities	29	(39,431)	(59,296)	(71,010)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid		(50,000)	(40,000)	(32,000)
Drawdown of borrowings		25,265	16,237	19,766
Repayment of borrowings		(34,931)	(15,438)	(20,077)
Other financing items		(10,353)	(14,111)	(13,810)
Net cash used in financing activities from continuing operations	30	(70,019)	(53,312)	(46,121)
Net cash generated from/(used in) financing activities from discontinued operations	17	135	214	(244)
Net cash used in financing activities	30	(69,884)	(53,098)	(46,365)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		25,971	1,764	(14,915)
DECREASE/(INCREASE) IN CASH AND CASH EQUIVALENTS RESTRICTED		341	(1,096)	(179)
NET FOREIGN EXCHANGE DIFFERENCES		10,514	5,957	(5,718)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		163,558	200,384	207,009
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		200,384	207,009	186,197

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The accompanying notes form an integral part of these financial statements.

PETROLIAM NASIONAL BERHAD (PETRONAS)
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR EACH OF THE THREE YEARS ENDED
31 DECEMBER 2022, 2023 AND 2024
(continued)

<i>In RM Mil</i>	Note	2022	2023	2024
CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	16	201,220	208,492	188,476
Bank overdrafts	21	–	–	(10)
Classified as held for sale:				
- Cash and bank balances		1,173	1,167	45
- Bank overdrafts		(970)	(515)	–
		<u>201,423</u>	<u>209,144</u>	<u>188,511</u>
Less: Cash and cash equivalents - restricted	16	<u>(1,039)</u>	<u>(2,135)</u>	<u>(2,314)</u>
		<u>200,384</u>	<u>207,009</u>	<u>186,197</u>

continued from previous page

The accompanying notes form an integral part of these financial statements.

PETROLIAM NASIONAL BERHAD (PETRONAS)

(Incorporated in Malaysia)

**UNCONSOLIDATED (COMPANY) STATEMENTS OF FINANCIAL
POSITION AS AT 31 DECEMBER 2023 AND 2024**

<i>In RM Mil</i>	Note	31.12.2023	31.12.2024
ASSETS			
Property, plant and equipment	3	16,574	13,028
Investments in subsidiaries	6	164,430	191,340
Investments in associates	7	302	302
Investments in joint ventures	8	843	843
Intangible assets	9	323	375
Long-term receivables	10	110,256	102,507
Fund and other investments	11	3,869	6,897
Deferred tax assets	13	9,033	7,744
TOTAL NON-CURRENT ASSETS		<u>305,630</u>	<u>323,036</u>
Trade and other inventories	14	43	115
Trade and other receivables	15	28,971	42,168
Fund and other investments	11	6,698	9,339
Cash and cash equivalents	16	75,160	52,033
TOTAL CURRENT ASSETS		<u>110,872</u>	<u>103,655</u>
TOTAL ASSETS		<u>416,502</u>	<u>426,691</u>
EQUITY			
Share capital	18	100	100
Reserves	19	282,308	295,320
TOTAL EQUITY		<u>282,408</u>	<u>295,420</u>
LIABILITIES			
Borrowings	21	63,726	54,992
Other long-term liabilities and provisions	22	47,848	48,146
TOTAL NON-CURRENT LIABILITIES		<u>111,574</u>	<u>103,138</u>
Trade and other payables	23	21,810	20,044
Borrowings	21	517	7,326
Taxation		193	763
TOTAL CURRENT LIABILITIES		<u>22,520</u>	<u>28,133</u>
TOTAL LIABILITIES		<u>134,094</u>	<u>131,271</u>
TOTAL EQUITY AND LIABILITIES		<u>416,502</u>	<u>426,691</u>

The accompanying notes form an integral part of these financial statements.

PETROLIAM NASIONAL BERHAD (PETRONAS)

(Incorporated in Malaysia)

**UNCONSOLIDATED (COMPANY) STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME FOR EACH OF THE
THREE YEAR ENDED 31 DECEMBER 2022, 2023 AND 2024**

<i>In RM Mil</i>	Note	2022	2023	2024
Revenue	24	169,670	161,195	152,967
Cost of revenue		(99,004)	(89,441)	(89,640)
Gross profit		<u>70,666</u>	<u>71,754</u>	<u>63,327</u>
Selling and distribution expenses		(517)	(498)	(395)
Administration expenses		(8,225)	(9,154)	(9,346)
Net impairment reversal/(losses/write off) ¹		2,817	(8,360)	(1,416)
Other expenses		(217)	(1,689)	(2,230)
Other income		9,234	10,143	9,863
Operating profit	25	<u>73,758</u>	<u>62,196</u>	<u>59,803</u>
Financing costs	26	(3,626)	(4,361)	(3,865)
Profit before taxation		<u>70,132</u>	<u>57,835</u>	<u>55,938</u>
Tax expense	27	(10,315)	(9,073)	(10,792)
Profit for the year		<u>59,817</u>	<u>48,762</u>	<u>45,146</u>
Other comprehensive (loss)/income				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Cash flow hedge		(324)	296	(134)
Total other comprehensive (loss)/income for the year, net of tax		<u>(324)</u>	<u>296</u>	<u>(134)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>59,493</u>	<u>49,058</u>	<u>45,012</u>

¹ Includes loss on remeasurement of financial assets measured at amortised cost.

The accompanying notes form an integral part of these financial statements.

PETROLIAM NASIONAL BERHAD (PETRONAS)

(Incorporated in Malaysia)

**UNCONSOLIDATED (COMPANY) STATEMENTS OF CHANGES IN
EQUITY FOR EACH OF THE THREE YEARS ENDED
31 DECEMBER 2022, 2023 AND 2024**

<i>In RM Mil</i>	Note	<i>Attributable to shareholders of the Company</i>				Total Equity
		<i>Non-distributable</i>		<i>Distributable</i>		
		Share Capital	Hedging Reserve	General Reserve	Retained Profits	
Balance at 1 January 2022		100	(126)	12,000	251,883	263,857
Cash flow hedge		–	(324)	–	–	(324)
Profit for the year		–	–	–	59,817	59,817
Total comprehensive (loss)/ income for the year		–	(324)	–	59,817	59,493
Dividends to the shareholders of the Company	28	–	–	–	(50,000)	(50,000)
Balance at 31 December 2022		100	(450)	12,000	261,700	273,350
Balance at 1 January 2023		100	(450)	12,000	261,700	273,350
Cash flow hedge		–	296	–	–	296
Profit for the year		–	–	–	48,762	48,762
Total comprehensive income for the year		–	296	–	48,762	49,058
Dividends to the shareholders of the Company	28	–	–	–	(40,000)	(40,000)
Balance at 31 December 2023		100	(154)	12,000	270,462	282,408
Balance at 1 January 2024		100	(154)	12,000	270,462	282,408
Cash flow hedge		–	(134)	–	–	(134)
Profit for the year		–	–	–	45,146	45,146
Total comprehensive (loss)/ income for the year		–	(134)	–	45,146	45,012
Dividends to the shareholders of the Company	28	–	–	–	(32,000)	(32,000)
Balance at 31 December 2024		100	(288)	12,000	283,608	295,420

The accompanying notes form an integral part of these financial statements.

PETROLIAM NASIONAL BERHAD (PETRONAS)

(Incorporated in Malaysia)

**UNCONSOLIDATED (COMPANY) STATEMENTS OF CASH FLOWS
FOR EACH OF THE THREE YEARS ENDED
31 DECEMBER 2022, 2023 AND 2024**

<i>In RM Mil</i>	Note	2022	2023	2024
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation		70,132	57,835	55,938
Adjustments for:				
Amortisation of intangible assets		33	60	82
Change in contract liabilities		(89)	(765)	(266)
Change in fair value of cess and decarbonisation fund receivables		(493)	(1,800)	(2,064)
Change in provisions		(441)	561	590
Depreciation of property, plant and equipment		1,611	2,734	1,688
Dividend income		(28,074)	(27,326)	(22,889)
Financing costs		3,626	4,361	3,865
Gain on partial disposals of subsidiaries and other investments		(50)	–	(1,791)
Interest income		(4,599)	(7,472)	(7,114)
(Gain)/Loss on disposals of property, plant and equipment		(1)	318	57
Loss on remeasurement/derecognition of financial assets measured at amortised cost		21	238	881
Net impairment (reversals)/losses of:				
- investments in subsidiaries		(3,094)	4,971	80
- loans and advances to subsidiaries and a joint venture		(25)	(8)	(5)
- property, plant and equipment		–	(318)	77
- trade and other receivables		281	1,377	99
Net unrealised (gain)/loss on foreign exchange		(2,517)	(2,050)	930
Net unrealised loss/(gain) on derivatives		191	125	(204)
Net write-off of:				
- property, plant and equipment		–	2,082	8
- receivables		–	18	276
Operating profit before changes in working capital		<u>36,512</u>	<u>34,941</u>	<u>30,238</u>
Change in trade and other receivables		(6,929)	(164)	1,150
Change in trade inventories		–	48	(72)
Change in trade and other payables		<u>7,510</u>	<u>(2,936)</u>	<u>(2,023)</u>
Cash generated from operations		<u>37,093</u>	<u>31,889</u>	<u>29,293</u>

continue to next page

The accompanying notes form an integral part of these financial statements.

PETROLIAM NASIONAL BERHAD (PETRONAS)

(Incorporated in Malaysia)

**UNCONSOLIDATED (COMPANY) STATEMENTS OF CASH FLOWS
FOR EACH OF THE THREE YEARS ENDED****31 DECEMBER 2022, 2023 AND 2024****(continued)**

<i>In RM Mil</i>	Note	2022	2023	2024
CASH FLOWS FROM OPERATING ACTIVITIES				
(continued)				
Cash generated from operations		37,093	31,889	29,293
Interest income received		3,992	6,515	6,290
Interest expenses paid		(2,441)	(2,293)	(2,273)
Taxation paid		(11,108)	(11,209)	(8,853)
Net cash generated from operating activities		<u>27,536</u>	<u>24,902</u>	<u>24,457</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of additional shares in subsidiaries		(7,076)	(12,851)	(25,087)
(Contributions to)/Disbursements from Decarbonisation Fund		–	(20,102)	1,936
Dividends received		28,074	27,326	22,889
Investment in securities and other investments		(1,147)	(5,553)	(7,479)
Long-term receivables and advances paid by/(to):				
- subsidiaries		25,704	6,368	1,432
- associates and joint ventures		–	(216)	(11,084)
Other investing items		1,468	2,731	3,684
Net cash generated from/(used in) investing activities	29	<u>47,023</u>	<u>(2,297)</u>	<u>(13,709)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid		(50,000)	(40,000)	(32,000)
Other financing items		(8,415)	(889)	(946)
Net cash used in financing activities	30	<u>(58,415)</u>	<u>(40,889)</u>	<u>(32,946)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		16,144	(18,284)	(22,198)
NET FOREIGN EXCHANGE DIFFERENCES		2,332	2,277	(929)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		<u>72,691</u>	<u>91,167</u>	<u>75,160</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	16	<u>91,167</u>	<u>75,160</u>	<u>52,033</u>

continued from previous page

The accompanying notes form an integral part of these financial statements.

PETROLIAM NASIONAL BERHAD (PETRONAS)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

1.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with MFRS Accounting Standards as issued by Malaysian Accounting Standards Board (“MFRS”) and IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS”).

Any references to MFRS in the financial statements has its equivalent IFRS/International Accounting Standards (“IAS”) as issued by International Accounting Standards Board. The numbering of the MFRS also corresponds with the equivalent IFRS. MFRS prefix with “1xx” corresponds with the equivalent IAS.

As of 1 January 2024, the Group and the Company had adopted Amendments to MFRSs (“pronouncements”) that have been issued by the Malaysian Accounting Standards Board (“MASB”) as described fully in Note 40.

MASB has also issued new and revised pronouncements which are not yet effective for the Group and the Company and therefore, have not been adopted in these financial statements. These pronouncements including their impact on the financial statements in the period of initial application are set out in Note 40. Revised pronouncement that is not relevant to the operations of the Group and of the Company is also set out in Note 40.

These financial statements were approved and authorised for issue by the Board of Directors on 24 February 2025.

1.2 Basis of measurement

The financial statements of the Group and of the Company have been prepared on historical cost basis except for certain items which are measured at fair value, as disclosed in the accounting policies below.

1.3 Functional and presentation currency

The individual financial statements of each entity in the Group are prepared using the currency of the primary economic environment in which the entity operates (the “functional currency”). The functional currency of the Company has been determined as Ringgit Malaysia.

The Group’s and the Company’s financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s reporting currency. All financial information has been rounded to the nearest million, unless otherwise stated.

1. BASIS OF PREPARATION (continued)

1.4 Use of estimates and judgments

The preparation of financial statements in conformity with MFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- (i) Note 3 : Property, plant and equipment
- (ii) Note 9 : Intangible assets
- (iii) Note 13 : Deferred tax
- (iv) Note 21 : Borrowings
- (v) Note 22 : Other long-term liabilities and provisions
- (vi) Note 24 : Revenue
- (vii) Note 27 : Tax expense
- (viii) Note 38 : Financial instruments

2. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements by the Group and the Company, unless otherwise stated. The Group and the Company continuously assess the application of material accounting policies to be disclosed in the financial statements.

2.1 Basis of consolidation

Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date that control commences until the date that control ceases.

All inter-company transactions are eliminated on consolidation and revenue and profits relate to external transactions only. Unrealised losses resulting from inter-company transactions are also eliminated unless cost cannot be recovered.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of consolidation (continued)

Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group. The identifiable assets acquired and liabilities assumed are measured at their fair values at the acquisition date. The costs of an acquisition is measured as the aggregate of the fair value of the consideration. Non-controlling interests are stated either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

When a business combination is achieved in stages, the Group remeasures its previously held non-controlling equity interest in the acquiree at fair value at the acquisition date, with any resulting gain or loss recognised in the profit or loss. Increase in the Group's ownership interest in an existing subsidiary is accounted for as equity transactions with differences between the fair value of consideration paid and the Group's proportionate share of net assets acquired, recognised directly in equity.

The Group measures goodwill as the excess of the aggregate fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and any previously held interest in the acquiree over the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in the profit or loss.

Goodwill arising from business combinations prior to 1 October 2009 is stated at the previous carrying amount less subsequent impairments, pursuant to the adoption of MFRS framework by the Group in the financial year ended 31 December 2012.

Transaction costs, other than those associated with the issuance of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented, or, if later, at the date that common control was established; for this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain or loss is recognised directly in equity.

Non-controlling interests

Non-controlling interests at the end of the reporting period, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Group, whether directly or indirectly through subsidiaries, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the shareholders of the Company.

Non-controlling interests in the results of the Group are presented in the consolidated statement of profit or loss and consolidated statement of other comprehensive income as an allocation of the profit or loss and total comprehensive income for the year between the non-controlling interests and shareholders of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of consolidation (continued)

Non-controlling interests (continued)

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

Loss of control

Upon loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and other components of equity related to the former subsidiary from the consolidated statement of financial position except when the retained interest is a joint operation where the Group's retained interest in the assets and liabilities of the former subsidiary are not derecognised. Any surplus or deficit arising from the loss of control is recognised in the profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost except when the retained interest is a joint operation where such interest is measured at its carrying amount. Subsequently, it is accounted for as an equity-accounted investee or as a fair value through other comprehensive income financial asset depending on the level of influence retained.

2.2 Associates

Associates are entities in which the Group has significant influence including representation on the Board of Directors, but not control or joint control, over the financial and operating policies of the investee company.

Associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The consolidated financial statements include the Group's share of post-acquisition profits or losses and other comprehensive income of the equity-accounted associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

The Group's share of post-acquisition reserves and retained profits less losses are added to the carrying value of the investment in the consolidated statement of financial position. These amounts are taken from the latest audited financial statements or management financial statements of the associates.

2.3 Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified as either joint operation or joint venture. A joint arrangement is classified as joint operation when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation. A joint arrangement is classified as joint venture when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment and depreciation

Recognition and measurement

Freehold land and projects-in-progress are stated at cost less accumulated impairment losses and are not depreciated. Other property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

Depreciation for property, plant and equipment other than oil and gas properties (excluding oil and gas infrastructures), is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use.

Depreciation of producing oil and gas properties is computed based on the unit of production method using total proved reserves for capitalised acquisition cost, certain facilities and wells. For other capitalised exploration and development costs, facilities and wells, total proved developed reserves are used. Infrastructures are depreciated over a period of not more than 25 years.

The estimated useful lives of other property, plant and equipment (including right-of-use assets) are as follows:

	2024	2023
• Buildings	3 – 100 years	5 – 100 years
• Plant and equipment	2 – 59 years	2 – 66 years
• Office equipment, furniture and fittings	2 – 20 years	3 – 20 years
• Computer software and hardware	2 – 20 years	3 – 20 years
• Motor vehicles	2 – 10 years	2 – 10 years
• Vessels	2 – 30 years	2 – 30 years

Right-of-use assets and leases

The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term (other than certain right-of-use assets related to oil and gas properties which are depreciated using the unit of production method based on the earlier of the reserve cut-off or expiry of the lease contract).

The depreciable amount is determined after deducting residual value. The residual value, useful life and depreciation method are reviewed at each financial year end and adjusted as appropriate.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment and depreciation (continued)

Recognition exemption

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group and the Company present right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'borrowings' in the statement of financial position.

Sublease classification

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

2.5 Investment properties

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purpose. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Freehold land and projects-in-progress are stated at cost and are not depreciated. Other investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any, consistent with the accounting policy for property, plant and equipment as stated in Note 2.4.

Depreciation for buildings is recognised in the profit or loss on a straight-line basis over their estimated useful lives ranging between 10 and 100 years.

2.6 Land held for development

Land held for property development consists of land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at the lower of cost and net realisable value consistent with the accounting policy for inventories as stated in Note 2.12.

Land held for development is reclassified as properties under development at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle. Properties under development are in turn, reclassified as developed properties held for sale upon completion of the development activities. Properties under development and developed properties held for sale are recognised as trade and other inventories in current assets. The accounting policy is described separately in Note 2.12.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.7 Intangible assets

Goodwill

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. The entire carrying amount of the investment is reviewed for impairment when there is objective evidence of impairment.

Exploration and evaluation expenditure

Intangible assets also include expenditure on the exploration for and evaluation of oil and natural gas resources (hereinafter collectively referred to as “exploration and evaluation expenditure”). The accounting policy for exploration and evaluation expenditure is described separately in Note 2.8.

Allowances and certificates

Allowances and certificates consist of purchased carbon credit. These carbon credit will be utilised in settlement of environmental carbon emission incurred by the Group and the Company in the normal course of doing business.

Allowances and certificates with indefinite useful lives are carried at cost less accumulated impairment losses. These allowances and certificates are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Utilisation of allowances and certificates will be charged to the profit or loss, within cost of revenue, which reflects the cost of allowances required to offset carbon emission during the same period. Any unutilised allowances and certificates will remain as intangible assets to be utilised against future carbon emission.

Other intangible assets

Intangible assets related to development and production service contract (“DPSC”) which consist of expenditure incurred in bringing a field to first commercial production (“FCP”), are capitalised as incurred. The amount capitalised further includes capital expenditure after achieving FCP, interest and other financing cost incurred, if any, on significant development activities prior to FCP. Other intangible cost also includes the right to use the oil and gas producing assets. After FCP, the Group capitalises costs which qualify for capitalisation relating to improvements or new development for respective DPSC.

Other intangible assets include trademarks which consist of brand names, patents and know-how being proprietary processes which give an edge over competitors and customer relations which reflect the future value generation related to core customers.

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.7 Intangible assets (continued)

Other intangible assets (continued)

Amortisation for intangible assets with finite useful lives other than certain recoverable expenditure incurred under service contracts is recognised in the profit or loss on a straight-line basis over the estimated economic useful lives as follows:

	2024	2023
• Trademark	20 years	20 years
• Customer relations	30 years	30 years
• Know-how and patents	30 years	30 years
• Formulae	20 years	20 years
• Technology and digital assets	5 – 20 years	5 – 19 years

Certain recoverable expenditure incurred under service contracts is amortised based on unit of production method, calculated based on entitlement of production for the period and estimated entitlement for the remaining life of the asset. Estimates are made in relation to expected entitlement of production which are based on the actual cost incurred but yet to be recovered and application of the prevailing crude oil price. The amortisation method and the useful life of intangible assets are reviewed at least at each reporting date.

Intangible assets with finite useful lives are assessed for impairment whenever there is an indication that it may be impaired. Impairment assessment on intangible assets with indefinite useful lives is performed annually.

2.8 Exploration, evaluation and development expenditure

The Group follows the successful efforts method of accounting for the exploration and development expenditure.

Exploration and evaluation expenditure

Costs directly associated with an exploration well, including license acquisition and drilling costs, are initially capitalised as intangible assets until the results have been evaluated.

If a well does not result in successful discovery of economically recoverable volume of hydrocarbons, such costs are written off as a dry well. If hydrocarbons are found and, subject to further appraisal activity which may include the drilling of further wells and are likely to be capable of commercial development under prevailing economic conditions, the costs continue to be carried as intangible assets. All such carried costs are reviewed at least once a year to determine whether the reserves found or appraised remain economically viable. When this is no longer the case, the costs are written off.

Where development plan is commercially viable and approved by the relevant authorities, the related exploration and evaluation costs are transferred to projects-in-progress in property, plant and equipment.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.8 Exploration, evaluation and development expenditure (continued)

Development expenditure

Development expenditure comprises all costs incurred in bringing a field to commercial production and is capitalised as incurred. The amount capitalised includes attributable interests and other financing costs incurred on exploration and development before commencement of production.

Upon commencement of production, the exploration and development expenditure initially capitalised as projects-in-progress are transferred to oil and gas properties and are depreciated as described in the accounting policy for property, plant and equipment and depreciation (see Note 2.4).

2.9 Financial instruments

Recognition and derecognition

(i) Financial assets

Regular way purchases or sales were recognised on the settlement date i.e. the date that the asset is delivered to or by an entity. Financial assets are classified at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss, as appropriate.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as at fair value through profit or loss.

Subsequent measurement

Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. Interest income and foreign exchange gains and losses are recognised in profit or loss.

Fair value through other comprehensive income

Debt instruments

This category comprises debt instruments where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt instruments are not designated as at fair value through profit or loss.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.9 Financial instruments (continued)

Recognition and derecognition (continued)

(i) Financial assets (continued)

Fair value through other comprehensive income (continued)

Equity instruments

Fair value through other comprehensive income category also comprises investment in equity instruments that are not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Subsequent measurement

Financial assets categorised as fair value through other comprehensive income are subsequently measured at fair value with unrealised gains and losses recognised directly in other comprehensive income and accumulated under fair value through other comprehensive income reserve in equity. For debt instruments, when the investment is derecognised or determined to be impaired, the cumulative gain or loss previously recorded in equity is reclassified to the profit or loss. For equity instruments, the gains or losses accumulated in other comprehensive income are never reclassified to the profit or loss.

Fair value through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Subsequent measurement

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses recognised in the profit or loss. The methods used to measure fair value are stated in Note 2.18.

(ii) Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.9 Financial instruments (continued)

Recognition and derecognition (continued)

(ii) Financial liabilities (continued)

Fair value through profit or loss (continued)

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise; or,
- if a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the Group's and the Company's key management personnel; or
- if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9 *Financial Instruments*, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

Amortised cost

Subsequent to initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.9 Financial instruments (continued)

Recognition and derecognition (continued)

(iv) Derivative financial instruments

The Group and the Company use derivative financial instruments such as interest rate and foreign currency swaps, forward rate contracts, futures and options, to manage certain exposures to fluctuations in foreign currency exchange rates, interest rates and commodity prices.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

In general, contracts to sell or purchase non-financial items to meet expected own use requirements are not accounted for as financial instruments. However, contracts to sell or purchase commodities that can be net settled or which contain written options are required to be recognised at fair value, with gains and losses recognised in the profit or loss.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

Hedge accounting

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a risk probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

(v) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.9 Financial instruments (continued)

Interest rate benchmark reform

The Group and the Company have applied the practical expedients provided in the amendments to MFRS 9 *Financial Instruments*, MFRS 139 *Financial Instruments: Recognition and Measurement*, MFRS 7 *Financial Instruments: Disclosures*, MFRS 4 *Insurance Contracts* and MFRS 16 *Leases (Interest Rate Benchmark Reform – Phase 2)* upon transition from London Inter-Bank Offered Rate to Secured Overnight Financing Rate (“SOFR”).

As at reporting date, the Group and the Company’s negotiated contracts for which alternative benchmark rate SOFR had been used to replace LIBOR resulted in economically equivalent position with no profit or loss impact upon initial transition.

For contracts which are still in transition to SOFR as at reporting date, the Group and the Company have applied alternative benchmark rate available in the market.

2.10 Impairment

(i) Financial assets, contract assets and finance lease receivables

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and finance lease receivables.

Loss allowances for receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

Loss allowances for financial assets other than receivables that are trade in nature and finance lease receivables are measured at an amount equal to the 12-months expected credit losses. If the credit risk on the financial asset has increased significantly since initial recognition, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses.

The Group and the Company consider a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security which represent credit impaired receivables.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.10 Impairment (continued)

(ii) Other assets

The carrying amounts of other assets, other than inventories, deferred tax assets and non-current assets or disposal groups classified as held for sale, are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the profit or loss.

For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

An impairment loss in respect of goodwill is not reversed in the subsequent period. In respect of other assets, impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Reversals of impairment losses are credited to the profit or loss in the year in which the reversals are recognised. This includes certain amount of write-back for subsequent write-off.

2.11 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank balances, deposits with licensed financial institutions and highly liquid investments which have an insignificant risk of changes in fair value and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and deposits restricted as they are considered an integral part of the Group's cash management, if any.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of crude oil and condensates includes costs of bringing the inventories to their present location and condition and is determined on a weighted average basis. Cost of crude oil and condensates for processing includes costs of bringing the inventories to their present location and condition, less trade discounts and rebates and is determined on the first-in, first-out basis.

Cost of petroleum products includes crude oil costs, export duty, transportation charges and processing costs and is determined on a weighted average basis.

Cost of liquefied natural gas and chemicals includes raw material costs and production overheads and is determined on a weighted average basis.

Cost of material stores and spares consists of the invoiced value from suppliers and import duty charges and is determined on a weighted average basis.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.12 Inventories (continued)

Cost of developed properties held for sale and properties under development consists of costs associated with the acquisition of land, all costs that are directly attributable to development activities, appropriate proportions of common costs attributable to developing the properties, and interest expenses incurred during the period of active development.

Lifting of offtake arrangements for crude oil and condensate produced in jointly-owned operations are such that it is not practicable for each participant to receive or sell its precise share of the overall production during the period. At each reporting date, the extent of underlift is recognised as an asset at the lower of the cost and net realisable value, while overlift is recognised as a liability. The net movement of underlift and overlift is recognised in the profit or loss in cost of revenue.

2.13 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent it relates to a business combination or items recognised directly in equity, in which case it is recognised in equity or other comprehensive income.

Global minimum top-up tax

The Group has adopted International Tax Reform – Pillar Two Model Rules upon its release on 2 June 2023. The amendments introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two Model Rules as well as disclosure requirements on the exposure to Pillar Two income taxes upon adoption. The application by the respective entity is subject to when the law is being enacted or substantively enacted in the respective country jurisdiction.

Upon its application, the Group will apply a mandatory temporary exception from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred. The mandatory temporary exception applies retrospectively. The retrospective application has no impact to the Group's consolidated financial statements.

2.14 Foreign currency transactions

Gains and losses on exchange arising from retranslation are recognised in the profit or loss, except for differences arising on the retranslation of equity instruments at fair value through other comprehensive income, which are recognised in equity and are never reclassified to profit or loss.

On consolidation, the assets and liabilities of subsidiaries with functional currencies other than Ringgit Malaysia, are translated into Ringgit Malaysia at the exchange rates ruling at reporting date.

The income and expenses are translated at the exchange rates at the dates of the transactions or an average rate that approximates those rates. Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve within equity.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.15 Borrowing costs and foreign currency exchange differences relating to projects-in-progress

Borrowing costs which are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to be prepared for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the assets is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs ceases when all activities necessary to prepare the qualifying asset for its intended use or sale are completed.

Exchange differences arising from foreign currency borrowings, although regarded as an adjustment to borrowing costs, are not capitalised but instead recognised in the profit or loss in the period in which they arise.

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of financing a specific qualifying asset, in which the actual borrowing cost incurred on that borrowing less any investment income on the temporary investment of that borrowings, will be capitalised. Borrowing costs incurred subsequent to the completion of a specific qualifying asset are also included in the determination of the capitalisation rate.

2.16 Revenue

Revenue from contracts with customers

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties. Revenue contracts that do not contain a significant financing component or if the period between performance and payment is 1 year or less under practical expedient of MFRS 15 *Revenue from Contracts with Customers* are measured at the transaction price determined under MFRS 15.

Where a contract contains significant financing component, the Group adjusts the contract amount for the effects of the time value of money to reflect financing transaction between the Group and its customer at contract inception.

The Group and the Company recognise revenue from sales of oil and gas products namely petroleum products, crude oil and condensates, liquefied natural gas, natural gas, processed gas and chemicals when or as it transfers control over a product or service to the customer. An asset is transferred when or as the customer obtains control of the asset.

Revenue arising from shipping activities is mainly from freight income and charter income. Freight income and the relevant discharged costs of cargoes loaded onto vessels up to the reporting date are accrued for in the profit or loss based on percentage of completion method. Charter income is accrued on a straight-line basis over the period of the contract, as service is performed.

Revenue arising from construction contract is recognised progressively based on percentage of completion method.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.16 Revenue (continued)

Other revenue

Revenue arising from rental income of investment properties under operating lease is recognised on a straight-line basis over the term of the lease under the lease arrangement.

Revenue arising from assets yielding interest and profit share margin from Islamic financing facilities are recognised on a time proportion basis that takes into account the effective yield on the assets.

Revenue arising from investments yielding dividend is recognised when the shareholders' right to receive payment is established.

Revenue arising from trading activities, where forward and future sale and purchase contracts have been determined to be for trading purposes, the associated sales and purchases are reported as net trading gain/ (loss) within sales.

2.17 Financing costs

Financing costs comprise interest payable on borrowings and profit share margin on Islamic financing facilities, as well as accretion in provision due to the passage of time.

All interests and other costs incurred in connection with borrowings are expensed as incurred, other than that capitalised in accordance with the accounting policy stated in Note 2.15.

2.18 Fair value measurement

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

(i) Financial instruments

The fair value of financial instruments that are actively traded in organised financial markets are determined by reference to quoted market prices at the close of business at the end of reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

(ii) Non-financial assets

For non-financial assets, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.18 Fair value measurement (continued)

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable input).

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

2.19 Insurance contracts

Insurance contracts are contracts under which the Group and the Company accept significant insurance risk by agreeing to compensate a third party if a specified uncertain future event adversely affects the guaranteed party.

In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Group and the Company use judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Group and the Company have the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant. The Group and the Company measure insurance contracts as the total of the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated risks, if any, recognise as provision in the statement of financial position.

Subsequently, the liability for remaining coverage period is remeasured to reflect the changes of facts and circumstances, and the Group and the Company recognise loss in profit or loss for the fulfilment of cash flows for incurred claims and expenses, if any.

3. PROPERTY, PLANT AND EQUIPMENT

**Group
2023**

In RM Mil

At cost:

Own use

	<u>At 1.1.2023</u>	<u>Additions</u>	<u>Disposals/ Write-offs</u>
Freehold land	2,739	45	(4)
Oil and gas properties	378,869	8,561	(14,105)
Buildings	24,030	125	(130)
Plant and equipment	201,502	2,815	(688)
Office equipment, furniture and fittings	4,303	157	(42)
Computer software and hardware	5,790	173	(62)
Motor vehicles	347	75	(38)
Vessels	10,806	122	(754)
Projects-in-progress			
- oil and gas properties	25,404	10,223	(1,487)
- plant and equipment	35,881	13,062	(11)
- vessels	2,453	2,087	-
- other projects	2,140	4,024	(97)
	<u>694,264</u>	<u>41,469</u>	<u>(17,418)</u>

Leased to others as operating lease

Buildings	309	-	-
Vessels	37,508	218	(240)
Plant and equipment	326	1	-
	<u>38,143</u>	<u>219</u>	<u>(240)</u>

Right-of-use

Leasehold land	10,045	82	(3)
Lease properties	254	1	(25)
Oil and gas properties	5,869	1,577	-
Buildings	1,572	269	(34)
Plant and equipment	3,510	152	(107)
Computer software and hardware	18	1	(1)
Motor vehicles	349	47	(18)
Vessels	9,537	2,240	(746)
	<u>31,154</u>	<u>4,369</u>	<u>(934)</u>
	<u>763,561</u>	<u>^a46,057</u>	<u>^b(18,592)</u>

continue to next page

^a Includes addition to future cost of decommissioning and restoration amounting to RM2,587 million.

^b Includes oil and gas properties written off upon cessation of operation.

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2023 <i>In RM Mil</i>	Acquisition of subsidiaries	Transfers/ Reclassifications/ Adjustments	Translation exchange difference	At 31.12.2023
At cost:				
<u>Own use</u>				
Freehold land	14	21	24	2,839
Oil and gas properties	–	14,393	8,869	396,587
Buildings	321	16	245	24,607
Plant and equipment	1,172	5,572	4,400	214,773
Office equipment, furniture and fittings	1	(72)	37	4,384
Computer software and hardware	1	273	143	6,318
Motor vehicles	39	(1)	3	425
Vessels	–	–	637	10,811
Projects-in-progress				
- oil and gas properties	–	(3,151)	336	31,325
- plant and equipment	–	(3,158)	1,218	46,992
- vessels	–	(2,947)	53	1,646
- other projects	–	(2,739)	26	3,354
	1,548	8,207	15,991	744,061
<u>Leased to others as operating lease</u>				
Buildings	–	–	–	309
Vessels	–	2,864	1,057	41,407
Plant and equipment	–	–	–	327
	–	2,864	1,057	42,043
<u>Right-of-use</u>				
Leasehold land	39	17	38	10,218
Lease properties	–	6	1	237
Oil and gas properties	–	–	56	7,502
Buildings	7	9	86	1,909
Plant and equipment	–	19	74	3,648
Computer software and hardware	–	–	1	19
Motor vehicles	–	5	7	390
Vessels	–	–	529	11,560
	46	56	792	35,483
	^a 1,594	^{b,c,d} 11,127	17,840	^a 821,587

continued from previous page

^a Certain prior year information has been restated to conform with current year presentation.

^b Includes upward revision to future cost of decommissioning and restoration amounting to RM9,163 million.

^c Includes upward adjustments to right-of-use assets following lease modification in accordance to MFRS 16 *Leases* amounting to RM204 million.

^d Includes net transfers in of RM1,760 million comprising transfer in from intangible assets of RM1,966 million, offset by transfer out to inventories of RM141 million, assets classified as held for sale of RM60 million and investment properties of RM5 million.

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2023				
<i>In RM Mil</i>	At 1.1.2023	Charge for the year	Disposals/ Write-offs	Impairment (reversals)/ losses
Accumulated depreciation and impairment losses:				
<u>Own use</u>				
Freehold land	3	–	–	–
Oil and gas properties	282,412	20,652	(10,213)	(52)
Buildings	10,435	601	(11)	77
Plant and equipment	119,495	8,180	(403)	20
Office equipment, furniture and fittings	3,333	91	(40)	–
Computer software and hardware	4,225	452	(47)	3
Motor vehicles	269	31	(14)	–
Vessels	3,476	881	(746)	81
Projects-in-progress				
- oil and gas properties	3,000	–	–	(1,140)
- plant and equipment	2,846	–	–	49
- other projects	109	–	–	(14)
	429,603	30,888	(11,474)	(976)
<u>Leased to others as operating lease</u>				
Buildings	13	7	–	–
Vessels	20,452	1,355	(184)	13
Plant and equipment	21	12	–	–
	20,486	1,374	(184)	13
<u>Right-of-use</u>				
Leasehold land	2,568	174	–	60
Lease properties	22	1	(16)	6
Oil and gas properties	4,297	1,220	–	–
Buildings	748	220	(31)	–
Plant and equipment	2,164	243	(68)	–
Computer software and hardware	15	3	(1)	–
Motor vehicles	196	66	(19)	–
Vessels	2,244	1,255	(745)	–
	12,254	3,182	(880)	66
	462,343	35,444	^a (12,538)	(897)

continue to next page

^a Includes oil and gas properties written off upon cessation of operation.

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2023 <i>In RM Mil</i>	Transfers/ Reclassifications/ Adjustments	Translation exchange difference	At 31.12.2023
Accumulated depreciation and impairment losses:			
<u>Own use</u>			
Freehold land	(3)	–	–
Oil and gas properties	–	6,216	299,015
Buildings	12	179	11,293
Plant and equipment	(18)	3,017	130,291
Office equipment, furniture and fittings	–	38	3,422
Computer software and hardware	4	56	4,693
Motor vehicles	(3)	9	292
Vessels	–	621	4,313
Projects-in-progress			
- oil and gas properties	–	46	1,906
- plant and equipment	–	34	2,929
- other projects	–	–	95
	(8)	10,216	458,249
<u>Leased to others as operating lease</u>			
Buildings	–	3	23
Vessels	–	405	22,041
Plant and equipment	–	–	33
	–	408	22,097
<u>Right-of-use</u>			
Leasehold land	3	3	2,808
Lease properties	–	1	14
Oil and gas properties	–	34	5,551
Buildings	–	31	968
Plant and equipment	–	19	2,358
Computer software and hardware	–	2	19
Motor vehicles	3	5	251
Vessels	–	120	2,874
	6	215	14,843
	^a (2)	10,839	^b 495,189

continued from previous page^a Includes transfer out to investment properties of RM2 million.^b Certain prior year information has been restated to conform with current year presentation.

3. PROPERTY, PLANT AND EQUIPMENT (continued)

**Group
2024**

In RM Mil

At cost:

Own use

	At 1.1.2024	Additions	Disposals/ Write-offs
Freehold land	2,839	8	–
Oil and gas properties	396,587	8,444	(20,194)
Buildings	24,607	85	(14)
Plant and equipment	214,773	787	(1,819)
Office equipment, furniture and fittings	4,384	164	(57)
Computer software and hardware	6,318	81	(143)
Motor vehicles	425	54	(9)
Vessels	10,811	109	(852)
Projects-in-progress			
- oil and gas properties	31,325	12,981	(111)
- plant and equipment	46,992	13,601	(27)
- vessels	1,646	1,638	(17)
- other projects	3,354	3,855	(19)
	744,061	41,807	(23,262)

Leased to others as operating lease

Buildings	309	–	–
Vessels	41,407	237	(1,516)
Plant and equipment	327	–	–
	42,043	237	(1,516)

Right-of-use

Leasehold land	10,218	64	(3)
Lease properties	237	8	(32)
Oil and gas properties	7,502	1,353	(944)
Buildings	1,909	375	(350)
Plant and equipment	3,648	464	(19)
Computer software and hardware	19	–	(2)
Motor vehicles	390	50	(29)
Vessels	11,560	4,643	(12)
	35,483	6,957	(1,391)
	821,587	^a 49,001	(26,169)

continue to next page

^a Includes addition to future cost of decommissioning and restoration amounting to RM459 million.

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2024 <i>In RM Mil</i>	Acquisition of subsidiaries	Transfers/ Reclassifications/ Adjustments	Translation exchange difference	At 31.12.2024
At cost:				
<u>Own use</u>				
Freehold land	5	(10)	(33)	2,809
Oil and gas properties	–	12,065	(9,827)	387,075
Buildings	11	(49)	(250)	24,390
Plant and equipment	356	13,854	(4,312)	223,639
Office equipment, furniture and fittings	–	62	(36)	4,517
Computer software and hardware	–	282	(81)	6,457
Motor vehicles	–	(1)	(4)	465
Vessels	–	(353)	(1,034)	8,681
Projects-in-progress				
- oil and gas properties	–	(12,787)	(145)	31,263
- plant and equipment	1	(13,763)	(805)	45,999
- vessels	–	(538)	(39)	2,690
- other projects	–	(2,353)	(725)	4,112
	373	(3,591)	(17,291)	742,097
<u>Leased to others as operating lease</u>				
Buildings	–	187	–	496
Vessels	–	558	(920)	39,766
Plant and equipment	–	(3)	–	324
	–	742	(920)	40,586
<u>Right-of-use</u>				
Leasehold land	12	399	(36)	10,654
Lease properties	–	248	(133)	328
Oil and gas properties	–	–	(64)	7,847
Buildings	–	(2)	(104)	1,828
Plant and equipment	–	(89)	(62)	3,942
Computer software and hardware	–	1	–	18
Motor vehicles	–	(7)	(13)	391
Vessels	–	(25)	(823)	15,343
	12	525	(1,235)	40,351
	385	^{a,b,c} (2,324)	(19,446)	823,034

continued from previous page

^a Includes downward revision to future cost of decommissioning and restoration amounting to RM2,591 million.

^b Includes downward adjustments to right-of-use assets following lease modification in accordance to MFRS 16 *Leases* amounting to RM89 million.

^c Includes net transfers in of RM356 million comprising transfer in from intangible assets of RM2,948 million and intra group adjustment of RM189 million, offset by transfer in from accumulated depreciation of RM1,491 million and transfer out to assets classified as held for sale of RM264 million, intangible assets of RM977 million and other receivables of RM49 million.

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2024				
<i>In RM Mil</i>	At 1.1.2024	Charge for the year	Disposals/ Write-offs	Impairment (reversals)/ losses
Accumulated depreciation and impairment losses:				
<u>Own use</u>				
Freehold land	–	1	–	–
Oil and gas properties	299,015	21,523	(16,786)	(3,151)
Buildings	11,293	535	(12)	(7)
Plant and equipment	130,291	7,997	(1,733)	(310)
Office equipment, furniture and fittings	3,422	225	(56)	150
Computer software and hardware	4,693	527	(135)	2
Motor vehicles	292	37	(9)	13
Vessels	4,313	820	(664)	643
Projects-in-progress				
- oil and gas properties	1,906	–	–	(97)
- plant and equipment	2,929	–	–	57
- vessels	–	–	–	14
- other projects	95	–	(1)	75
	458,249	31,665	(19,396)	(2,611)
<u>Leased to others as operating lease</u>				
Buildings	23	49	–	–
Vessels	22,041	1,425	(1,516)	13
Plant and equipment	33	12	–	–
	22,097	1,486	(1,516)	13
<u>Right-of-use</u>				
Leasehold land	2,808	205	(2)	(25)
Lease properties	14	2	(30)	7
Oil and gas properties	5,551	1,723	(944)	–
Buildings	968	279	(339)	–
Plant and equipment	2,358	239	(17)	–
Computer software and hardware	19	–	(2)	–
Motor vehicles	251	71	(29)	–
Vessels	2,874	1,756	(12)	133
	14,843	4,275	(1,375)	115
	495,189	37,426	(22,287)	(2,483)

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3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2024 <i>In RM Mil</i>	Transfers/ Reclassifications/ Adjustments	Translation exchange difference	At 31.12.2024
Accumulated depreciation and impairment losses:			
<u>Own use</u>			
Freehold land	–	(1)	–
Oil and gas properties	(1,505)	(5,980)	293,116
Buildings	(176)	(137)	11,496
Plant and equipment	190	(2,452)	133,983
Office equipment, furniture and fittings	(5)	(23)	3,713
Computer software and hardware	(16)	(53)	5,018
Motor vehicles	1	(5)	329
Vessels	–	(407)	4,705
Projects-in-progress			
- oil and gas properties	(185)	(106)	1,518
- plant and equipment	1	(23)	2,964
- vessels	–	–	14
- other projects	82	(1)	250
	(1,613)	(9,188)	457,106
<u>Leased to others as operating lease</u>			
Buildings	24	–	96
Vessels	–	(318)	21,645
Plant and equipment	1	–	46
	25	(318)	21,787
<u>Right-of-use</u>			
Leasehold land	–	(3)	2,983
Lease properties	212	(127)	78
Oil and gas properties	–	(57)	6,273
Buildings	8	(37)	879
Plant and equipment	(241)	(24)	2,315
Computer software and hardware	(1)	–	16
Motor vehicles	–	(8)	285
Vessels	–	(795)	3,956
	(22)	(1,051)	16,785
	^a (1,610)	(10,557)	495,678

continued from previous page

^a Includes net transfers out to assets classified as held for sale of RM223 million, intangible assets of RM15 million and cost of property, plant and equipment amounting to RM1,471 million; offsets by transfer in from intangible assets of RM82 million and from other receivables of RM17 million.

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 2023	At		Disposals/ Write-offs
<i>In RM Mil</i>	1.1.2023	Additions	
At cost:			
<u>Own use</u>			
Oil and gas properties	30,625	183	(6,585)
Buildings	293	–	–
Other equipment	21	–	–
Office equipment, furniture and fittings	104	2	–
Computer software and hardware	475	2	(9)
Motor vehicles	15	1	–
Projects-in-progress			
- oil and gas properties	47	88	–
- plant and equipment	1,319	–	–
- other projects	933	608	(80)
	33,832	884	(6,674)
 <u>Right-of-use</u>			
Leasehold land	353	–	–
Buildings	6,827	351	–
Plant and equipment	1,485	–	–
	8,665	351	–
	42,497	^{a,b} 1,235	^c (6,674)

continue to next page

^a Includes addition to future cost of decommissioning and restoration amounting to RM161 million.

^b Includes upwards adjustments to right-of-use assets following lease modification in accordance with MFRS 16 *Leases* amounting to RM188 million and addition of new right-of-use asset amounting to RM163 million.

^c Includes oil and gas properties written off upon cessation of operation.

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 2023 <i>In RM Mil</i>	Transfers/ Reclassifications/ Adjustments	At 31.12.2023
At cost:		
<u>Own use</u>		
Oil and gas properties	5,877	30,100
Buildings	–	293
Other equipment	–	21
Office equipment, furniture and fittings	–	106
Computer software and hardware	9	477
Motor vehicles	–	16
Projects-in-progress		
- oil and gas properties	(77)	58
- plant and equipment	(1,319)	–
- other projects	(413)	1,048
	4,077	32,119
 <u>Right-of-use</u>		
Leasehold land	2	355
Buildings	–	7,178
Plant and equipment	–	1,485
	2	9,018
	^{a,b,c} 4,079	41,137

continued from previous page

^a Includes upward revision to future cost of decommissioning and restoration amounting to RM5,801 million.

^b Includes net transfers out of RM1,720 million comprising transfers to subsidiaries of RM1,317 million and intangible assets of RM262 million and reclassification to profit or loss of RM141 million.

^c Includes downwards revision of oil and gas properties cost amounting to RM2 million.

3. PROPERTY, PLANT AND EQUIPMENT (continued)

**Company
2023**

In RM Mil

**Accumulated depreciation and
impairment losses:**

Own use

	At 1.1.2023	Charge for the year	Impairment reversals
Oil and gas properties	22,692	2,303	(1,988)
Buildings	59	5	–
Other equipment	12	3	–
Office equipment, furniture and fittings	89	3	–
Computer software and hardware	438	21	–
Motor vehicles	10	2	–
	23,300	2,337	(1,988)

Right-of-use

Leasehold land	50	6	–
Buildings	1,386	319	–
Plant and equipment	1,268	72	–
	2,704	397	–
	26,004	2,734	(1,988)

continue to next page

3. PROPERTY, PLANT AND EQUIPMENT (continued)

**Company
2023**

In RM Mil

**Accumulated depreciation and
impairment losses:**

Own use

	Disposals/ Write-offs	At 31.12.2023
Oil and gas properties	(2,182)	20,825
Buildings	–	64
Other equipment	–	15
Office equipment, furniture and fittings	–	92
Computer software and hardware	(5)	454
Motor vehicles	–	12
	<u>(2,187)</u>	<u>21,462</u>

Right-of-use

Leasehold land	–	56
Buildings	–	1,705
Plant and equipment	–	1,340
	<u>–</u>	<u>3,101</u>
	<u>^a(2,187)</u>	<u>24,563</u>

continued from previous page

^a Includes oil and gas properties written off upon cessation of operation.

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company

2024

In RM Mil

At cost:

Own use

	At 1.1.2024	Additions	Disposals/ Write-offs
Oil and gas properties	30,100	30	(545)
Buildings	293	1	–
Other equipment	21	–	–
Office equipment, furniture and fittings	106	2	–
Computer software and hardware	477	–	–
Motor vehicles	16	3	–
Projects-in-progress			
- oil and gas properties	58	–	–
- other projects	1,048	371	(8)
	32,119	407	(553)

Right-of-use

Leasehold land	355	–	–
Buildings	7,178	233	–
Plant and equipment	1,485	–	–
	9,018	233	–
	41,137	640	(553)

continue to next page

3. PROPERTY, PLANT AND EQUIPMENT (continued)

**Company
2024**

In RM Mil

At cost:

Own use

	Transfers/ Reclassifications/ Adjustments	At 31.12.2024
Oil and gas properties	(2,178)	27,407
Buildings	–	294
Other equipment	–	21
Office equipment, furniture and fittings	–	108
Computer software and hardware	7	484
Motor vehicles	–	19
Projects-in-progress		
- oil and gas properties	(56)	2
- other projects	(129)	1,282
	(2,356)	29,617

Right-of-use

Leasehold land	–	355
Buildings	–	7,411
Plant and equipment	–	1,485
	–	9,251
	^{a,b} (2,356)	38,868

continued from previous page

^a Includes downward revision to future cost of decommissioning and restoration amounting to RM2,234 million.

^b Includes net transfers out of RM122 million comprising transfers to subsidiaries of RM45 million and intangible assets of RM76 million and reclassification to profit or loss of RM1 million.

3. PROPERTY, PLANT AND EQUIPMENT (continued)

**Company
2024**

In RM Mil

**Accumulated depreciation and
impairment losses:**

Own use

	At 1.1.2024	Charge for the year	Impairment losses
Oil and gas properties	20,825	1,239	–
Buildings	64	6	–
Other equipment	15	3	–
Office equipment, furniture and fittings	92	3	–
Computer software and hardware	454	12	–
Motor vehicles	12	2	–
Projects-in-progress			
- other projects	–	–	77
	<u>21,462</u>	<u>1,265</u>	<u>77</u>

Right-of-use

Leasehold land	56	7	–
Buildings	1,705	344	–
Plant and equipment	1,340	72	–
	<u>3,101</u>	<u>423</u>	<u>–</u>
	<u>24,563</u>	<u>1,688</u>	<u>77</u>

continue to next page

3. PROPERTY, PLANT AND EQUIPMENT (continued)

**Company
2024**

In RM Mil

**Accumulated depreciation and
impairment losses:**

Own use

	Disposals/ Write-offs	At 31.12.2024
Oil and gas properties	(488)	21,576
Buildings	–	70
Other equipment	–	18
Office equipment, furniture and fittings	–	95
Computer software and hardware	–	466
Motor vehicles	–	14
Projects-in-progress		
- other projects	–	77
	<u>(488)</u>	<u>22,316</u>

Right-of-use

Leasehold land	–	63
Buildings	–	2,049
Plant and equipment	–	1,412
	<u>–</u>	<u>3,524</u>
	<u>(488)</u>	<u>25,840</u>

continued from previous page

3. PROPERTY, PLANT AND EQUIPMENT (continued)

In RM Mil

Carrying amount	Group		Company	
	2023	2024	2023	2024
<u>Own use</u>				
Freehold land	2,839	2,809	–	–
Oil and gas properties	97,572	93,959	9,275	5,831
Buildings	13,314	12,894	229	224
Plant and equipment	84,482	89,656	6	3
Office equipment, furniture and fittings	962	804	14	13
Computer software and hardware	1,625	1,439	23	18
Motor vehicles	133	136	4	5
Vessels	6,498	3,976	–	–
Projects-in-progress				
- oil and gas properties	29,419	29,745	58	2
- plant and equipment	44,063	43,035	–	–
- vessels	1,646	2,676	–	–
- other projects	3,259	3,862	1,048	1,205
	<u>285,812</u>	<u>284,991</u>	<u>10,657</u>	<u>7,301</u>
<u>Leased to others as operating lease</u>				
Buildings	286	400	–	–
Vessels	19,366	18,121	–	–
Plant and equipment	294	278	–	–
	<u>19,946</u>	<u>18,799</u>	<u>–</u>	<u>–</u>
<u>Right-of-use</u>				
Leasehold land	7,410	7,671	299	292
Lease properties	223	250	–	–
Oil and gas properties	1,951	1,574	–	–
Buildings	941	949	5,473	5,362
Plant and equipment	1,290	1,627	145	73
Computer software and hardware	–	2	–	–
Motor vehicles	139	106	–	–
Vessels	8,686	11,387	–	–
	<u>20,640</u>	<u>23,566</u>	<u>5,917</u>	<u>5,727</u>
	<u>326,398</u>	<u>327,356</u>	<u>16,574</u>	<u>13,028</u>

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3.1 As a lessee

Right-of-use assets

Depreciation of right-of-use assets

<i>In RM Mil</i>	2023	Group 2024	2023	Company 2024
Capitalised in property, plant and equipment	269	541	–	–
Capitalised in exploration and evaluation expenditure	320	561	–	–
Total depreciation capitalised into other assets	589	1,102	–	–
Recognised in profit or loss	2,593	3,173	397	423
Total depreciation	3,182	4,275	397	423

Extension options

Some lease contracts contain extension options exercisable only by the Group and the Company before the end of the non-cancellable contract period. Where practicable, the Group and the Company include extension options in lease contracts to provide operational flexibility. The discounted potential future lease payments arising from exercisable extension options have been included in the lease liabilities except for when the extension terms are uncertain as the Group is finalising the extension terms as at reporting date.

Significant judgments and assumptions in relation to leases

The Group and the Company assess at lease commencement by applying significant judgment whether it is reasonably certain to exercise the extension options. The Group and the Company consider all facts and circumstances including past practice and any cost that will be incurred to change the asset if an option to extend is not exercised.

The Group and the Company also applied judgments and assumptions in determining the incremental borrowing rate of the respective leases. The Group and the Company first determine the closest available borrowing rates for respective currency and tenure before using significant judgments to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

3.2 As a lessor

Property, plant and equipment leased to others as operating lease

The following are recognised in profit or loss:

<i>In RM Mil</i>	2023	Group 2024
Lease income	3,577	3,559

3. PROPERTY, PLANT AND EQUIPMENT (continued)**3.2 As a lessor (continued)***Property, plant and equipment leased to others as operating lease (continued)*

The operating lease payments to be received are as follows:

<i>In RM Mil</i>	2023	Group 2024
Less than one year	2,566	2,979
One to five years	6,678	8,514
More than five years	3,694	11,921
Total undiscounted lease payments	12,938	23,414

3.3 Security

Property, plant and equipment of the Group with carrying amount of RM13,582 million (2023: RM15,808 million) have been pledged as security for loan facilities as set out in Note 21 to the financial statements.

3.4 Projects-in-progress

Included in additions to projects-in-progress of the Group are borrowing costs of RM2,063 million which had been capitalised during the year (2023: RM1,813 million) and capitalisation of depreciation charge for the year in respect of right-of-use assets amounting to RM1,102 million (2023: RM589 million). The interest rate on borrowing costs capitalised ranges from 2.3% to 5.8% (2023: 2.3% to 5.8%) per annum.

3.5 Restriction of land title

The titles to certain freehold and leasehold land are in the process of being registered in the subsidiaries' name. Certain long-term leasehold land of the Group and the Company cannot be disposed of, charged or sub-leased without the prior consent of the relevant authority.

3.6 Change in estimates

During the year, the Group and the Company revised the estimated future cost of decommissioning of oil and gas properties and other property, plant and equipment. The revision was accounted for prospectively as a change in accounting estimates resulting in a decrease in cost of property, plant and equipment of the Group and the Company by RM2,591 million (2023: increase by RM9,163 million) and RM2,234 million (2023: increase by RM5,801 million) respectively (refer Note 22).

3.7 Estimation of oil and gas reserves

Oil and gas reserves are key elements in the Group's and the Company's investment decision-making process. Reserves estimation principles and methodologies are based on globally recognised industry standards, such as the Petroleum Resources Management System developed by the Society of Petroleum Engineers.

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3.7 Estimation of oil and gas reserves (continued)

The term “reserves” describes quantities of oil and gas volumes anticipated to be commercially recoverable by application of development projects to known accumulations given the prevailing economic situation present at the time of estimation. The reserves can be characterised into developed and undeveloped based on their development and production status. Developed reserves are quantities expected to be recovered from existing and operating wells and facilities. Undeveloped reserves are quantities expected to be recovered through future significant investments, which have been sanctioned and approved, and remain so until production commences when they would be characterised as developed reserves.

Estimation of reserves are reviewed annually. These estimates are inherently imprecise, require the application of judgments and are subject to regular revision, either upward or downward, based on new information available such as new geological information gathered from the drilling of additional wells, observation of long-term reservoir performance under producing conditions and changes in economic factors, including product prices, contract terms or development plans.

Such revisions will impact the Group’s and the Company’s reported financial position and results which include:

- (i) carrying value of oil and gas properties and their corresponding amortisation charges;
- (ii) carrying value of projects-in-progress;
- (iii) provisions for decommissioning and restoration; and
- (iv) carrying value of deferred tax assets/liabilities.

3.8 Impairment review of property, plant and equipment

For the financial year ended 31 December 2024, the Group and the Company recognised net impairment losses¹ on certain property, plant and equipment amounting to RM948 million (2023: RM407 million) and RM77 million (2023: net impairment reversal of RM318 million) respectively. The Group’s net impairment losses are mainly in relation to maritime segment following unfavourable changes in economic outlook.

In arriving at the net impairment losses amounts, the carrying amount of each impaired cash-generating unit is compared with the recoverable amount of the cash-generating unit. The impairment reversals are limited only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

The Group’s recoverable amount for the relevant impairment losses/reversals during the year of RM2,791 million (2023: RM1,431 million) were determined from the value in use calculations using cash flow projections and fair value less costs to sell.

The Group uses a range of long-term assumptions including prices, volumes, margins and costs based on past performance and management’s expectations of market development. The projected cash flows were discounted using discount rates ranging between 7.2% to 8.0% (2023: 7.6% to 8.0%).

Price assumptions

Price assumptions applied for impairment testing are reviewed on an annual basis. Reviews include comparison with available market data and forecasts that reflect fundamental developments in global demand and supply. As at 31 December 2024, the real term of average Brent price applied in impairment testing scenarios were as follows:

Average price assumptions	2025-2029	>2029
Brent (USD/bbl)	70	70

¹ Excludes impairment reversals for subsequent write-off for the Group of RM3,431 million (2023: RM1,304 million) and the Company of RM Nil (2023: RM1,670 million) respectively.

4. INVESTMENT PROPERTIES

Group 2023

In RM Mil

	At 1.1.2023	Additions	Disposals
At cost:			
Freehold land	1,467	–	(2)
Leasehold land	973	–	–
Buildings	13,505	5	(259)
Projects-in-progress	1,982	336	–
	17,927	341	(261)

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Accumulated depreciation and impairment losses:

	At 1.1.2023	Charge for the year	Disposals	Impairment losses
Buildings	8,283	499	(246)	15
Projects-in-progress	–	–	–	72
	8,283	499	(246)	87

continue to next page

Group 2024

In RM Mil

	At 1.1.2024	Additions	Disposals
At cost:			
Freehold land	1,465	–	–
Leasehold land	973	28	–
Buildings	13,284	5	(1,144)
Projects-in-progress	2,302	522	–
	18,024	555	(1,144)

continue to next page

Accumulated depreciation and impairment losses:

	At 1.1.2024	Charge for the year	Disposals	Impairment losses
Buildings	8,564	487	(1,144)	–
Projects-in-progress	72	–	–	78
	8,636	487	(1,144)	78

continue to next page

4. INVESTMENT PROPERTIES (continued)

**Group
2023**

In RM Mil

At cost:

	Transfers	Translation exchange difference	At 31.12.2023
Freehold land	–	–	1,465
Leasehold land	–	–	973
Buildings	17	16	13,284
Projects-in-progress	(16)	–	2,302
	^a 1	16	18,024

continued from previous page

**Accumulated depreciation and impairment
losses:**

	Transfers	Translation exchange difference	At 31.12.2023
Buildings	2	11	8,564
Projects-in-progress	–	–	72
	^a 2	11	8,636

continued from previous page

**Group
2024**

In RM Mil

At cost:

	Transfers	Translation exchange difference	Change in fair value	At 31.12.2024
Freehold land	–	–	–	1,465
Leasehold land	–	–	–	1,001
Buildings	100	(6)	–	12,239
Projects-in-progress	(101)	–	4	2,727
	^b (1)	(6)	4	17,432

continued from previous page

**Accumulated depreciation and impairment
losses:**

	Transfers	Translation exchange difference	At 31.12.2024
Buildings	–	(4)	7,903
Projects-in-progress	–	–	150
	–	(4)	8,053

continued from previous page

^a Includes net transfer in from property, plant and equipment of RM3 million, offset by the transfer out to assets classified held for sale of RM2 million and transfer out to other receivables of RM2 million.

^b Includes net transfer out to asset held for sale of RM1 million.

4. INVESTMENT PROPERTIES (continued)

Group <i>In RM Mil</i>	Carrying amount	
	2023	2024
Freehold land	1,465	1,465
Leasehold land	973	1,001
Buildings	4,720	4,336
Projects-in-progress	2,230	2,577
	<u>9,388</u>	<u>9,379</u>

Fair value information

The Directors of the subsidiaries have estimated the fair value of investment properties as at 31 December 2024 to be RM16,652 million (2023: RM16,645 million).

The fair value of investment properties are categorised as follows:

Group <i>In RM Mil</i>	Level 3	
	2023	2024
Freehold land	1,778	1,792
Leasehold land	1,005	1,005
Buildings	13,862	13,855
	<u>16,645</u>	<u>16,652</u>

The Group uses various valuation techniques in determining the fair value of its investment properties. Such techniques include discounted cash flows method, investment method, residual method and market comparable method.

Leases as lessor

The Group via its subsidiary has entered into non-cancellable operating lease agreements for Government Office Buildings (“GOB”) in accordance with the Concession Agreement (“CA”) with the Government of Malaysia. Under the CA, the Group will construct various parcels of GOB on land belonging to the Government. Upon completion of each parcel, the Government will execute a 25-year lease agreement over the land of the said parcel to the Group. Simultaneously, the Group will sub-lease the same land and buildings to the Government for the same period in return for lease rentals based on predetermined rates per square foot per month.

The maturity analysis of the undiscounted lease payments receivables for the Group inclusive of GOB is as follows:

<i>In RM Mil</i>	Group	
	2023	2024
Less than one year	1,725	1,589
Between one and five years	6,316	5,449
More than five years	2,217	1,554
Total undiscounted lease payments	<u>10,258</u>	<u>8,592</u>

5. LAND HELD FOR DEVELOPMENT

Included in land held for development for the Group is freehold land amounting to RM6,897 million (2023: RM2,734 million).

On 4 October 2024, PETRONAS via its wholly-owned subsidiary, KLCC (Holdings) Sdn. Bhd. (“KLCCCH”) entered into a land sale and purchase agreement with Bandar Malaysia Sdn. Bhd. and Bandar Malaysia Land Sdn. Bhd. collectively known as (“BM”) to acquire 486 acres of land located at the former Royal Malaysia Air Force base at Jalan Sungai Besi for a cash consideration of RM6 billion. As at 31 December 2024, RM4 billion of the purchase price had been paid upon completion of conditions precedent. The land will be developed by KLCCCH or its subsidiaries and subsequently there will be a profit-sharing element with BM that is conditional upon the full recoupment of all future capital invested by KLCCCH or its subsidiaries for the land acquisition and development.

6. INVESTMENTS IN SUBSIDIARIES

<i>In RM Mil</i>	Company	
	2023	2024
Investments at cost		
- quoted shares	14,907	14,907
- unquoted shares	157,240	184,048
Fair value adjustments on loans and advances and financial guarantee	10,083	10,265
	<u>182,230</u>	<u>209,220</u>
Less: Impairment losses		
- unquoted shares	(17,800)	(17,880)
	<u>164,430</u>	<u>191,340</u>
Market value of quoted shares	<u>85,164</u>	<u>74,350</u>

The increase in investment in subsidiaries during the year mainly relates to the additional new shares issued by existing subsidiaries which had been fully subscribed by the Company.

Details of key subsidiaries are stated in Note 41 to the financial statements.

Non-controlling interests in subsidiaries

The Group’s subsidiaries that have material Non-controlling interests (“NCI”) are MISC Berhad (“MISC”), PETRONAS Chemicals Group Berhad (“PCG”), PETRONAS Gas Berhad (“PGB”), Putrajaya Holdings Sdn. Bhd. (“PJH”) and PETRONAS Dagangan Berhad (“PDB”) as shown below:

Group							
2023							
<i>In RM Mil</i>	MISC	PCG	PGB	PJH	PDB	Others	Total
NCI percentage effective ownership interest and voting interest (%)	49	35.7	49	35.6	36.1	Varies	–
Carrying amount of NCI	20,649	16,817	6,943	3,706	2,096	9,185	59,396
Profit allocated to NCI	854	576	1,000	179	339	3,405	6,353

6. INVESTMENTS IN SUBSIDIARIES (continued)

Non-controlling interests in subsidiaries (continued)

Summarised financial information before intra-group elimination

In RM Mil

As at 31 December 2023

	MISC	PCG	PGB	PJH	PDB
Non-current assets	51,152	43,268	14,806	11,437	4,181
Current assets	13,908	16,938	4,513	3,879	7,306
Non-current liabilities	(17,151)	(9,183)	(3,113)	(3,698)	(210)
Current liabilities	(7,943)	(8,949)	(2,391)	(1,206)	(5,440)
Net assets	39,966	42,074	13,815	10,412	5,837

Year ended 31 December 2023

Revenue	14,272	28,667	6,445	2,008	37,549
Profit for the year	1,959	1,750	1,901	504	967
Total comprehensive income	3,261	3,295	1,913	504	973
Cash flows from operating activities	5,696	5,119	3,005	1,597	(87)
Cash flows from investing activities	(1,866)	(2,593)	(930)	(68)	(310)
Cash flows from financing activities	(3,920)	(2,175)	(2,573)	(1,009)	(985)
Net (decrease)/increase in cash and cash equivalents	(90)	351	(498)	520	(1,382)
Decrease in cash and cash equivalents restricted	–	–	–	–	10
Net foreign exchange differences	229	29	–	–	–
Cash and cash equivalents at beginning of the year	6,406	8,888	4,026	1,289	2,851
Cash and cash equivalents at end of the year	6,545	9,268	3,528	1,809	1,479
Dividends paid to NCI	(787)	(684)	(80)	(54)	(333)

**Group
2024**

In RM Mil

NCI percentage effective ownership interest and voting interest (%)

	MISC	PCG	PGB	PJH	PDB	Others	Total
Carrying amount of NCI	19,876	15,906	7,139	3,855	2,190	6,429	55,395
Profit allocated to NCI	638	542	961	209	413	3,225	5,988

6. INVESTMENTS IN SUBSIDIARIES (continued)*Non-controlling interests in subsidiaries (continued)***Summarised financial information before intra-group elimination**

<i>In RM Mil</i>	MISC	PCG	PGB	PJH	PDB
As at 31 December 2024					
Non-current assets	47,576	41,261	15,099	11,377	4,053
Current assets	12,858	18,759	3,656	3,736	7,062
Non-current liabilities	(13,046)	(8,850)	(2,996)	(3,114)	(213)
Current liabilities	(9,075)	(11,191)	(1,520)	(1,166)	(4,833)
Net assets	38,313	39,979	14,239	10,833	6,069
Year ended 31 December 2024					
Revenue	13,237	30,671	6,538	1,998	37,951
Profit for the year	1,233	1,289	1,924	588	1,117
Total comprehensive (loss)/income	(40)	(646)	1,905	588	1,117
Cash flows from operating activities	4,277	4,626	3,146	1,517	1,769
Cash flows from investing activities	(1,191)	(2,495)	(1,199)	(1,037)	(212)
Cash flows from financing activities	(4,166)	(1,266)	(2,879)	(905)	(950)
Net (decrease)/increase in cash and cash equivalents	(1,080)	865	(932)	(425)	607
Increase in cash and cash equivalents restricted	–	–	–	–	(38)
Net foreign exchange differences	(155)	(207)	–	–	–
Cash and cash equivalents at beginning of the year	6,545	9,268	3,528	1,809	1,479
Cash and cash equivalents at end of the year	5,310	9,926	2,596	1,384	2,048
Dividends paid to NCI	(787)	(462)	(59)	(60)	(319)

Impairment assessment of investments in subsidiaries

For the financial year ended 31 December 2024, the Company recognised net impairment losses amounting to RM80 million (2023: RM4,971 million) on the cost of investment in subsidiaries.

In calculating the recoverable amount, the Company uses a range of long-term assumptions including prices, volumes, margins and costs based on past performance and management's expectations of economic outlook. The projected cash flows were discounted using discount rate at range of 6.5% to 8.9% (2023: 6.5% to 9.0%) per annum.

7. INVESTMENTS IN ASSOCIATES

<i>In RM Mil</i>	Group		Company	
	2023	2024	2023	2024
Investments at cost				
- quoted shares	314	314	302	302
- unquoted shares	3,373	4,928	–	–
Share of post-acquisition profits and reserves	1,725	1,601	–	–
	5,412	6,843	302	302
Less: Impairment losses				
- unquoted shares	(2,493)	(2,493)	–	–
	2,919	4,350	302	302
Market value of quoted shares	1,312	1,634	674	787

The Group's share of the current year losses and cumulative losses of certain associates amounting to RM98 million (2023: RM108 million) and RM419 million (2023: RM321 million) respectively have not been recognised in the Group's profit or loss as equity accounting has ceased when the Group's share of losses of these associates exceeded the carrying amount of its investment in these associates since the Group has no obligation in respect of the losses.

Summarised financial information has not been included as the associates are not individually material to the Group.

Details of key associates are stated in Note 42 to the financial statements.

8. INVESTMENTS IN JOINT VENTURES

<i>In RM Mil</i>	Group		Company	
	2023	2024	2023	2024
Investments at cost				
- unquoted shares	7,574	7,992	475	475
Fair value adjustments on financial guarantee	377	377	377	377
Share of post-acquisition losses and reserves	(487)	(485)	–	–
	<u>7,464</u>	<u>7,884</u>	<u>852</u>	<u>852</u>
Less: Impairment losses	(15)	(15)	(9)	(9)
	<u>7,449</u>	<u>7,869</u>	<u>843</u>	<u>843</u>
 <i>Share of joint ventures' contingent liabilities:</i>				
Claims filed by/disputes with various parties	(29)	(25)	–	–

The Group's share of the current year and cumulative losses of certain joint ventures amounting to RM5,134 million (2023: RM4,044 million) and RM9,614 million (2023: RM5,321 million) respectively have not been recognised in the Group's profit or loss as equity accounting has ceased when the Group's share of losses of these joint ventures exceeded the carrying amount of its investment in these joint ventures since the Group has no obligation in respect of the losses.

The shares of a joint venture are pledged as a security for an integrated borrowing structure undertaken by the joint venture with a joint operation entity as described in Note 21.

Summarised financial information has not been included as the joint ventures are not individually material to the Group.

Details of key joint ventures are stated in Note 43 to the financial statements.

9. INTANGIBLE ASSETS

**Group
2023**

In RM Mil

At cost:

	At 1.1.2023	Additions	Disposals/ Write-offs
Goodwill	8,900	–	–
Exploration and evaluation expenditure	15,796	7,159	(923)
Other intangible assets	51,296	1,841	(50)
Intangible assets under development	23	43	–
	<u>76,015</u>	<u>9,043</u>	<u>^a(973)</u>

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Accumulated amortisation and impairment losses:

	At 1.1.2023	Charge for the year	Disposal/ Write-offs	Impairment losses
Goodwill	2,494	–	–	–
Exploration and evaluation expenditure	8,848	–	(1)	555
Other intangible assets	38,413	2,417	(40)	50
	<u>49,755</u>	<u>2,417</u>	<u>(41)</u>	<u>^a605</u>

continue to next page

**Group
2024**

In RM Mil

At cost:

	At 1.1.2024	Additions	Disposals/ Write-offs
Goodwill	10,012	–	–
Exploration and evaluation expenditure	21,056	6,964	(2,370)
Other intangible assets	55,400	1,692	(152)
Intangible assets under development	46	59	–
	<u>86,514</u>	<u>8,715</u>	<u>^a(2,522)</u>

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Accumulated amortisation and impairment losses:

	At 1.1.2024	Charge for the year	Disposals/ Write-offs	Impairment losses
Goodwill	2,516	–	–	–
Exploration and evaluation expenditure	9,545	–	(21)	721
Other intangible assets	42,551	2,143	(24)	195
	<u>54,612</u>	<u>2,143</u>	<u>(45)</u>	<u>^a916</u>

continue to next page

^a Included in exploration and evaluation expenditure is net impairment/write-off of well costs amounting to RM2,991 million (2023: RM1,439 million).

9. INTANGIBLE ASSETS (continued)

Group 2023 <i>In RM Mil</i>	Acquisition of subsidiaries	Transfers	Translation exchange difference	At 31.12.2023
At cost:				
Goodwill	519	–	593	10,012
Exploration and evaluation expenditure	–	(1,778)	802	21,056
Other intangible assets	–	(168)	2,481	55,400
Intangible assets under development	–	(20)	–	46
	519	^a (1,966)	3,876	86,514

continued from previous page

	Translation exchange difference	At 31.12.2023
Accumulated amortisation and impairment losses:		
Goodwill	22	2,516
Exploration and evaluation expenditure	143	9,545
Other intangible assets	1,711	42,551
	1,876	54,612

continued from previous page

Group 2024 <i>In RM Mil</i>	Acquisition of subsidiaries	Transfers	Translation exchange difference	At 31.12.2024
At cost:				
Goodwill	(226)	(64)	(488)	9,234
Exploration and evaluation expenditure	11	(2,697)	(1,139)	21,825
Other intangible assets	341	728	(2,431)	55,578
Intangible assets under development	–	(8)	(2)	95
	126	^b (2,041)	(4,060)	86,732

continued from previous page

	Transfers	Translation exchange difference	At 31.12.2024
Accumulated amortisation and impairment losses:			
Goodwill	–	(30)	2,486
Exploration and evaluation expenditure	–	(270)	9,975
Other intangible assets	(72)	(1,697)	43,096
	^b (72)	(1,997)	55,557

continued from previous page

^a Includes net transfers out to property, plant and equipment of RM1,966 million.

^b Includes net transfers out to property, plant and equipment of RM1,904 million and assets classified as held for sale of RM65 million.

9. INTANGIBLE ASSETS (continued)

**Company
2023**

In RM Mil

At cost:

	At 1.1.2023	Additions	Transfers/ Adjustments	At 31.12.2023
Other intangible assets	114	4	277	395
Intangible assets under development	19	38	(16)	41
	133	42	^a 261	436

Accumulated amortisation:

	At 1.1.2023	Charge for the year	At 31.12.2023
Other intangible assets	53	60	113

**Company
2024**

In RM Mil

At cost:

	At 1.1.2024	Additions	Transfers/ Adjustments	At 31.12.2024
Other intangible assets	395	–	86	481
Intangible assets under development	41	61	(13)	89
	436	61	^b 73	570

Accumulated amortisation:

	At 1.1.2024	Charge for the year	At 31.12.2024
Other intangible assets	113	82	195

In RM Mil

Carrying amount

	2023	Group 2024	2023	Company 2024
Goodwill	7,496	6,748	–	–
Exploration and evaluation expenditure	11,511	11,850	–	–
Other intangible assets	12,849	12,482	282	286
Intangible assets under development	46	95	41	89
	31,902	31,175	323	375

^a Includes net transfer in of RM262 million from property, plant and equipment and other adjustment amounting to RM1 million.

^b Includes net transfer in of RM76 million from property, plant and equipment, reclassification to profit or loss of RM2 million and other adjustment amounting to RM1 million.

9. INTANGIBLE ASSETS (continued)

Impairment review of goodwill

For the purpose of impairment testing, goodwill is allocated to groups of cash-generating units which represent the lowest level within the Group and at which the goodwill is monitored for internal management purposes.

In performing the impairment assessment for goodwill, the carrying amount of the cash-generating unit (including goodwill) is compared with the recoverable amount of the cash-generating unit. The recoverable amount is the higher of fair value less costs to sell and value in use. In the absence of any information about the fair value of a cash-generating unit, the value in use is deemed to be the recoverable amount.

Included in goodwill as at 31 December 2024 is the carrying amount arising from the acquisition of Perstorp Holding AB of RM2,879 million (2023: RM3,283 million).

Perstorp Holding AB (“Perstorp”)

The recoverable amount of the cash-generating unit was based on fair value less costs to sell, which was estimated using income approach with the assistance of an independent valuer. The amount was determined by discounting the future cash flow incorporating current market expectations about the future.

The cash flow was projected based on plans and forecast approved by management for the next 10 years. For the period thereafter, a terminal value was calculated using perpetuity growth rate of 2.0% (2023: 2.0%) based on external macroeconomics and industry specific sources. The future cash flow was discounted using discount rate at about 7.9% (2023: 8.6%).

Based on the assessment, the recoverable amount was determined to be higher than its carrying amount and therefore, no impairment loss was recognised.

The above estimates are sensitive in the following areas:

- (i) An increase of 0.6 percentage point (2023: 0.4 percentage point) in discount rate used would have reduced the recoverable amount by approximately RM2,002 million (2023: RM1,360 million).
- (ii) A decrease of 0.5 percentage point (2023: 0.5 percentage point) in perpetuity growth rate used would have reduced the recoverable amount by approximately RM982 million (2023: RM932 million).

Other goodwill

The recoverable amount of the remaining goodwill was based on value in use, derived from the respective cash-generating units' business plan cash flow projection, adjusted with an estimated terminal value. The cash flows assume a long-term average growth rate of the respective industries those units are engaged in and are discounted to present value using discount rate of 6.16% to 8.90% (2023: 7.20% to 9.10%).

For impairment testing of goodwill relating to current year acquisition, the consideration paid represented the best evidence of the subsidiaries' fair value less cost to sell since there were no significant adverse events between the date of acquisition until the year end.

Based on the above, the recoverable amount of goodwill of the remaining units were determined to be higher than their carrying amount, thus no impairment loss was recognised during the year.

9. INTANGIBLE ASSETS (continued)*Impairment review of exploration and evaluation expenditure*

As at 31 December 2024, the Group recognised net impairment losses on certain exploration and evaluation expenditure amounting to RM721 million (2023: RM555 million) related to oil and gas exploration cash-generating units and certain wells which are no longer capable of commercial development in accordance with the policy set out in Note 2.8.

10. LONG-TERM RECEIVABLES

<i>In RM Mil</i>	Note	Group		Company	
		2023	2024	2023	2024
Term loans and advances:					
Loans and advances due from subsidiaries	10.1	–	–	45,745	36,982
Loans and advances due from associates and joint ventures	10.2	9,699	9,722	7,557	7,875
		9,699	9,722	53,302	44,857
Trade receivable from a subsidiary		–	–	1,595	1,405
Amounts due from joint arrangements		10,735	8,088	1,436	90
Contract assets		8,824	32	–	–
Finance lease receivables	10.3	11,939	19,264	–	–
Other receivables and prepayments	10.4	10,183	10,511	55,731	56,358
Derivative financial assets	12	776	850	–	–
		52,156	48,467	112,064	102,710
Less: Allowance for impairment losses					
- Term loans and advances	38	(1,266)	(56)	(116)	(111)
- Trade receivable from a subsidiary	38	–	–	(43)	(54)
- Amounts due from joint arrangements	38	(2,250)	(1,049)	(1,331)	(11)
- Finance lease receivables	38	(473)	(86)	–	–
- Other receivables and prepayments	38	(228)	(586)	(318)	(27)
		47,939	46,690	110,256	102,507

10.1 The Company's loans and advances due from subsidiaries bear interest at rates ranging from 2.70% to 6.90% (2023: 2.70% to 7.81%) per annum.

10.2 The Group's and the Company's loans and advances due from associates and joint ventures bear interest at rates ranging from 5.5% to 8.0% (2023: 5.5% to 7.3%) and 6.31% (2023: 7.33%) per annum respectively.

10.3 Finance lease receivables

Finance lease receivables represent lease rental and interest receivable from customers in relation to the lease of offshore floating assets, buildings and pipelines entered by the subsidiaries of the Group.

10. LONG-TERM RECEIVABLES (continued)

10.3 Finance lease receivables (continued)

The movement of long-term finance lease receivables during the financial year are as follows:

<i>In RM Mil</i>	2023	Group 2024
At 1 January	12,268	11,939
Additions	200	8,979
Interest income	1,017	1,638
Lease payments received	(1,546)	(3,292)
At 31 December	<u>11,939</u>	<u>19,264</u>

The following table sets out a maturity analysis of lease receivables, showing undiscounted lease payments to be received after the reporting date.

<i>In RM Mil</i>	2023	Group 2024
Less than one year	2,123	2,884
One to two years	1,912	2,782
Two to three years	1,977	2,643
Three to four years	1,880	2,626
Four to five years	1,861	2,130
More than five years	11,145	24,591
Total undiscounted lease payments	<u>20,898</u>	<u>37,656</u>
Unearned interest income	(7,704)	(17,040)
Finance lease receivables	<u>13,194</u>	<u>20,616</u>

The effective interest rate of the Group's lease receivables are between 2.20% to 9.04% (2023: 2.20% to 9.04%) per annum. Included in minimum lease receivables are the estimated unguaranteed residual values of the leased assets of RM37 million (2023: RM35 million).

10.4 Included in the Group's other receivables and prepayments is a concession arrangement entered into by a subsidiary of the Group with the Government of Malaysia to construct government buildings on a build-lease-maintain-transfer basis. The concession period is 28 years and 6 months commencing from the construction date.

Included in the Company's other receivables and prepayments are:

- (i) abandonment cess contribution to the Abandonment Cess Fund, which is reimbursable to the Company upon execution of the abandonment of the oil and gas properties in accordance with the terms of the production sharing contracts ("PSCs") as described in Note 37. The amount of cess payable to the PSC Contractors is disclosed in Note 22; and
- (ii) decarbonisation contribution to the Decarbonisation Fund, which is reimbursable to the Company upon request of qualifying project in connection with PETRONAS' decarbonisation and clean energy pursuits.

11. FUND AND OTHER INVESTMENTS

<i>In RM Mil</i>	Group		Company	
	2023	2024	2023	2024
Non-current				
<i>Fair value through profit or loss</i>				
Unquoted shares	130	236	–	–
Quoted securities	527	601	–	–
	657	837	–	–
<i>Fair value through other comprehensive income</i>				
Quoted shares	45	–	–	–
Unquoted shares	1,653	1,572	73	73
	1,698	1,572	73	73
<i>Amortised cost</i>				
Corporate Bonds and Sukuk	2,687	6,795	1,021	3,037
Malaysian Government Securities	5,736	7,429	2,775	3,787
	8,423	14,224	3,796	6,824
Total non-current investments	10,778	16,633	3,869	6,897
Current				
<i>Fair value through profit or loss</i>				
Quoted shares	2,014	3,981	204	1,552
Corporate Bonds and Sukuk	6,899	8,612	4,827	6,140
Malaysian Government Securities	2,085	2,033	1,667	1,647
	10,998	14,626	6,698	9,339
<i>Fair value through other comprehensive income</i>				
Quoted shares	122	–	–	–
<i>Amortised cost</i>				
Unquoted securities	500	1,020	–	–
Corporate Bonds and Sukuk	–	52	–	–
	500	1,072	–	–
Total current investments	11,620	15,698	6,698	9,339
Total fund and other investments	22,398	32,331	10,567	16,236
Representing items:				
At amortised cost	8,923	15,296	3,796	6,824
At fair value	13,475	17,035	6,771	9,412
	22,398	32,331	10,567	16,236

Included in fund and other investments of the Group is an amount of RM10,517 million (2023: RM6,335 million) which is held for the purpose of future decommissioning activities of oil and gas properties.

Included in Corporate Bonds and Sukuk of the Company are securities issued by subsidiaries amounting to RM1,860 million (2023: RM546 million).

12. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

<i>In RM Mil</i>	Note	2023		2024	
		Assets	Liabilities	Assets	Liabilities
Group					
Non-current					
<i>Derivatives not designated as hedging instruments</i>					
Forward foreign exchange contracts		–	(4)	–	–
<i>Derivatives designated as hedging instruments</i>					
Interest rate swaps		717	(7)	594	–
Forward foreign exchange contracts		52	(2)	256	–
Commodity derivatives		7	–	–	–
		<u>776</u>	<u>(9)</u>	<u>850</u>	<u>–</u>
Total non-current derivatives		<u>776</u>	<u>(13)</u>	<u>850</u>	<u>–</u>
Current					
<i>Derivatives not designated as hedging instruments</i>					
Forward foreign exchange contracts		161	(104)	235	(71)
Commodity derivatives		617	(94)	436	(186)
		<u>778</u>	<u>(198)</u>	<u>671</u>	<u>(257)</u>
<i>Derivatives designated as hedging instruments</i>					
Forward foreign exchange and other contracts		62	(54)	81	(81)
Commodity derivatives		640	(100)	574	(935)
		<u>702</u>	<u>(154)</u>	<u>655</u>	<u>(1,016)</u>
Total current derivatives		<u>1,480</u>	<u>(352)</u>	<u>1,326</u>	<u>(1,273)</u>
Total derivatives		<u>2,256</u>	<u>(365)</u>	<u>2,176</u>	<u>(1,273)</u>
Included within:					
Long-term receivables	10	776	–	850	–
Trade and other receivables	15	1,480	–	1,326	–
Other long-term liabilities and provisions	22	–	(13)	–	–
Trade and other payables	23	–	(352)	–	(1,273)
		<u>2,256</u>	<u>(365)</u>	<u>2,176</u>	<u>(1,273)</u>

12. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (continued)

<i>In RM Mil</i>	Note	2023		2024	
		Assets	Liabilities	Assets	Liabilities
Company					
Current					
<i>Derivatives not designated as hedging instruments</i>					
Forward foreign exchange contracts		151	(143)	31	(35)
<i>Derivatives designated as hedging instruments</i>					
Commodity derivatives		632	–	503	–
Total derivatives		783	(143)	534	(35)
Included within:					
Trade and other receivables	15	783	–	534	–
Trade and other payables	23	–	(143)	–	(35)
		783	(143)	534	(35)

In the normal course of business, the Group and the Company enter into derivative financial instruments to manage their normal business exposures in relation to commodity prices, foreign currency exchange rates and interest rates, including management of the balance between floating rate and fixed rate debt, consistent with risk management policies and objectives.

The calculation of fair value for derivative financial instruments depends on the type of instruments.

(a) Commodity swaps, options and futures

The fair value of oil, gas and petroleum products swaps, options and futures is based on the fair value difference between forward market price at the reporting date and the contracted price or cost of premium when applicable.

(b) Forward foreign exchange contracts

The fair value of forward foreign currency exchange contracts is based on the fair value difference between forward exchange rate at the reporting date and the contracted rate.

(c) Interest rate swaps

The fair value of interest rate swaps is based on the fair value difference between interest rate at the reporting date and the contracted rate.

The Group and the Company apply hedge accounting whereby hedges meeting the criteria for hedge accounting are classified as cash flow hedges. The effective portion of the gain or loss on the hedging instruments is recognised directly in equity until the hedged transaction occurs, while the ineffective portion is recognised in the profit or loss. Details of cash flow hedges are disclosed in Note 38 to the financial statements.

13. DEFERRED TAX

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

<i>In RM Mil</i>	Assets		Liabilities		Net	
	2023^a	2024	2023^a	2024	2023^a	2024
Group						
Property, plant and equipment and intangible assets	8,765	7,868	(31,350)	(28,743)	(22,585)	(20,875)
Lease liabilities	4,499	4,579	–	–	4,499	4,579
Unused tax losses	12,857	10,582	–	–	12,857	10,582
Unabsorbed capital allowances	2,452	2,824	–	–	2,452	2,824
Unused reinvestment allowances	453	447	–	–	453	447
Unused investment tax allowances	4,997	3,688	–	–	4,997	3,688
Provision for decommissioning and restoration	11,121	10,832	–	–	11,121	10,832
Others	3,410	2,733	(2,648)	(2,380)	762	353
Tax assets/(liabilities)	48,554	43,553	(33,998)	(31,123)	14,556	12,430
Set off tax	(20,701)	(18,094)	20,701	18,094	–	–
Net tax assets/(liabilities)	27,853	25,459	(13,297)	(13,029)	14,556	12,430
Company						
Property, plant and equipment	–	–	(4,683)	(3,514)	(4,683)	(3,514)
Lease liabilities	1,679	1,640	–	–	1,679	1,640
Unused tax losses	4,775	3,061	–	–	4,775	3,061
Unabsorbed capital allowances	47	35	–	–	47	35
Unused investment tax allowances	82	–	–	–	82	–
Provision for decommissioning and restoration	6,783	5,863	–	–	6,783	5,863
Others	502	728	(152)	(69)	350	659
Tax assets/(liabilities)	13,868	11,327	(4,835)	(3,583)	9,033	7,744
Set off tax	(4,835)	(3,583)	4,835	3,583	–	–
Net tax assets	9,033	7,744	–	–	9,033	7,744

^a Certain prior year information has been restated to conform with current year presentation.

13. DEFERRED TAX (continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

<i>In RM Mil</i>	Group		Company	
	2023	2024	2023	2024
Deductible temporary differences	1,250	1,557	–	–
Unabsorbed capital allowances	3,605	3,609	–	–
Unused tax losses	48,324	58,795	8,766	9,500
Unused reinvestment allowances	–	22	–	–
Unused investment tax allowances	5,368	4,205	–	–
	<u>58,547</u>	<u>68,188</u>	<u>8,766</u>	<u>9,500</u>

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company and the respective subsidiaries can utilise the benefits.

In accordance with the provision of Malaysian Finance Act 2021, the utilisation of unused tax losses will be limited to ten years with effect from year of assessment 2019.

Unabsorbed capital allowances and unused investment tax allowances do not expire under current tax legislation.

The Group and the Company have unused tax losses carried forward of approximately RM101,936 million (2023: RM101,069 million) and RM22,254 million (2023: RM28,662 million), unabsorbed capital allowances of approximately RM14,846 million (2023: RM13,344 million) and RM146 million (2023: RM196 million), and unused investment tax allowances of approximately RM17,428 million (2023: RM22,465 million) and RM Nil (2023: RM216 million) respectively, which give rise to the recognised and unrecognised deferred tax assets as above.

The Group also has unused reinvestment allowances of approximately RM1,885 million (2023: RM1,888 million) which give rise to the recognised and unrecognised deferred tax assets as above.

13. DEFERRED TAX (continued)

The components and movements of deferred tax liabilities and assets during the year prior to offsetting are as follows:

Group 2023	(Charged)/ Credited to		Acquisition of
Restated^a	At 1.1.2023	profit or loss	subsidiaries
<i>In RM Mil</i>			
Deferred tax liabilities			
Property, plant and equipment and intangible assets	(27,841)	(3,031)	–
Others	(1,768)	(486)	(190)
	<u>(29,609)</u>	^b (3,517)	<u>(190)</u>
Deferred tax assets			
Property, plant and equipment and intangible assets	9,173	(522)	–
Lease liabilities	4,616	(169)	–
Unused tax losses	8,635	3,768	–
Unabsorbed capital allowances	1,664	786	–
Unused reinvestment allowances	447	6	–
Unused investment tax allowances	5,056	(84)	–
Provision for decommissioning and restoration	6,600	4,849	–
Others	2,264	476	113
	<u>38,455</u>	^c 9,110	<u>113</u>
Total	<u>8,846</u>	<u>5,593</u>	<u>(77)</u>

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Group 2024	Credited/ (Charged) to	
<i>In RM Mil</i>	At 1.1.2024	profit or loss
Deferred tax liabilities		
Property, plant and equipment and intangible assets	(31,350)	1,913
Others	(2,648)	473
	<u>(33,998)</u>	^b 2,386
Deferred tax assets		
Property, plant and equipment and intangible assets	8,765	(805)
Lease liabilities	4,499	299
Unused tax losses	12,857	(1,917)
Unabsorbed capital allowances	2,452	372
Unused reinvestment allowances	453	(6)
Unused investment tax allowances	4,997	(1,308)
Provision for decommissioning and restoration	11,121	(246)
Others	3,410	(514)
	<u>48,554</u>	^c (4,125)
Total	<u>14,556</u>	<u>(1,739)</u>

continue to next page

^a Certain prior year information has been restated to conform with current year presentation.

^{b,c} Includes reclassification within and between deferred tax liabilities and deferred tax assets.

13. DEFERRED TAX (continued)

Group 2023			Translation exchange difference	At 31.12.2023
Restated^a	Disposal of assets	Equity		
<i>In RM Mil</i>				
Deferred tax liabilities				
Property, plant and equipment and intangible assets	–	–	(478)	(31,350)
Others	–	(100)	(104)	(2,648)
	–	(100)	(582)	(33,998)
Deferred tax assets				
Property, plant and equipment and intangible assets	–	–	114	8,765
Lease liabilities	–	–	52	4,499
Unused tax losses	–	–	454	12,857
Unabsorbed capital allowances	–	–	2	2,452
Unused reinvestment allowances	–	–	–	453
Unused investment tax allowances	–	–	25	4,997
Provision for decommissioning and restoration	(347)	–	19	11,121
Others	–	–	557	3,410
	(347)	–	1,223	48,554
Total	(347)	(100)	641	14,556

continued from previous page

Group 2024			Translation exchange difference	At 31.12.2024
<i>In RM Mil</i>		Equity		
Deferred tax liabilities				
Property, plant and equipment and intangible assets		–	694	(28,743)
Others		(228)	23	(2,380)
		(228)	717	(31,123)
Deferred tax assets				
Property, plant and equipment and intangible assets		–	(92)	7,868
Lease liabilities		–	(219)	4,579
Unused tax losses		–	(358)	10,582
Unabsorbed capital allowances		–	–	2,824
Unused reinvestment allowances		–	–	447
Unused investment tax allowances		–	(1)	3,688
Provision for decommissioning and restoration		–	(43)	10,832
Others		–	(163)	2,733
		–	(876)	43,553
Total		(228)	(159)	12,430

continued from previous page

^a Certain prior year information has been restated to conform with current year presentation.

13. DEFERRED TAX (continued)

Company 2023	(Charged)/ Credited to				
Restated^a					
<i>In RM Mil</i>	At 1.1.2023	profit or loss	Transfers	Equity	At 31.12.2023
Deferred tax liabilities					
Property, plant and equipment	(3,140)	(1,492)	(51)	–	(4,683)
Others	(267)	265	–	(150)	(152)
	<u>(3,407)</u>	<u>(1,227)</u>	^b (51)	(150)	<u>(4,835)</u>
Deferred tax assets					
Lease liabilities	1,112	567	–	–	1,679
Unused tax losses	1,920	2,855	–	–	4,775
Unabsorbed capital allowances	37	10	–	–	47
Unused investment tax allowances	721	(639)	–	–	82
Provision for decommissioning and restoration	6,708	75	–	–	6,783
Others	1,145	(643)	–	–	502
	<u>11,643</u>	<u>2,225</u>	–	–	<u>13,868</u>
	<u>8,236</u>	<u>998</u>	^b (51)	(150)	<u>9,033</u>

Company 2024	Credited/ (Charged) to				
<i>In RM Mil</i>	At 1.1.2024	profit or loss		Equity	At 31.12.2024
Deferred tax liabilities					
Property, plant and equipment	(4,683)	1,169		–	(3,514)
Others	(152)	3		80	(69)
	<u>(4,835)</u>	<u>1,172</u>		80	<u>(3,583)</u>
Deferred tax assets					
Lease liabilities	1,679	(39)		–	1,640
Unused tax losses	4,775	(1,714)		–	3,061
Unabsorbed capital allowances	47	(12)		–	35
Unused investment tax allowances	82	(82)		–	–
Provision for decommissioning and restoration	6,783	(920)		–	5,863
Others	502	226		–	728
	<u>13,868</u>	<u>(2,541)</u>		–	<u>11,327</u>
	<u>9,033</u>	<u>(1,369)</u>		80	<u>7,744</u>

^a Certain prior year information has been restated to conform with current year presentation.

^b Includes transfer out to investment in subsidiaries of RM51 million.

14. TRADE AND OTHER INVENTORIES

<i>In RM Mil</i>	Group		Company	
	2023	2024	2023	2024
Crude oil and condensates	2,578	2,242	15	22
Petroleum products	3,287	3,413	28	92
Chemicals	1,885	2,204	–	–
Liquefied natural gas	1,226	1,477	–	–
Stores, spares and others	3,704	3,705	*–	1
Non-petroleum products	–	15	–	–
Developed properties held for sale	615	493	–	–
Properties under development	1,012	547	–	–
Inventories at lower of cost and net realisable value	14,307	14,096	43	115
<i>Recognised in the profit or loss from continuing operations:</i>				
Inventories recognised as cost of revenue	99,894	97,992	–	–
Net inventories written down to net realisable value/written off	133	397	–	–

*Amount less than RM1 million.

15. TRADE AND OTHER RECEIVABLES

<i>In RM Mil</i>	Note	2023	Group 2024	2023	Company 2024
Trade					
Trade receivables		30,802	31,496	2,065	2,168
Amounts due from:					
- subsidiaries	15.1	–	–	14,809	13,927
- associates and joint arrangements	15.1	5,859	8,940	–	–
Contract assets	15.2	342	172	–	–
Derivative financial assets	12	1,294	1,033	632	503
Less: Allowance for impairment losses					
- Trade receivables	38	(855)	(637)	(7)	(3)
- Amounts due from subsidiaries	38	–	–	(1)	(4)
- Amounts due from associates and joint arrangements	38	(156)	(131)	–	–
		<u>37,286</u>	<u>40,873</u>	<u>17,498</u>	<u>16,591</u>
Non-trade					
Other receivables, deposits and prepayments		16,270	18,573	1,637	1,628
Amounts due from:					
- subsidiaries	15.1	–	–	9,694	14,815
- associates and joint arrangements	15.1	1,014	9,713	5	9,171
Tax recoverable		2,174	2,021	–	–
Finance lease receivables	10	1,255	1,352	–	–
Derivative financial assets	12	186	293	151	31
Less: Allowance for impairment losses					
- Amounts due from subsidiaries	38	–	–	(2)	(1)
- Amount due from a joint venture	38	–	(55)	–	(55)
- Other receivables, deposits and prepayments	38	(1,157)	(1,022)	(12)	(12)
		<u>19,742</u>	<u>30,875</u>	<u>11,473</u>	<u>25,577</u>
		<u>57,028</u>	<u>71,748</u>	<u>28,971</u>	<u>42,168</u>

15.1 Amounts due from subsidiaries, associates and joint arrangements arose in the normal course of business. During the financial year, the Company has entered into an agreement with the shareholder of the Group's joint venture partner to assume the role of supplier jointly for feedstock supplied in prior year to a joint venture entity of the Group.

15.2 Contract assets are mainly in relation to amount due from customers on contracts relating to the Group's rights to consideration for work completed but not billed at the reporting date.

16. CASH AND CASH EQUIVALENTS

<i>In RM Mil</i>	Group		Company	
	2023	2024	2023	2024
Cash and bank balances	22,694	17,452	9,426	6,383
Deposits placed	185,798	171,024	130,100	116,421
	208,492	188,476	139,526	122,804
Less: Subsidiaries' cash with PETRONAS Integrated Financial Shared Service Centre	–	–	(64,366)	(70,771)
	208,492	188,476	75,160	52,033

The Company manages the cash and cash equivalents on behalf of certain subsidiaries through its Integrated Financial Shared Service Centre in order to allow for more efficient management of cash. The cash and cash equivalents reported in the Company's financial statements do not include the amounts managed on behalf of the subsidiaries.

Included in cash and bank balances of the Group and the Company are interest/profit-bearing balances amounting to RM16,712 million (2023: RM18,200 million) and RM6,383 million (2023: RM9,426 million) respectively.

Included in deposits with banks of the Group is an amount of RM21,639 million (2023: RM23,980 million) which is held for the purpose of future decommissioning and restoration activities of oil and gas properties.

Included in the consolidated cash and cash equivalents are restricted amounts in relation to:

- (i) retention account of RM1,253 million (2023: RM1,108 million) which is restricted for use under the requirements of loan covenants, certain borrowing facilities agreement and construction projects;
- (ii) restricted funds of RM603 million (2023: RM622 million) for Voluntary Abandonment and Decommissioning Contribution is held by the Group on behalf of the joint operating partners and not to be utilised for other business operations;
- (iii) deposits held under designated accounts for redemption of Islamic financing facilities of RM388 million (2023: RM368 million); and
- (iv) deposits restricted for other requirements of RM70 million (2023: RM37 million).

17. ASSETS/(LIABILITIES) CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

Assets/(liabilities) classified as held for sale

Assets and liabilities held for sale are disposal groups intended to be disposed in the immediate future. Included in the disposal groups during the year are other disposal groups that are not material in relation to the consolidated results of the Group and therefore not presented separately as discontinuing operations.

The financial performance and the net cash flows of disposal group that is material in relation to the consolidated results of the Group is presented separately as discontinued operations in the Group's financial statements.

The following amounts represent carrying values of net assets owned by the Group with the intention of disposal in the immediate future. The carrying amounts of these assets represent the lower of carrying amounts or fair values. The amount also includes a disposal group from prior year, which continues to be classified as held for sale following the Group's commitment to sell the assets.

<i>In RM Mil</i>	2023	Group 2024
Assets classified as held for sale		
Property, plant and equipment	4,079	68
Intangible assets	322	8
Deferred tax assets	335	–
Trade and other inventories	4,665	53
Trade and other receivables	3,827	137
Other assets	1,113	141
	<u>14,341</u>	<u>407</u>
Liabilities classified as held for sale		
Borrowings	(3,031)	(18)
Trade and other payables	(5,306)	(122)
Other liabilities and provisions	(740)	(11)
	<u>(9,077)</u>	<u>(151)</u>
Amounts included in accumulated OCI		
Foreign currency translation reserve	2,283	–
Other reserves	(180)	–
Reserves of disposal groups classified as held for sale	<u>2,103</u>	<u>–</u>

Fair value information

In accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, certain assets classified as held for sale were written down to their fair value less costs to sell. The fair value less costs to sell is based on the most recent market transactions of the disposal groups.

The fair value of certain assets which are carried at fair value are categorised as Level 2.

17. ASSETS/(LIABILITIES) CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

Discontinued operations

On 7 February 2023, PETRONAS via its wholly-owned subsidiary, PETRONAS Marketing International Sdn. Bhd. (“PMISB”), signed a Sale and Purchase Agreement with Vitol Emerald Bidco (Pty) Ltd and Vitol Africa B.V. for the sale of PMISB’s entire 74% equity interests in its subsidiary, namely Engen Limited and its subsidiaries (“Engen Group”). The divestment was completed on 21 May 2024.

The business of Engen Group represents the major composition of the Group’s geographical segment for Africa and had been classified as disposal group held for sale and discontinued operations since 31 December 2022.

The results of Engen Group for the year are presented below:

Group

<i>In RM Mil</i>	Note	2022	2023	Up to the disposal date
After inter-company adjustments				
Revenue	24	42,265	37,842	14,826
Cost of revenue		<u>(36,374)</u>	<u>(33,665)</u>	<u>(12,445)</u>
Gross profit		5,891	4,177	2,381
Selling and distribution expenses		(989)	(828)	(308)
Administration expenses		(993)	(775)	(339)
Net impairment losses ¹		(45)	(88)	(6)
Other expenses		(433)	(729)	(2,297)
Other income		833	662	345
Operating profit/(loss)		<u>4,264</u>	<u>2,419</u>	<u>(224)</u>
Financing costs	26	(297)	(333)	(143)
Share of profit after tax and non-controlling interest of equity accounted associates and joint ventures		11	–	–
Profit/(Loss) before tax from discontinued operations		3,978	2,086	(367)
Tax expense	27	<u>(165)</u>	<u>(311)</u>	<u>(326)</u>
Profit/(Loss) for the year from discontinued operations after inter-company adjustments		<u>3,813</u>	<u>1,775</u>	<u>(693)</u>

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¹ Includes certain amount relating to write-off of assets.

17. ASSETS/(LIABILITIES) CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

Discontinued operations (continued)

Group

<i>In RM Mil</i>	Note	2022	2023	Up to the disposal date
Profit/(Loss) for the year from discontinued operations after inter-company adjustments		3,813	1,775	(693)
Inter-company adjustments ¹		(3,169)	(959)	1,339
Profit for the period from discontinued operations before inter-company adjustments representing the net effect to Statement of Profit or Loss		<u>644</u>	<u>816</u>	<u>646</u>
Other comprehensive income/(loss)				
Net movements from exchange differences of discontinued operations		2	(208)	–
Net movements from OCI of discontinued operations		(5)	9	–
Total other comprehensive income/(loss)		<u>(3)</u>	<u>(199)</u>	<u>–</u>
Total comprehensive (loss)/income from discontinued operations after inter-company adjustments		<u>3,810</u>	<u>1,576</u>	<u>(693)</u>
Inter-company adjustments ¹		(3,189)	(704)	1,276
Total comprehensive income from discontinued operations before inter-company adjustments representing the net effect to Statement of Other Comprehensive Income		<u>621</u>	<u>872</u>	<u>583</u>

continued from previous page

The net cash flows incurred by Engen Group are as follows:

Group

<i>In RM Mil</i>	2022	2023	Up to the disposal date
Net cash generated from operating activities	612	2,371	1,593
Net cash used in investing activities	(381)	(458)	(78)
Net cash generated from/(used in) financing activities	135	214	(244)
Net increase in cash and cash equivalents	<u>366</u>	<u>2,127</u>	<u>1,271</u>

The summary of the net effect of the disposal of Engen Group on the consolidated financial statements of the Group is disclosed separately in Note 32.

¹ Mainly relates to elimination of sales and purchase transactions between related companies in continuing and discontinued operations. The amount will remain in continuing operations profit after the disposal.

18. SHARE CAPITAL

<i>In RM Mil</i>	Company	
	2023	2024
Issued and fully paid shares with no par value classified as equity instrument:		
100,000 ordinary shares of RM1,000 each	100	100

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. Ordinary share has no par value.

19. RESERVES

Capital and other reserves

Capital reserves represent primarily reserves created upon issuance of bonus shares and redemption of preference shares by subsidiaries. Other reserves comprise the Group's share of its associate and joint venture companies' reserves.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of subsidiaries whose functional currencies are different from that of the Company's functional currency as well as foreign currency differences arising from the translation of monetary items that are considered to form part of a net investment in a foreign operation.

Fair value through other comprehensive income reserve

This reserve records the changes in fair value of equity securities designated at fair value through other comprehensive income. On disposal or impairment of equity securities, the cumulative changes in fair value are transferred to the retained profits.

Hedging reserve

Hedging reserves include the cash flow hedge reserve that records the effective portion of the gain or loss on derivatives designated as hedging instrument in a cash flow hedge. Amounts are subsequently transferred out from equity to either profit or loss or the carrying value of assets, as appropriate. Hedging reserves also include the cost of hedging reserve which records the changes in the time value of option contracts and the forward element of forward contracts.

General reserve

General reserve represents appropriation of retained profits for general purposes rather than for a specific item of future loss or expense. In effect, it is a reserve for unspecified possible events.

20. NON-CONTROLLING INTERESTS

This consists of the non-controlling interests' proportion of share capital and reserves of partly-owned subsidiaries.

21. BORROWINGS

<i>In RM Mil</i>	Group		Company	
	2023	2024	2023	2024
Non-current				
Lease liabilities	13,596	15,267	6,534	6,194
Secured				
Term loans	16,323	14,145	–	–
Islamic financing facilities	1,713	2,039	–	–
Total non-current secured borrowings	18,036	16,184	–	–
Unsecured				
Term loans	1,612	4,520	–	–
Notes and Bonds	64,539	54,143	57,192	48,798
Islamic financing facilities	971	440	–	–
Revolving credits	–	283	–	–
Total non-current unsecured borrowings	67,122	59,386	57,192	48,798
Total non-current borrowings	98,754	90,837	63,726	54,992
Current				
Lease liabilities	3,445	3,973	517	638
Secured				
Term loans	4,111	4,425	–	–
Islamic financing facilities	1,318	743	–	–
Total current secured borrowings	5,429	5,168	–	–
Unsecured				
Term loans	128	372	–	–
Notes and Bonds	–	8,623	–	6,688
Islamic financing facilities	1,707	575	–	–
Revolving credits	1,882	984	–	–
Bankers' acceptances	276	355	–	–
Bank overdrafts	–	10	–	–
Total current unsecured borrowings	3,993	10,919	–	6,688
Total current borrowings	12,867	20,060	517	7,326
Total borrowings	111,621	110,897	64,243	62,318

21. BORROWINGS (continued)

Terms and debt repayment schedule

Group

2023

In RM Mil

	Total	Under 1 year	1-2 years	2-5 years	Over 5 years
Lease liabilities	17,041	3,445	2,313	3,916	7,367
Secured					
Term loans	20,434	4,111	2,533	8,776	5,014
Islamic financing facilities	3,031	1,318	586	432	695
	23,465	5,429	3,119	9,208	5,709
Unsecured					
Term loans	1,740	128	64	198	1,350
Notes and Bonds	64,539	–	8,726	7,808	48,005
Islamic financing facilities	2,678	1,707	134	500	337
Revolving credits	1,882	1,882	–	–	–
Bankers' acceptances	276	276	–	–	–
	71,115	3,993	8,924	8,506	49,692
	111,621	12,867	14,356	21,630	62,768

2024

In RM Mil

Lease liabilities	19,240	3,973	2,855	5,511	6,901
Secured					
Term loans	18,570	4,425	3,641	5,436	5,068
Islamic financing facilities	2,782	743	247	734	1,058
	21,352	5,168	3,888	6,170	6,126
Unsecured					
Term loans	4,892	372	64	3,586	870
Notes and Bonds	62,766	8,623	2,230	5,345	46,568
Islamic financing facilities	1,015	575	390	50	–
Revolving credits	1,267	984	283	–	–
Bankers' acceptances	355	355	–	–	–
Bank overdrafts	10	10	–	–	–
	70,305	10,919	2,967	8,981	47,438
	110,897	20,060	9,710	20,662	60,465

21. BORROWINGS (continued)

Terms and debt repayment schedule (continued)

Company

2023

In RM Mil

	Total	Under 1 year	1-2 years	2-5 years	Over 5 years
Lease liabilities	7,051	517	549	1,013	4,972

Unsecured

Notes and Bonds

57,192	–	6,887	2,300	48,005
64,243	517	7,436	3,313	52,977

2024

In RM Mil

Lease liabilities	6,832	638	386	995	4,813
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Unsecured

Notes and Bonds

55,486	6,688	2,230	–	46,568
62,318	7,326	2,616	995	51,381

Secured term loans

The secured term loans obtained by the subsidiaries primarily comprise:

<i>In Mil</i>	Securities	2023	2024
USD Term loans	Secured by way of a charge over certain property, plant and equipment, together with charter agreements, insurance of the relevant assets and retention accounts of certain subsidiaries.	US\$3,510	US\$3,910
EUR Term loans	Secured by way of a deed of guarantee undertaken by the Company.	€415	€360
INR Term loans	Secured by way of charge over all assets of the projects financed including immovable and movable properties, current assets, accounts, intangible assets and goodwill.	₹73,278	₹79,041

21. BORROWINGS (continued)

Secured term loans (continued)

Included in the USD secured term loans of the Group is 50% share of project financing facility of a joint operation entity amounting to USD343 million (2023: USD372 million), which is undertaken with a joint venture entity, under an integrated borrowing structure for contractual obligations for project completion and delivery and for the repayment of bridge loan facilities and other expenditures.

The loan of the joint operation entity is secured in the following manner:

- (i) completion guarantee by the Company, which is a fully recourse guarantee to a subsidiary, on several and not joint basis which will be uplifted and terminated upon meeting all project completion requirements;
- (ii) cross-guarantee arrangement under an integrated borrowing structure due to the nature of the project with a joint venture entity as disclosed in Note 38; and
- (iii) charge over ordinary shares and the land lease rights of the said joint operation entity.

As per the integrated borrowing structure, the Company has provided a project completion guarantee to the lenders, via a Debt Service Undertaking (“DSU”) for a Guaranteed Project Completion Date (“Guaranteed PCD”) on 31 December 2023. The DSU further defines that the lenders have the right to request for full repayment of outstanding amount if the project completion delays beyond the Guaranteed PCD.

During the year, the Guaranteed PCD has been extended from 31 December 2023 to 31 March 2024 and subsequently further extended to 31 December 2025.

The secured term loans bear interest at rates ranging from 0.80% to 9.80% (2023: 1.85% to 7.57%) per annum and are fully repayable at their various due dates from 2025 to 2043.

Unsecured term loans

The unsecured term loans obtained by the subsidiaries primarily comprise:

<i>In Mil</i>	2023	2024
USD Term loans	US\$1,828	US\$1,046

These unsecured term loans bear interest at rates ranging from 0.71% to 4.18% (2023: 0.71% to 6.70%) per annum and are fully repayable at their various due dates from 2025 to 2029.

21. BORROWINGS (continued)

Unsecured Notes and Bonds

The unsecured Notes and Bonds comprise:

<i>In Mil</i>	2023	2024
USD Notes and Bonds:		
3.625% Guaranteed Notes due 2025*	US\$400	US\$400
3.500% Guaranteed Notes due 2025 ^{^@}	US\$1,500	US\$1,500
7.625% Bonds due 2026 [#]	US\$500	US\$500
3.750% Guaranteed Notes due 2027*	US\$600	US\$600
2.112% Guaranteed Notes due 2028* [@]	US\$600	US\$600
3.500% Guaranteed Notes due 2030 ^{^@}	US\$2,250	US\$2,250
2.480% Guaranteed Notes due 2032 ^{^@}	US\$1,250	US\$1,250
4.500% Guaranteed Notes due 2045 ^{^@}	US\$1,500	US\$1,500
4.550% Guaranteed Notes due 2050 ^{^@}	US\$2,750	US\$2,750
4.800% Guaranteed Notes due 2060 ^{^@}	US\$1,000	US\$1,000
3.404% Guaranteed Notes due 2061 ^{^@}	US\$1,750	US\$1,750

Issued by the Company.

[^] Issued by the Company via a subsidiary.

* Issued by a subsidiary.

[@] Guaranteed by the Company.

In connection with the long-term borrowing facility agreements, the Group and the Company have agreed on the following significant covenants with the bondholders of (i) the Bonds issued by the Company and (ii) the Guaranteed Notes[@]:

- (i) not to allow any material indebtedness (the minimum aggregate amount exceeding USD30,000,000 for the 7.625% Bonds due 2026 and USD200,000,000 for the other Guaranteed Notes or its equivalent in any other currency) for borrowed money of the Company to become due or capable of being declared due before its stated maturity, any guarantee of the Company for material indebtedness of any other person is not discharged at maturity or when validly called or the Company goes into default;
- (ii) the Company (not including any of its subsidiaries) not to create, incur or have outstanding any mortgage, pledge, lien, charge, encumbrance or any other lien upon the whole or any part of its property or assets, present or future, to secure for the benefit of the holders of any indebtedness of itself or any other person, unless the aggregate outstanding principal amount of all such secured indebtedness (other than indebtedness secured by the liens already in existence) plus attributable debt of the Company in respect of sales and leaseback transactions would not exceed 10% of the consolidated net tangible assets for the 7.625% Bonds due 2026 and 15% of the consolidated net tangible assets for the other Guaranteed Notes;

21. BORROWINGS (continued)

Unsecured Notes and Bonds (continued)

- (iii) the Company (not including any of its subsidiaries) not to enter into any sale and leaseback transaction, unless the attributable debt in respect of such sale and leaseback transaction and all other sale and leaseback transaction plus the aggregate outstanding principal amount of indebtedness for borrowed money secured by security interests (other than permitted security interests) then outstanding which have not equally and ratably secured, the total outstanding would not exceed 10% of the consolidated net tangible assets for the 7.625% Bonds due 2026 and 15% of the consolidated net tangible assets for the other Guaranteed Notes provided that, within 12 months after such sale and leaseback transaction, it applies to the retirement of indebtedness for borrowed money, the repayment obligations hereunder and which are not secured by any security interest, an amount to the greater of:
- the net proceeds of the sale or transfer of the property or other assets which are the subject of such sale and leaseback transaction as determined by the Company; or
 - the fair market value of the property or other assets so leased as determined by the Company;
- (iv) the Company, PETRONAS Capital Limited (“PCL”) and PETRONAS Energy Canada Ltd (“PECL”), without consent of the majority bondholders may not consolidate with, or merge into, or sell, transfer, lease or convey substantially all of its assets to any corporation unless any successor corporation expressly assumes the obligations of the Company, PCL or PECL, as the case may be under the Guaranteed Notes and Bonds.

Unsecured revolving credits and bank overdrafts

The unsecured revolving credits and bank overdrafts are obtained by the subsidiaries and primarily bear interest at rates ranging from 3.39% to 7.90% (2023: 2.96% to 7.25%) per annum.

Secured Islamic financing facilities

The secured Islamic financing facilities obtained by the subsidiaries comprise:

<i>In RM Mil</i>	2023	2024
Musharakah Mutanaqisah Term Finances	206	106
Murabahah Medium Term Notes	4,455	3,705

The secured Islamic financing facilities bear yield payable/profit rates ranging from 2.03% to 4.77% (2023: 2.03% to 4.80%) per annum and are fully repayable at their various due dates from 2025 to 2040.

The Islamic financing facilities are secured by way of a charge over certain property, plant and equipment and investment properties.

Unsecured Islamic financing facilities

The unsecured Islamic financing facilities obtained by the subsidiaries primarily comprise:

<i>In RM Mil</i>	2023	2024
Murabahah Note Issuance Facilities	1,300	–
Sukuk Musyarakah	4,500	4,500

The unsecured Islamic financing facilities bear yield payable ranging from 3.60% to 4.58% (2023: 3.46% to 4.58%) per annum and are fully repayable at their various due dates from 2025 to 2033.

22. OTHER LONG-TERM LIABILITIES AND PROVISIONS

<i>In RM Mil</i>	Note	2023	Group 2024	2023	Company 2024
Provision for decommissioning and restoration of:					
- oil and gas properties		45,256	44,859	24,532	23,353
- other property, plant and equipment		4,311	4,833	–	–
Financial guarantees		–	–	116	234
Derivative financial liabilities	12	13	–	–	–
Contract liabilities		3,935	3,716	6,149	6,176
Abandonment cess payables	37	5,816	6,346	14,184	15,401
Deferred and contingent considerations		2,916	2,815	–	–
Others		2,187	2,197	2,867	2,982
		64,434	64,766	47,848	48,146

Provision for decommissioning and restoration of oil and gas properties and other property, plant and equipment is recognised when there is an obligation to abandon a facility or an item of property, plant and equipment and to restore the site on which it is located, and when a reasonable estimate of that liability can be made. In the case of provision for decommissioning and restoration of oil and gas properties, the obligation is stipulated in certain PSCs as described in Note 37.

The provision recognised is the present value of the Group's and the Company's obligations of the estimated future costs determined in accordance with current conditions and requirements.

A corresponding asset of an amount equivalent to the provision is also created. This asset is depreciated in accordance with the policy set out in Note 2.4. The present value of the provision is expected to increase due to the passage of time which is included within finance costs.

Deferred and contingent considerations are mainly in relation to estimated payment obligations arising from acquisitions of asset and/or business.

Most of these removal events are many years in the future and precise requirements that will have to be met when the removal events actually occur are uncertain. The actual timing and net cash outflows can differ from estimates due to changes in laws, regulations, public expectations, technologies, prices and conditions, therefore, the carrying amount of provisions, together with the interest rate used in discounting the cash flows and inflation rate, are regularly reviewed and adjusted to take account of such changes. The interest rates and inflation rates used to determine the significant obligations as at 31 December 2024 ranges from 3.33% to 9.59% (2023: 3.02% to 10.63%) and 1.57% to 5.80% (2023: 1.62% to 3.10%) per annum respectively. Changes in the expected future costs are reflected in both the provision and the asset.

22. OTHER LONG-TERM LIABILITIES AND PROVISIONS (continued)

The movement of provision for decommissioning and restoration during the financial year are as follows:

<i>In RM Mil</i>		Group		Company	
		2023	2024	2023	2024
At 1 January		37,486	50,214	17,653	24,635
Additions		2,587	459	161	2
Net changes in provision		10,554	(1,403)	6,992	(1,653)
Provision utilised		(1,210)	(716)	(167)	(198)
Unwinding of discount		2,122	1,933	927	906
Disposals		(1,591)	–	(931)	–
Translation exchange difference		266	(377)	–	–
At 31 December		50,214	50,110	24,635	23,692

<i>In RM Mil</i>	Note		Group		Company	
		2023	2024	2023	2024	
Included within:						
Other long-term liabilities and provisions		49,567	49,692	24,532	23,353	
Trade and other payables	23	647	418	103	339	
		50,214	50,110	24,635	23,692	

As at 31 December 2024, the provision for decommissioning and restoration is expected to be utilised as follows:

<i>In RM Mil</i>		Group	Company
1 to 10 years		18,232	7,132
11 to 20 years		14,433	9,431
More than 20 years		17,445	7,129
		50,110	23,692

During the year, the provision for decommissioning and restoration for the Group and the Company decreased by RM1,403 million and RM1,653 million respectively, out of which RM4,919 million and RM3,023 million respectively was as a result of the changes in estimated decommissioning timeline, inflation rates and discount rates, partly offset by an increase in the provision by RM3,516 million and RM1,370 million respectively resulting from other changes in the estimated cash flows.

In the prior year, the provision for the Group and the Company increased by RM10,554 million and RM6,992 million respectively, out of which RM8,554 million and RM5,250 million respectively were as a result of changes in the estimated cash flows and inflation rates, RM2,000 million and RM1,742 million respectively were attributable to the changes in the discount rates and other certain key changes in the assumptions.

22. OTHER LONG-TERM LIABILITIES AND PROVISIONS (continued)

The adjustments were accounted for prospectively as a change in accounting estimates resulting in the following:

<i>In RM Mil</i>	2023	Group 2024	2023	Company 2024
Increase/(Decrease) in provision for decommissioning and restoration	10,554	(1,403)	6,992	(1,653)
Increase/(Decrease) in cost of property, plant and equipment	9,163	(2,591)	5,801	(2,234)
Decrease in net profits	(1,391)	(1,188)	(1,191)	(581)

23. TRADE AND OTHER PAYABLES

<i>In RM Mil</i>	2023	Group 2024	2023	Company 2024
Trade payables	19,979	23,363	2,392	2,401
Other payables	45,273	39,642	13,640	11,937
Amounts due to:				
- subsidiaries	–	–	5,612	5,663
- associates and joint arrangements	2,472	2,878	23	8
Derivative financial liabilities	12 352	1,273	143	35
	<u>68,076</u>	<u>67,156</u>	<u>21,810</u>	<u>20,044</u>

Included in other payables of the Group and the Company are:

- (i) amounts owing to suppliers, contractors and joint operating partners which mainly arose in the normal course of business and cash payments to the Federal and State Governments of Malaysia; and
- (ii) provision for decommissioning and restoration of RM418 million (2023: RM647 million) and RM339 million (2023: RM103 million) respectively, which are expected to be utilised in the next twelve months.

Amounts due to subsidiaries, associates and joint arrangements arose in the normal course of business.

24. REVENUE

<i>In RM Mil</i>	Group			Company		
	2022	2023	2024	2022	2023	2024
Continuing operations						
Revenue from contracts with customers	314,970	286,681	284,231	130,666	125,552	122,327
Other revenue						
- shipping and shipping related services ^a	3,320	4,394	5,698	–	–	–
- net trading gain	1,178	548	669	–	–	–
- rental of properties	2,501	2,883	2,343	–	–	–
- rendering of services	44	37	6	766	658	578
- others	3,440	1,441	1,662	8,036	3,509	3,290
	10,483	9,303	10,378	8,802	4,167	3,868
- dividend income						
Quoted						
- subsidiaries	–	–	–	4,458	3,388	2,900
- associates	–	–	–	18	16	17
- other investments	62	66	107	*–	1	25
Unquoted						
- subsidiaries	–	–	–	23,486	23,777	19,796
- associates and joint arrangements	131	–	29	104	144	144
- other investments	8	1	10	8	–	7
	201	67	146	28,074	27,326	22,889
- interest income	4,355	9,704	10,376	2,128	4,150	3,883
Total revenue from continuing operations	330,009	305,755	305,131	169,670	161,195	152,967
Discontinued operations						
Revenue from contracts with customers	42,265	37,842	14,826	–	–	–

*Amount less than RM1 million.

^a Includes income from vessels leased to others as operating lease.

24. REVENUE (continued)*Disaggregation of revenue from contracts with customers*

In the following table, revenue is disaggregated by primary geographical markets and major products/services lines.

Group 2022 Restated^a In RM Mil	Upstream	Gas & Maritime	Downstream	Corporate and others	Total
Primary geographical markets					
Continuing operations					
- Asia ^b	24,664	89,862	44,112	334	158,972
- Malaysia	3,312	22,201	53,293	1,397	80,203
- Rest of the world ^c	28,017	16,429	31,349	–	75,795
	55,993	128,492	128,754	1,731	314,970
Discontinued operations					
- Africa	–	–	42,265	–	42,265
Major products/services lines					
Continuing operations					
- Petroleum products	443	–	86,508	–	86,951
- Crude oil and condensates	40,524	315	8,375	–	49,214
- Liquefied natural gas	–	95,513	2,638	–	98,151
- Natural and processed gas	14,307	25,012	45	–	39,364
- Chemicals	–	–	27,963	–	27,963
- Construction contracts	–	5,053	–	7	5,060
- Others	719	2,599	3,225	1,724	8,267
	55,993	128,492	128,754	1,731	314,970
Discontinued operations					
- Petroleum products	–	–	41,914	–	41,914
- Crude oil and condensates	–	–	18	–	18
- Chemicals	–	–	333	–	333
	–	–	42,265	–	42,265

^a Certain prior year information has been restated to conform with current year presentation.

^b Excludes Malaysia.

^c Comprises revenue that is not material by individual country.

24. REVENUE (continued)

Disaggregation of revenue from contracts with customers (continued)

Group 2023 Restated ^a <i>In RM Mil</i>	Upstream	Gas & Maritime	Downstream	Corporate and others	Total
Primary geographical markets					
Continuing operations					
- Asia ^b	19,639	69,074	44,620	362	133,695
- Malaysia	3,310	23,999	61,613	1,683	90,605
- Rest of the world ^c	15,669	11,934	34,778	–	62,381
	<u>38,618</u>	<u>105,007</u>	<u>141,011</u>	<u>2,045</u>	<u>286,681</u>
Discontinued operations					
- Africa	–	–	37,842	–	37,842
	<u>–</u>	<u>–</u>	<u>37,842</u>	<u>–</u>	<u>37,842</u>
Major products/services lines					
Continuing operations					
- Petroleum products	198	–	94,755	–	94,953
- Crude oil and condensates	25,387	202	13,138	–	38,727
- Liquefied natural gas	–	72,914	1,141	–	74,055
- Natural and processed gas	12,350	25,814	39	–	38,203
- Chemicals	–	–	27,522	–	27,522
- Construction contracts	–	3,339	–	6	3,345
- Others	683	2,738	4,416	2,039	9,876
	<u>38,618</u>	<u>105,007</u>	<u>141,011</u>	<u>2,045</u>	<u>286,681</u>
Discontinued operations					
- Petroleum products	–	–	37,502	–	37,502
- Chemicals	–	–	340	–	340
	<u>–</u>	<u>–</u>	<u>37,842</u>	<u>–</u>	<u>37,842</u>

^a Certain prior year information has been restated to conform with current year presentation.

^b Excludes Malaysia.

^c Comprises revenue that is not material by individual country.

24. REVENUE (continued)

Disaggregation of revenue from contracts with customers (continued)

Group 2024					
<i>In RM Mil</i>	Upstream	Gas & Maritime	Downstream	Corporate and others	Total
Primary geographical markets					
Continuing operations					
- Asia ^a	18,064	73,905	42,774	563	135,306
- Malaysia	4,629	26,212	62,567	1,847	95,255
- Rest of the world ^b	17,348	7,856	28,466	–	53,670
	<u>40,041</u>	<u>107,973</u>	<u>133,807</u>	<u>2,410</u>	<u>284,231</u>
Discontinued operations					
- Africa	–	–	14,826	–	14,826
	<u>–</u>	<u>–</u>	<u>14,826</u>	<u>–</u>	<u>14,826</u>
Major products/services lines					
Continuing operations					
- Petroleum products	176	–	89,144	–	89,320
- Crude oil and condensates	27,061	–	8,733	–	35,794
- Liquefied natural gas	–	75,634	813	–	76,447
- Natural and processed gas	12,167	27,763	30	–	39,960
- Chemicals	–	–	29,505	–	29,505
- Construction contracts	–	1,673	–	8	1,681
- Others	637	2,903	5,582	2,402	11,524
	<u>40,041</u>	<u>107,973</u>	<u>133,807</u>	<u>2,410</u>	<u>284,231</u>
Discontinued operations					
- Petroleum products	–	–	14,541	–	14,541
- Chemicals	–	–	285	–	285
	<u>–</u>	<u>–</u>	<u>14,826</u>	<u>–</u>	<u>14,826</u>

^a Excludes Malaysia.^b Comprises revenue that is not material by individual country.

24. REVENUE (continued)*Disaggregation of revenue from contracts with customers (continued)*

Company <i>In RM Mil</i>	2022	2023	2024
Primary geographical markets			
- Asia ^a	16,865	12,894	13,081
- Malaysia	108,719	109,449	106,240
- Rest of the world ^b	5,082	3,209	3,006
	130,666	125,552	122,327
Major products/services lines			
- Crude oil and condensates	55,525	45,477	43,363
- Liquefied natural gas	9,829	8,008	8,010
- Natural and processed gas	65,312	72,067	70,954
	130,666	125,552	122,327
Revenue from contracts with customers	130,666	125,552	122,327
Dividend income	28,074	27,326	22,889
Other revenue	10,930	8,317	7,751
Total revenue	169,670	161,195	152,967

*Nature of goods and services***Sales of oil and gas products**

Revenue from sales of oil and gas products namely petroleum products, crude oil and condensates, liquefied natural gas (“LNG”), natural gas, processed gas and chemicals is recognised when control of the goods has transferred to the customers. Depending on the terms of the contract with the customer, controls transfer either upon delivery of the goods to a location specified by the customers or upon delivery of the goods on board vessels or tankers for onward delivery to the customers. There is no significant financing element present for most of the contracts, as the Group’s and the Company’s sales of oil and gas products are made either on cash or credit terms as per the industry practices.

In relation to sales of LNG, the Group applies judgment to determine whether contracts to buy or sell commodities meet the definition of derivatives. Specifically, contracts to buy and sell LNG are not classified as derivatives due to limited liquidity in the LNG market and the lack of a history of net settlement. As a result, LNG is classified as an illiquid commodity and is accounted for on an accrual basis, rather than as a derivative.

Where a contract to buy and sell commodities meets the definition of a derivative, the Group recognises the net trading margin and presents it separately in the statement of profit or loss.

Construction contracts

Revenue from construction contracts is recognised progressively based on percentage of completion method, determined based on either input or output method. Input method is measured based on the ratio of costs incurred to date to total estimated costs. Output method is measured by reference to the proportion of physical completion based on technical milestones defined under the contracts.

^a Excludes Malaysia.

^b Comprises revenue that is not material by individual country.

24. REVENUE (continued)

Transaction price allocated to remaining performance obligations

The Group and the Company entered into long-term contracts for the sales of various oil and gas products with remaining tenures ranging between 1 to 24 years (2023: 1 to 19 years; 2022: 2 to 20 years) for the Group and 1 to 18 years (2023: 1 to 19 years; 2022: 2 to 20 years) for the Company. The future revenue of the Group and of the Company is dependent on the prevailing market price, exchange rate on the transaction date as well as production volume, which is based on contractual requirement.

In addition to the above, the Group and the Company entered into spot and short-term contracts for the sales of various oil and gas products with remaining tenures of less than one year.

The Group also entered into long-term construction contracts. The following table shows revenue expected to be recognised in the future related to performance obligations of construction contracts that are unsatisfied (or partially unsatisfied) as at 31 December 2024. The disclosure is only providing information for contracts that have a duration of more than one year.

Group

2022

In RM Mil

	Under 1 year	1-5 years	Total
Construction contracts	2,574	957	3,531

2023

Construction contracts	2,203	1,454	3,657
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2024

Construction contracts	968	2,299	3,267
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25. OPERATING PROFIT

<i>In RM Mil</i>	Group			Company		
	2022	2023	2024	2022	2023	2024
<i>Included in operating profit from continuing operations are the following charges:</i>						
Auditors' remuneration						
- Audit fees						
- KPMG PLT	7	8	9	2	2	3
- Member firms of KPMG International Limited	7	7	9	-	-	-
- Other auditors	26	32	31	-	-	-
- Non audit service fees						
- KPMG PLT	2	1	1	1	1	1
- Local affiliates of KPMG PLT	*-	1	1	*-	1	1
- Member firms of KPMG International Limited	2	2	2	*-	1	1
Amortisation of:						
- contract costs	20	16	26	-	-	-
- intangible assets	2,134	2,417	2,143	33	60	82
Contribution to Tabung Amanah Negara	2,000	500	500	2,000	500	500
Depreciation of:						
- investment properties	509	499	487	-	-	-
- property, plant and equipment	30,949	34,855	36,324	1,611	2,734	1,688
Loss on realisation of foreign currency translation reserve from disposals	329	-	-	-	-	-
Loss on remeasurement/derecognition of financial assets measured at amortised cost	939	874	2,974	21	238	881
Loss on remeasurement of net assets classified as held for sale	1,304	-	52	-	-	-
Net impairment losses of:						
- investments in subsidiaries	-	-	-	-	4,971	80
- investment properties	15	87	78	-	-	-
- loans and advances to joint ventures	141	-	1	30	4	-
- other intangible assets	1,348	49	195	-	-	-
- other investment	-	1	-	-	-	-
- property, plant and equipment	-	407	948	-	-	77
- trade and other receivables:						
- contracts with customers	-	-	-	281	58	99
- joint arrangements	382	1,620	167	-	1,319	-
Net impairment/write-off of well costs	1,363	1,439	2,991	-	-	-
Net inventories written down to net realisable value/written off	234	133	397	*-	*-	-

*Amount less than RM1 million.

25. OPERATING PROFIT (continued)

<i>In RM Mil</i>	Group			Company		
	2022	2023	2024	2022	2023	2024
<i>Included in operating profit from continuing operations are the following charges:</i>						
Net loss on disposals of:						
- investment in a subsidiary	–	–	140	–	–	–
- other investments	5	76	102	–	–	–
- property, plant and equipment	537	–	–	–	318	57
Net loss on derivatives	3,577	1,355	1,953	2,348	2,487	1,701
Net loss on foreign exchange	–	–	912	–	–	930
Net write-off of:						
- intangible assets	–	9	128	–	–	–
- investment in a joint venture	–	–	24	–	–	–
- property, plant and equipment	372	3,386	124	–	2,082	8
- receivables	9	113	314	–	18	276
Research and development expenditure	124	140	167	1	2	1
Rental of facilities and equipments	429	418	217	71	58	76
Staff costs:						
- contributions to pension fund	1,258	1,548	1,643	348	423	480
- wages, salaries and others	12,218	15,646	16,810	2,560	3,126	3,835
<i>and credits:</i>						
Bad debts recovered	3	2	22	–	–	–
Interest income from:						
- fund and other investments	4,355	9,704	10,376	2,128	4,150	3,883
- others	1,290	1,810	2,306	2,471	3,322	3,231
Net change in contract liabilities	9	299	122	89	765	266
Net change in fair value of long-term receivables	–	–	–	493	1,800	2,064
Net gain on foreign exchange	1,178	594	–	2,517	2,050	–
Net gain on disposals/partial disposals of:						
- intangible assets	15	6	–	–	–	–
- investments in subsidiaries	136	24	–	50	*–	1,791
- investment in a business	88	–	–	–	–	–
- property, plant and equipment	–	1,286	8	1	–	–
Gain on realisation of foreign currency translation reserve from disposals	–	445	1,836	–	–	–
Net impairment reversals of:						
- investments in subsidiaries	–	–	–	3,094	–	–
- loans and advances to joint ventures and subsidiaries	–	11	–	55	12	5
- property, plant and equipment	842	–	–	–	318	–
- trade and other receivables:						
- contracts with customers	612	437	49	–	–	–
Rental income on land and buildings	385	379	393	359	352	366

*Amount less than RM1 million.

26. FINANCING COSTS

<i>In RM Mil</i>	Group			Company		
	2022	2023	2024	2022	2023	2024
Recognised in the profit or loss:						
Continuing operations						
Interest expense of financial liabilities at amortised cost	2,683	2,416	2,337	2,388	2,314	2,318
Interest expense on lease liabilities	736	838	980	400	381	369
Other finance costs ^a	1,510	2,246	2,561	838	1,666	1,178
	<u>4,929</u>	<u>5,500</u>	<u>5,878</u>	<u>3,626</u>	<u>4,361</u>	<u>3,865</u>
Discontinued operations						
Interest expense of financial liabilities at amortised cost	70	145	62	–	–	–
Interest expense on lease liabilities	139	146	62	–	–	–
Other finance costs	88	42	19	–	–	–
	<u>297</u>	<u>333</u>	<u>143</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>5,226</u>	<u>5,833</u>	<u>6,021</u>	<u>3,626</u>	<u>4,361</u>	<u>3,865</u>
Capitalised into qualifying assets:						
Term borrowings	1,181	1,693	1,942	–	–	–
Lease liabilities	67	120	121	–	–	–
	<u>1,248</u>	<u>1,813</u>	<u>2,063</u>	<u>–</u>	<u>–</u>	<u>–</u>

^a Included in other finance costs is interest expense on accretion of decommissioning provision.

27. TAX EXPENSE

<i>In RM Mil</i>	Group			Company		
	2022	2023	2024	2022	2023	2024
Tax expense from continuing operations	34,173	14,559	26,348	10,315	9,073	10,792
Tax expense from discontinued operations	165	311	326	–	–	–
Total tax expenses	34,338	14,870	26,674	10,315	9,073	10,792
<i>Components of tax expense include:</i>						
Current tax expenses						
Continuing operations						
Malaysia						
Current year	30,471	21,912	22,294	12,063	9,913	9,326
Prior years	(1,438)	(4,149)	(366)	(1,158)	158	97
Overseas						
Current year	3,299	2,376	2,682	–	–	–
Prior years	511	13	(1)	–	–	–
Discontinued operations^a	340	431	229	–	–	–
Total current tax expenses	33,183	20,583	24,838	10,905	10,071	9,423
Deferred tax expenses						
Continuing operations						
Origination and reversal of temporary differences	1,403	(5,407)	1,200	(619)	(1,000)	1,425
(Over)/Under provision in prior years	(73)	(186)	539	29	2	(56)
	1,330	(5,593)	1,739	(590)	(998)	1,369
Discontinued operations	(175)	(120)	97	–	–	–
Total deferred tax expenses/(income)	1,155	(5,713)	1,836	(590)	(998)	1,369
Total tax expenses	34,338	14,870	26,674	10,315	9,073	10,792

^a Includes over provision in prior years of RM1 million (2023: under provision in prior years of RM7 million; 2022: over provision in prior years of RM54 million).

27. TAX EXPENSE (continued)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

<i>In RM Mil</i>	%	2022	%	2023	%	2024
Group						
Profit/(Loss) before taxation from:						
- continuing operations		131,978		93,498		82,133
- discontinued operations		3,978		2,086		(367)
Profit before taxation		<u>135,956</u>		<u>95,584</u>		<u>81,766</u>
Taxation at Malaysian statutory tax rate	24	32,629	24	22,940	24	19,624
Effect of different tax rates in foreign jurisdictions	1	1,325	1	651	1	792
Effect of different tax rates between corporate income tax and petroleum income tax	4	5,905	5	5,237	7	5,559
Effect of differences in tax rates	(3)	(3,513)	(3)	(2,429)	(1)	(722)
Net non-deductible expenses	1	1,675	3	3,163	2	1,670
Tax exempt income	(1)	(1,476)	(2)	(2,131)	(3)	(2,650)
Tax incentives	–	(173)	(1)	(1,519)	1	(216)
Effect of deferred tax benefits not recognised	–	(597)	(1)	(999)	3	2,314
Effect of net deferred tax benefits previously not recognised	–	(347)	(7)	(6,663)	–	(89)
Reversal of deferred tax benefits previously recognised	–	–	1	811	–	7
Foreign exchange translation difference	–	(36)	–	124	–	214
		<u>26</u>		<u>20</u>		<u>34</u>
(Over)/Under provision in prior years		(1,054)		(4,315)		171
Tax expense		<u>34,338</u>		<u>14,870</u>		<u>26,674</u>
Company						
Profit before taxation		<u>70,132</u>		<u>57,835</u>		<u>55,938</u>
Taxation at Malaysian statutory tax rate	24	16,832	24	13,880	24	13,425
Effect of different tax rates between corporate income tax and petroleum income tax	4	3,001	5	3,166	6	3,291
Non-assessable income, net of non-deductible expenses	(1)	(794)	1	737	1	282
Tax exempt income	(10)	(7,248)	(12)	(6,933)	(12)	(6,424)
Effect of net deferred tax benefits previously not recognised	(1)	(347)	(3)	(1,937)	–	177
		<u>16</u>		<u>15</u>		<u>19</u>
(Over)/Under provision in prior years		(1,129)		160		41
Tax expense		<u>10,315</u>		<u>9,073</u>		<u>10,792</u>

In measuring the provision for taxation and deferred taxation at reporting date, the management applied judgments and estimates in relation to certain interpretation of tax legislation in arriving at the entities' tax position. Judgments and estimates are based on the current tax legislation and best available information as at the reporting date. The management continuously reassess its judgments and estimates whenever there is a change in circumstances.

28. DIVIDENDS

2022	Total
<i>In RM Mil</i>	
Dividend of RM250,000 per ordinary share	25,000
Dividend of RM250,000 per ordinary share	25,000
Total	<u>50,000</u>
2023	
<i>In RM Mil</i>	
Dividend of RM350,000 per ordinary share	35,000
Dividend of RM50,000 per ordinary share	5,000
Total	<u>40,000</u>
2024	
<i>In RM Mil</i>	
Dividend of RM320,000 per ordinary share	<u>32,000</u>

The Directors had on 24 February 2025 declared a dividend of RM320,000 per ordinary share amounting to RM32 billion. The dividend will be recognised and accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2025.

29. NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES

The cash (used in)/generated from investing activities comprise:

<i>In RM Mil</i>	Note	Group			Company		
		2022	2023	2024	2022	2023	2024
Continuing operations							
Acquisition of:							
- subsidiaries, net of cash acquired	^a (11,107)	^a (1,380)	(343)	-	-	-	-
- additional shares in subsidiaries	-	-	-	(7,076)	(12,851)	(25,087)	-
(Contributions to)/Disbursements from Decarbonisation Fund	-	-	-	-	(20,102)	1,936	-
Dividends received	850	669	651	28,074	27,326	22,889	-
Investments in:							
- associates and joint ventures	(710)	(2,905)	(1,906)	-	-	-	-
- securities and other investments	(3,681)	(13,955)	(14,540)	(1,147)	(5,553)	(7,479)	-
Long-term receivables and advances paid by/(to):							
- subsidiaries	-	-	-	25,704	6,368	1,432	-
- joint arrangements	-	(137)	(11,321)	-	(216)	(11,084)	-
Proceeds from disposal/partial disposal of:							
- investments in subsidiaries and a business, net of cash disposed	257	593	2,756	225	-	2,064	-
- investments in associates	829	-	-	-	-	-	-
- investments in a joint venture	-	-	151	-	-	-	-
- property, plant and equipment and intangible assets	8,446	1,117	543	1	-	-	-
- securities and other investments	3,494	5,093	4,813	785	2,121	1,843	-
Proceeds from redemption of preference shares in an associate and joint ventures	-	-	132	-	-	-	-
Purchase of property, plant and equipment, investment properties, land held for development and intangible assets	(37,428)	(47,933)	(51,868)	(815)	(644)	(405)	-
Redemption of preference shares in a subsidiary	-	-	-	1,272	1,254	182	-
Net cash (used in)/generated from investing activities from continuing operations		(39,050)	(58,838)	(70,932)	47,023	(2,297)	(13,709)
Net cash used in investing activities from discontinued operations	17	(381)	(458)	(78)	-	-	-
Net cash (used in)/generated from investing activities		(39,431)	(59,296)	(71,010)	47,023	(2,297)	(13,709)

^a Refer to Note 31.

30. NET CASH USED IN FINANCING ACTIVITIES

The cash used in financing activities comprise:

<i>In RM Mil</i>	Note	Group			Company		
		2022	2023	2024	2022	2023	2024
Continuing operations							
Dividends paid		(50,000)	(40,000)	(32,000)	(50,000)	(40,000)	(32,000)
Dividends paid to non-controlling interests		(5,775)	(7,189)	(5,927)	–	–	–
Drawdown of:							
- term loans		12,103	8,450	7,406	–	–	–
- Islamic financing facilities		612	325	600	–	–	–
- revolving credits		7,407	6,121	10,445	–	1,175	238
- Notes and Bonds		4,413	–	–	–	–	–
- bankers' acceptances		730	1,341	1,315	–	–	–
Payment of lease liabilities*		(3,958)	(5,671)	(7,345)	(865)	(896)	(946)
Repayment of:							
- term loans		(17,810)	(8,852)	(5,225)	–	–	–
- Islamic financing facilities		(955)	(781)	(2,519)	–	–	–
- revolving credits		(7,915)	(4,447)	(10,932)	–	(1,168)	(238)
- Notes and Bonds		(7,699)	–	(169)	(7,550)	–	–
- bankers' acceptances		(552)	(1,358)	(1,232)	–	–	–
Payment to non-controlling interests on redemption of redeemable preference shares		(855)	(660)	(60)	–	–	–
Payment to non-controlling interests on additional equity interests		–	(591)	(2,536)	–	–	–
Proceeds from partial disposal of equity interest to non-controlling interests		235	–	2,058	–	–	–
Net cash used in financing activities from continuing operations		(70,019)	(53,312)	(46,121)	(58,415)	(40,889)	(32,946)
Net cash generated from/(used in) financing activities from discontinued operations	17	135	214	(244)	–	–	–
Net cash used in financing activities		(69,884)	(53,098)	(46,365)	(58,415)	(40,889)	(32,946)

*Payment of lease liabilities comprises principal and interest paid in relation to lease liabilities.

30. NET CASH USED IN FINANCING ACTIVITIES (continued)

Reconciliation of movement of liabilities to cash flows arising from financing activities:

2022	Group	Company
<i>In RM Mil</i>	<u>Borrowings</u>	<u>Borrowings</u>
Balance at 1 January 2022	107,831	66,577
<i>Changes from financing cash flows</i>		
(Repayment)/Drawdown of:		
- term loans	(5,707)	–
- Islamic financing facilities	(343)	–
- revolving credits	(508)	–
- Notes and Bonds	(3,286)	(7,550)
- bankers' acceptances	178	–
- lease liabilities	(3,016)	(865)
Total changes from financing cash flows	<u>(12,682)</u>	<u>(8,415)</u>
 <i>Changes arising from obtaining control of a subsidiary and classification to liabilities held for sale</i>		
- term loans	33	–
- lease liabilities	80	–
	<u>113</u>	<u>–</u>
 <i>The effect of changes in foreign exchange rates</i>		
- term loans	45	–
- Islamic financing facilities	(7)	–
- revolving credits	23	–
- Notes and Bonds	3,561	3,241
- bankers' acceptances	(1)	–
- lease liabilities	49	–
	<u>3,670</u>	<u>3,241</u>
 <i>Other liability-related changes</i>		
- changes in bank overdrafts	(2)	–
- acquisition of new leases	4,244	163
- remeasurement of lease liabilities	41	91
- financing costs	942	425
Total other liability-related changes	<u>5,225</u>	<u>679</u>
 Balance at 31 December 2022	<u>104,157</u>	<u>62,082</u>

30. NET CASH USED IN FINANCING ACTIVITIES (continued)

2023	Group	Company
<i>In RM Mil</i>	Borrowings	Borrowings
Balance at 1 January 2023	104,157	62,082
<i>Changes from financing cash flows</i>		
(Repayment)/Drawdown of:		
- term loans	(402)	–
- Islamic financing facilities	(456)	–
- revolving credits	1,674	7
- bankers' acceptances	(17)	–
- lease liabilities	(4,567)	(896)
Total changes from financing cash flows	(3,768)	(889)
 <i>Changes arising from obtaining control of subsidiaries</i>		
- term loans	622	–
- lease liabilities	6	–
	628	–
 <i>The effect of changes in foreign exchange rates</i>		
- term loans	1,241	–
- revolving credits	53	(7)
- Notes and Bonds	2,622	2,297
- bankers' acceptances	1	–
- lease liabilities	1,010	–
	4,927	2,290
 <i>Other liability-related changes</i>		
- acquisition of new leases	4,369	163
- remeasurement of lease liabilities	204	188
- financing costs	1,104	409
Total other liability-related changes	5,677	760
 Balance at 31 December 2023	111,621	64,243

30. NET CASH USED IN FINANCING ACTIVITIES (continued)

2024	Group	Company
<i>In RM Mil</i>	Borrowings	Borrowings
Balance at 1 January 2024	111,621	64,243
<i>Changes from financing cash flows</i>		
Drawdown/(Repayment) of:		
- term loans	2,181	–
- Islamic financing facilities	(1,919)	–
- revolving credits	(487)	–
- Notes and Bonds	(169)	–
- bankers' acceptances	83	–
- lease liabilities	(6,182)	(946)
Total changes from financing cash flows	(6,493)	(946)
<i>Changes arising from obtaining control of a subsidiary</i>		
- term loans	413	–
- lease liabilities	1	–
	414	–
<i>The effect of changes in foreign exchange rates</i>		
- term loans	(938)	–
- revolving credits	(128)	–
- Notes and Bonds	(1,616)	(1,733)
- bankers' acceptances	(4)	–
- lease liabilities	(86)	126
	(2,772)	(1,607)
<i>Other liability-related changes</i>		
- acquisition of new leases	6,957	233
- changes in bank overdraft	10	–
- remeasurement of lease liabilities	(3)	–
- financing costs	1,163	395
Total other liability-related changes	8,127	628
Balance at 31 December 2024	110,897	62,318

31. ACQUISITION OF SUBSIDIARIES AND AN ASSOCIATE

Acquisition in 2024

Acquisition of Fortum Finnsurya Energy Pvt Ltd

On 3 May 2024, PETRONAS via its wholly-owned subsidiary, Gentari Renewables India Pte Ltd (“GRIPL”) had entered into a Sale and Purchase Agreement with India Sun B.V. to acquire 100% equity interest in Fortum Finnsurya Energy Pvt Ltd (“Fortum”), which operates solar assets in India. The acquisition was completed on 28 June 2024. Following the completion, Fortum which is now known as Gentari Renewables Finnsurya Energy Pvt Ltd, has become a wholly-owned subsidiary of GRIPL.

Acquisition of 30% equity interest in AM Green Ammonia B.V.

On 16 May 2024, GRIPL had completed the acquisition of 30% equity interest in AM Green Ammonia B.V. (“AM Green Ammonia”) to jointly develop green ammonia projects with AM Green Ammonia Holdings B.V.. Following the completion, AM Green Ammonia has become an associate of the Group.

The net effects arising from these acquisitions are not material in relation to the consolidated net profit of the Group.

Acquisition in 2023

Acquisition of WIRSOL entities

On 2 December 2022, PETRONAS via its wholly-owned subsidiary, Gentari Renewables Australia (Solar) Pty Ltd (“GRAS”), a wholly-owned subsidiary of Gentari Sdn. Bhd., signed a series of Share Sale Agreements for the acquisition of equity interests in WIRSOL Energy’s renewables assets (“WIRSOL entities”) from WIRCON Group of companies (“Seller”).

On 13 February 2023, GRAS has fulfilled all the required conditions precedent to complete the acquisition. Following the completion, WIRSOL entities which are now known as Gentari Solar Australia (“GSA entities”), have become subsidiaries of GRAS.

Purchase price allocation

As at 31 December 2023, a provisional purchase price allocation for the acquisition has been performed whereby the fair value of the net assets and goodwill were updated based on provisional valuation of GSA entities which resulted in the recognition of fair value for certain assets along with the corresponding deferred tax assets. The goodwill reflects the synergy that GSA entities will contribute to the Group.

The net effect arising from this acquisition is not material in relation to the consolidated net profit of the Group for the year.

31. ACQUISITION OF SUBSIDIARIES AND AN ASSOCIATE (continued)**Acquisition in 2023 (continued)***Acquisition of WIRSOL entities (continued)**Purchase price allocation (continued)*

The effects of acquisition on the cash flows and fair values of assets and liabilities acquired are as follows:

<i>In RM Mil</i>	At fair value
Property, plant and equipment	1,591
Deferred tax assets	113
Other assets	497
Deferred tax liabilities	(190)
Other liabilities	(1,061)
Net identifiable assets and liabilities	950
Add: Goodwill on acquisition (Note 9)	519
Purchase consideration	1,469
Less: Cash and cash equivalents acquired	(89)
Purchase consideration, net of cash acquired (Note 29)	1,380

The fair value of the net identifiable assets and goodwill has been finalised during the year. The net effect arising from finalisation of purchase price allocation is not material in relation to the consolidated net profit of the Group for the year.

Acquisition in 2022*Acquisition of 100% equity interest in Perstorp*

In 2022, PETRONAS via its partly-owned subsidiary, PETRONAS Chemicals International B.V. (“PCIBV”), a wholly-owned subsidiary of PETRONAS Chemicals Group Berhad (“PCG”), acquired 100% equity interests in Perstorp Holding AB (“Perstorp”).

On 11 October 2022, PCG has fulfilled all the required conditions precedent and paid purchase price of EUR1,612.8 million to the Seller, satisfied wholly in cash, to complete the acquisition. Following this completion, Perstorp has become an indirect wholly-owned subsidiary of PCG.

Purchase price allocation

As at 31 December 2022, a provisional purchase price allocation for the acquisition has been performed whereby the fair value of the net assets and goodwill were updated based on provisional valuation of Perstorp which resulted in the recognition of intangible assets and fair value for certain tangible assets along with the corresponding deferred tax liabilities. The intangible assets relate to the fair value of trademarks, patents and know-how, customer relations and other intangibles, whilst the goodwill reflects the synergy that Perstorp will contribute to the Group.

31. ACQUISITION OF SUBSIDIARIES AND AN ASSOCIATE (continued)**Acquisition in 2022 (continued)***Acquisition of 100% equity interest in Perstorp (continued)**Purchase price allocation (continued)*

The effect of acquisitions on the cash flows and fair values of assets and liabilities acquired are as follows:

<i>In RM Mil</i>	At fair value
Property, plant and equipment	3,797
Intangible assets	5,833
Deferred tax assets	265
Other non-current assets	133
Trade and other inventories	1,206
Trade and other receivables	670
Tax recoverable	7
Cash and cash equivalents	468
Borrowings	(4,092)
Lease liabilities	(37)
Deferred tax liabilities	(1,694)
Other non-current liabilities	(351)
Trade and other payables	(1,370)
Taxation	(10)
Net identifiable assets and liabilities	4,825
Less: Non-controlling interest	(195)
Add: Goodwill on acquisition	2,885
Purchase consideration	7,515
Add: Settlement of existing loans	4,060
Payment for acquisition	11,575
Less: Cash and cash equivalents acquired	(468)
Purchase consideration, net of cash acquired (Note 29)	11,107

The fair value of the net identifiable assets and goodwill has been finalised during the year. The goodwill reflects the synergy that Perstorp will contribute to the Group.

The net effect arising from finalisation of purchase price allocation is not material in relation to the consolidated net profit of the Group for the year.

32. DISPOSAL OF SUBSIDIARIES AND AN ASSOCIATE**Disposal in 2024*****Divestment of Engen Group***

On 21 May 2024, the Group has completed the disposal of the Engen Group for a total consideration of RM3,297 million. The results and cash flows of Engen Group up to the completion date are presented as discontinued operations in Note 17.

The net effect of the disposal on the cash flow and carrying amount of the net assets and liabilities disposed are as below:

<i>In RM Mil</i>	Carrying amount at disposal date
Property, plant and equipment and intangible assets	4,524
Trade and other inventories	4,887
Trade and other receivables	4,036
Other assets	1,078
Borrowings	(3,702)
Trade and other payables	(4,843)
Other liabilities	(842)
Less: Non-controlling interest	(1,701)
Net assets disposed	<u>3,437</u>
Loss on disposal of discontinued operations	(140)
Proceeds from disposal	<u>3,297</u>
Less: Cash and cash equivalents in subsidiaries disposed	(541)
Net cash inflow from disposal of subsidiaries (Note 29)	<u><u>2,756</u></u>
Attributable to other expense	
- Loss on disposal of discontinued operations	(140)
- Realisation of foreign currency translation reserve	(2,278)
Attributable to retained profits	
- Realisation of other reserves	180

Divestment of Transasia Pipeline Pvt. Ltd.

On 1 August 2024, PETRONAS via its wholly-owned subsidiary, PETRONAS International Corporation Ltd. disposed of its entire 35% stake in Transasia Pipeline Company Pvt. Ltd. ("Transasia").

The divestment was completed in November 2024. The net effect arising from the disposal of Transasia is not material in relation to the consolidated net profit of the Group for the year.

32. DISPOSAL OF SUBSIDIARIES AND AN ASSOCIATE (continued)

Disposal in 2023

Divestment of Chad Entities

On 12 December 2022, PETRONAS via its wholly-owned subsidiary, PETRONAS (E&P) Overseas Ventures Sdn. Bhd. (now known as PETRONAS Carigali International Ventures Sdn. Bhd.), signed a Sales and Purchase Agreement for the sale of its entire stake in PETRONAS Carigali Chad Exploration & Production Inc. and its subsidiaries (“Chad entities”).

The divestment was completed in May 2023. The net effect arising from the disposal of Chad entities is not material in relation to the net consolidated profit of the Group.

33. COMMITMENTS

Outstanding commitments in respect of capital expenditure at the end of the reporting year not provided for in the financial statements are:

<i>In RM Mil</i>	Group			Company		
	2022	2023	2024	2022	2023	2024
Capital expenditure*						
<i>Approved and contracted for</i>						
Less than one year	25,153	31,474	31,587	754	435	694
Between one and five years	30,017	35,617	40,641	1,410	1,011	672
More than five years	–	–	4,870	–	–	–
	<u>55,170</u>	<u>67,091</u>	<u>77,098</u>	<u>2,164</u>	<u>1,446</u>	<u>1,366</u>
<i>Approved but not contracted for</i>						
Less than one year	22,295	19,747	18,394	26,269	807	184
Between one and five years	76,077	83,539	81,390	2,327	2,851	886
More than five years	3,467	3,569	1,457	–	–	–
	<u>101,839</u>	<u>106,855</u>	<u>101,241</u>	<u>28,596</u>	<u>3,658</u>	<u>1,070</u>
	<u>157,009</u>	<u>173,946</u>	<u>178,339</u>	<u>30,760</u>	<u>5,104</u>	<u>2,436</u>

*Includes right-of-use assets committed but not commenced and investment in shares.

33. COMMITMENTS (continued)

<i>In RM Mil</i>	Group			Company		
	2022	2023	2024	2022	2023	2024
Share of capital expenditure of associates and joint ventures						
<i>Approved and contracted for</i>						
Less than one year	3,174	2,995	3,192	–	–	–
Between one and five years	2,016	1,396	1,410	–	–	–
More than five years	105	96	594	–	–	–
	<u>5,295</u>	<u>4,487</u>	<u>5,196</u>	<u>–</u>	<u>–</u>	<u>–</u>
<i>Approved but not contracted for</i>						
Less than one year	1,923	2,219	1,565	–	–	–
Between one and five years	7,340	18,533	6,540	–	–	–
	<u>9,263</u>	<u>20,752</u>	<u>8,105</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>14,558</u>	<u>25,239</u>	<u>13,301</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>171,567</u>	<u>199,185</u>	<u>191,640</u>	<u>30,760</u>	<u>5,104</u>	<u>2,436</u>

34. CONTINGENT LIABILITIES AND INSURANCE CONTRACTS

Contingent liabilities for material litigation

In the normal course of business, the Group is subject to several contingencies arising from litigations and claims brought by various parties. The Group has no material contingent liabilities since the last audited financial statements for the year ended 31 December 2023.

Exposure to insurance contracts for non-insurer

Other than those disclosed elsewhere in the financial statements, the Group and the Company had entered into agreements which may include agreements where the Company accepts insurance risks by agreeing to compensate third party if a specified uncertain future event adversely affect the guaranteed entities in the normal and on-going business requirements, consistent with generally acceptable and recognised industry practices. The exposure of the Group and the Company is therefore triggered upon the default by the guaranteed entities' obligations under the contracts. As at 31 December 2024, there were no exposures on the default of the guaranteed entities' obligations under the contracts.

35. RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly and an entity that provides key management personnel services to the Group and the Company. The key management personnel include all the Directors of the Company.

The Company's related parties include key management personnel, subsidiaries, associates, joint ventures as well as the Government of Malaysia and its related entities as the Company is wholly-owned by the Government of Malaysia.

Key management personnel compensation

<i>In RM Mil</i>	Group and Company		
	2022	2023	2024
Director fees, emoluments, gratuity and benefit plan	17	23	21

The estimated monetary value of Directors' benefits-in-kind is RM106,000 (2023: RM104,000, 2022: RM95,000).

35. RELATED PARTY DISCLOSURES (continued)

Significant transactions with related parties

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

Group

In RM Mil

	2022	2023	2024
Federal and State Governments of Malaysia:			
Cash payments	(14,512)	(12,402)	(12,175)
Lease income	1,289	1,266	1,267
Sales of petroleum products	475	421	383
Sales of utilities	183	182	182
Project management income and building maintenance	311	339	338
Government of Malaysia's related entities:			
Sales of petroleum products, petrochemical products and processed gas	10,560	12,178	13,227
Other income	221	221	228
Purchase of utilities	(202)	(268)	(281)
Associate companies:			
Sales of petrochemical products and processed gas	9,248	9,603	9,403
Joint arrangements:			
Sales of industrial utilities	1,116	1,922	1,775
Sales of petrochemical products and processed gas	1,772	2,299	2,235
Site services charges	165	392	773
Purchase of petroleum products, petrochemical products and crude oil	(6,323)	(12,278)	(13,046)

35. RELATED PARTY DISCLOSURES (continued)

Significant transactions with related parties (continued)

Company	2022	2023	2024
<i>In RM Mil</i>			
Federal and State Governments of Malaysia:			
Cash payments	(14,512)	(12,402)	(12,175)
Subsidiaries:			
Sales of crude oil, natural gas and processed gas	106,373	107,122	103,746
Interest income from subsidiaries	2,121	2,550	2,411
Purchase of crude oil, natural gas and liquefied natural gas	(55,765)	(37,954)	(39,206)
Gas processing and transportation fee	(2,127)	(2,731)	(2,020)
Centralised head office services charges	690	918	1,134
Research cess	225	193	187
Supplemental payments	4,405	1,890	1,528
Abandonment cess			
- net contribution	(1,035)	(1,166)	(817)
- net reimbursement	25	336	242
Decarbonisation fund			
- capital contribution	–	(25,000)	(196)
- reimbursement of qualifying projects	–	4,898	1,936
Joint ventures:			
Gas distribution fee	(20)	(12)	(4)

Information regarding outstanding balances arising from related party transactions as at 31 December 2024 are disclosed in Note 10, Note 15 and Note 23.

Information regarding impairment losses on receivables and bad debts written off during the financial year are disclosed in Note 25.

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established on a commercial basis. The above has been stated at contracted amount.

36. OPERATING SEGMENTS, PRODUCTS AND SERVICES AND GEOGRAPHICAL INFORMATION

As at 31 December 2024, the Group's reportable segments comprise Upstream, Gas & Maritime and Downstream. Each reportable segment offers different products and services and are managed separately because they require different technology and marketing strategies. Effective 1 July 2024, MISC Berhad Group of companies which was reported under Corporate and Others segment is now managed and reported under Gas segment. As a result, Gas segment is now known as Gas & Maritime. Accordingly, the Group has restated the operating segment information for the prior periods.

The following summary describes the operations in each of the Group's reportable segments:

- Upstream - activities include oil and natural gas exploration, development and production, together with related pipeline and transportation activities.
- Gas & Maritime - gas activities include purchase of natural gas from Upstream, liquefaction and processing of natural gas, transportation of processed gas, regasification of LNG, as well as manufacturing, marketing and supplying of industrial utilities. Maritime activities include ship owning, ship operating, provision of integrated marine and shipping-related services, operating of offshore assets as well as marine repair, marine conversion and construction works.
- Downstream - activities include the supply and trading, refining, manufacturing, marketing and transportation of crude oil, petroleum products and chemicals.

Corporate and others comprise primarily property segment, clean energy solutions segment as well as central treasury, project delivery and technology functions.

For each of the reportable segment, the Group chief operating decision maker, which in this case is the PETRONAS Executive Leadership Team, reviews internal management reports at least on a quarterly basis.

There are varying levels of integration between Upstream segment, Gas & Maritime segment, Downstream segment and others. This integration includes transfers of products and services between segments.

Inter-segment pricing is established on a commercial basis.

Inter-segment revenues include sales of crude oil and condensates, petroleum products, gas and shipping services between business segments. These transactions are eliminated on consolidation.

Performance is measured based on segment profit after tax ("PAT"), as included in the internal management reports. Segment PAT is used to measure performance as the PETRONAS Executive Leadership Team believes that such information is the most relevant in evaluating the results of the segments.

Segment assets are measured based on total assets (including goodwill) of a segment, as included in the internal management reports and are used to measure the return of assets of each segment.

Segment liabilities information is neither included in the internal management reports nor provided regularly to the PETRONAS Executive Leadership Team. Hence, no disclosure is made on segment liability.

Segment capital expenditure is the total cost incurred during the financial year to acquire non-current assets other than financial instruments and deferred tax assets.

36. OPERATING SEGMENTS, PRODUCTS AND SERVICES AND GEOGRAPHICAL INFORMATION (continued)

Group 2022 Restated ^a <i>In RM Mil</i>	Upstream	Gas & Maritime	Downstream	Corporate and others	Consolidation adjustments and eliminations	Total
Revenue						
Continuing operations						
Third parties	60,458	133,572	129,584	6,395	–	330,009
Inter-segment	97,198	15,414	10,415	2,768	(125,795)	–
	<u>157,656</u>	<u>148,986</u>	<u>139,999</u>	<u>9,163</u>	<u>(125,795)</u>	<u>330,009</u>
Discontinued operations	–	–	42,265	–	–	42,265
Reportable segment profit/(loss) from:						
Continuing operations	51,766	45,060	3,701	1,748	(4,470)	97,805
Discontinued operations	–	–	3,813	–	–	3,813
	<u>51,766</u>	<u>45,060</u>	<u>7,514</u>	<u>1,748</u>	<u>(4,470)</u>	<u>101,618</u>
Included in the measure of segment profit/(loss) from continuing operations are:						
Depreciation and amortisation	(20,357)	(7,518)	(4,393)	(1,368)	24	(33,612)
Net impairment (losses and write-off)/reversals of assets and well costs ^b	(2,551)	1,844	(2,525)	2,846	(2,726)	(3,112)
Interest income	1,365	806	508	5,345	(2,379)	5,645
Financing costs	(2,912)	(1,485)	(505)	(2,048)	2,021	(4,929)
Share of profit/(loss) after tax and non-controlling interests of equity accounted associates and joint ventures	–	1,069	(112)	–	–	957
Tax expense	(23,889)	(9,737)	(811)	(463)	727	(34,173)

^a Certain prior year information has been restated to conform with current year presentation.

^b Includes loss on derecognition of financial assets measured at amortised cost.

36. OPERATING SEGMENTS, PRODUCTS AND SERVICES AND GEOGRAPHICAL INFORMATION (continued)

Group 2023 Restated^a In RM Mil	Upstream	Gas & Maritime	Downstream	Corporate and others	Consolidation adjustments and eliminations	Total
Revenue						
Continuing operations						
Third parties	41,577	111,367	142,150	10,661	–	305,755
Inter-segment	100,269	16,074	5,422	3,675	(125,440)	–
	<u>141,846</u>	<u>127,441</u>	<u>147,572</u>	<u>14,336</u>	<u>(125,440)</u>	<u>305,755</u>
Discontinued operations	–	–	37,842	–	–	37,842
Reportable segment profit from:						
Continuing operations	39,578	31,859	5,322	2,289	(109)	78,939
Discontinued operations	–	–	1,775	–	–	1,775
	<u>39,578</u>	<u>31,859</u>	<u>7,097</u>	<u>2,289</u>	<u>(109)</u>	<u>80,714</u>
Included in the measure of segment profit/(loss) from continuing operations are:						
Depreciation and amortisation	(23,501)	(7,361)	(5,386)	(1,615)	76	(37,787)
Net impairment (losses and write-off)/reversals of assets and well costs ^b	(4,523)	(285)	(2,433)	1,205	(1,499)	(7,535)
Interest income	2,009	2,059	816	9,304	(2,674)	11,514
Financing costs	(4,174)	(1,782)	(758)	(2,818)	4,032	(5,500)
Share of profit/(loss) after tax and non-controlling interests of equity accounted associates and joint ventures	–	618	275	(12)	(9)	872
Tax (expense)/credit	(16,599)	(2,373)	4,779	(208)	(158)	(14,559)

^a Certain prior year information has been restated to conform with current year presentation.

^b Includes loss on derecognition of financial assets measured at amortised cost.

36. OPERATING SEGMENTS, PRODUCTS AND SERVICES AND GEOGRAPHICAL INFORMATION (continued)

Group 2024 <i>In RM Mil</i>	Gas &			Corporate and others	Consolidation adjustments and eliminations	Total
	Upstream	Maritime	Downstream			
Revenue						
Continuing operations						
Third parties	43,451	115,474	135,522	10,684	–	305,131
Inter-segment	96,507	15,619	3,597	3,324	(119,047)	–
	139,958	131,093	139,119	14,008	(119,047)	305,131
Discontinued operations						
	–	–	14,826	–	–	14,826
Reportable segment profit/(loss) from:						
Continuing operations	34,898	19,887	(29)	(773)	1,802	55,785
Discontinued operations	–	–	(693)	–	–	(693)
	34,898	19,887	(722)	(773)	1,802	55,092
Included in the measure of segment profit/(loss) from continuing operations are:						
Depreciation and amortisation	(23,655)	(7,812)	(5,991)	(1,622)	100	(38,980)
Net impairment (losses and write-off)/reversals of assets and well costs ^a	(3,460)	(2,032)	(2,748)	(459)	826	(7,873)
Interest income	2,067	1,950	1,580	10,205	(3,120)	12,682
Financing costs	(4,063)	(1,782)	(915)	(3,286)	4,168	(5,878)
Share of profit/(loss) after tax and non-controlling interests of equity accounted associates and joint ventures	–	529	92	(40)	–	581
Tax expense	(17,812)	(6,894)	(575)	(1,287)	220	(26,348)

^a Includes loss on remeasurement of financial assets measured at amortised cost.

36. OPERATING SEGMENTS, PRODUCTS AND SERVICES AND GEOGRAPHICAL INFORMATION (continued)

Group 2023 Restated^a <i>In RM Mil</i>	Upstream	Gas & Maritime	Downstream	Corporate and others	Consolidation adjustments and eliminations	Total
Segment assets	231,564	212,498	167,950	253,619	(92,330)	773,301
Included in the measure of segment assets are:						
Investments in associates and joint ventures	1	3,905	4,134	2,328	–	10,368
Additions to non-current assets other than financial instruments and deferred tax assets	27,105	11,873	5,753	8,034	–	52,765
2024						
Segment assets	225,600	208,400	162,814	253,690	(83,831)	766,673
Included in the measure of segment assets are:						
Investments in associates and joint ventures	1	4,199	3,772	4,247	–	12,219
Additions to non-current assets other than financial instruments and deferred tax assets	27,979	11,750	4,680	9,816	–	54,225

^a Certain prior year information has been restated to conform with current year presentation.

36. OPERATING SEGMENTS, PRODUCTS AND SERVICES AND GEOGRAPHICAL INFORMATION (continued)

Products and services information

The following are revenue from external customers by products and services:

Group	2022	2023	2024
<i>In RM Mil</i>			
Continuing operations			
Petroleum products	86,951	94,953	89,320
Crude oil and condensates	49,215	38,727	35,794
Liquefied natural gas	98,151	74,055	76,447
Natural and processed gas	39,364	38,203	39,960
Chemicals	27,963	27,522	29,505
Shipping services	3,320	4,394	5,698
Interest income	4,355	9,704	10,376
Others	20,690	18,197	18,031
	330,009	305,755	305,131
Discontinued operations			
Petroleum products	41,914	37,502	14,541
Crude oil and condensates	18	–	–
Chemicals	333	340	285
	42,265	37,842	14,826

Geographical information

Geographical revenue is determined based on location of customers. The amounts presented in non-current assets are based on the geographical location of the assets and do not include financial instruments, investments in associates and joint ventures nor deferred tax assets.

Group	Revenue		
<i>In RM Mil</i>	2022	2023	2024
Continuing operations			
Asia ^a	159,099	134,942	136,135
Malaysia	93,635	107,768	112,225
Rest of the world ^b	77,275	63,045	56,771
	330,009	305,755	305,131
Discontinued operations			
Africa	42,265	37,842	14,826

^a Excludes Malaysia.

^b Comprises revenue that is not material by individual country.

36. OPERATING SEGMENTS, PRODUCTS AND SERVICES AND GEOGRAPHICAL INFORMATION (continued)

Group <i>In RM Mil</i>	Non-current assets	
	2023	2024
Malaysia	234,734	240,284
Rest of the world	135,841	134,964
	<u>370,575</u>	<u>375,248</u>

Major customers

As at 31 December 2024, 31 December 2023 and 31 December 2022, there are no major customers that contribute to more than 10 percent of the Group’s revenue.

37. PETROLEUM ARRANGEMENTS

The Petroleum Development Act, 1974 vests the entire ownership, rights, powers, liberties and privileges of exploiting petroleum resources on land and offshore Malaysia in PETRONAS. In addition, the Group via its subsidiaries participated in various petroleum arrangements outside Malaysia as contractors.

Production Sharing Contracts (“PSCs”)

Malaysia

The monetisation of petroleum resources is carried out primarily by means of PSCs between PETRONAS, its subsidiaries and other oil and gas companies (“PSC Contractors”). Under the terms of the various PSCs, the PSC Contractors shall bear all the costs and may recover their costs in barrels of crude oil or gas equivalent in accordance with the terms of their respective PSCs.

Certain terms of the PSCs are:

- (i) Research cess, supplemental payments and crude oil or gas entitlement

The determination of research cess, supplemental payments and PETRONAS’ and the PSC Contractors’ entitlements to crude oil or gas produced is based on the method of valuation of crude oil or gas and the quantum of costs incurred and claimed by contractors subject to the maximum rate provided under the respective PSCs. PETRONAS’ entitlements to crude oil and natural gas are taken up as income on the basis of liftings and sales respectively made by the Company. Research cess and supplemental payment are not applicable for certain PSCs that are reaching tail-end of production life cycle.

37. PETROLEUM ARRANGEMENTS (continued)

Production Sharing Contracts (“PSCs”) (continued)

Malaysia (continued)

(ii) Property, plant and equipment and intangible assets

Title to all equipment and other assets purchased or acquired by PSC Contractors exclusively for the purpose of petroleum operations, and which costs may be recoverable in barrels of cost oil or gas equivalent, is vested with PETRONAS. However, the values of these assets are not taken up in the financial statements of the Group other than:

- the property, plant and equipment of a subsidiary which is also a contractor to PETRONAS under certain PSCs; and
- the estimated costs of decommissioning and removing the assets and restoring the site on which they are located where there is an obligation to do so.

(iii) Abandonment

The PSCs stipulate the rights and obligations of PETRONAS and the PSC Contractors in relation to the abandonment of the oil and gas properties. The PSC Contractors have the obligation to undertake abandonment activities during and pursuant to the PSCs.

In addition, the PSC Contractors are also required to make abandonment cess contribution to the Abandonment Cess Fund via PETRONAS in accordance with the terms of the PSCs. The PSC Contractors have the right to request PETRONAS to reimburse the abandonment cess up to the cumulative amount paid by them or the actual costs, whichever is lower, in accordance with the terms of the PSC.

Outside Malaysia

The international PSC arrangements, where the Group acts as a contractor, has largely similar arrangements as per Malaysia PSCs subject to the relevant laws and regulations in the respective countries. In respect of abandonment for most of the countries, the Group makes contribution into escrow accounts/any other approved accounts.

Service contracts

Development and Production Service Contracts (“DPSCs”)

Under the terms of DPSCs, the subsidiaries of the Group act as contractors that provide services for development and production of oil and gas resources on behalf of host authority.

37. PETROLEUM ARRANGEMENTS (continued)

Service contracts (continued)

Development and Production Service Contracts (“DPSCs”) (continued)

Certain terms of DPSCs are:

(i) Crude oil and gas entitlement

DPSC contractors shall incur all upfront costs during the initial period of investment and will be reimbursed once the contractual obligation upon production of crude oil and gas is met. Under the terms of DPSCs, the host authority owns the title to all equipment and other assets acquired by the contractors during the contractual period of the DPSCs.

Contractors are entitled to recover their expenditure incurred in relation to the petroleum operations of the DPSCs, based on the provisions stipulated in the DPSCs.

Contractors are also entitled to remuneration fees which commensurate with their performance as stipulated in the provision of the DPSCs.

All barrels of crude oil and gas produced belong to the host authority. The Group’s entitlements to oil and gas are recognised as revenue based on two elements; costs reimbursement and remuneration fees.

(ii) Intangible assets and other financial assets

Title to all equipment and other assets constructed belong to the host authority and contractually, the contractors acquire the right to use these assets for the duration specified under the DPSCs. The right to use these assets is recognised in the financial statements of the Group as intangible assets, as per accounting policies set out in Note 2.7.

In circumstances where the contractors have the right to receive cash or other financial assets for their services from or at the discretion of the host authority, these assets are recognised as trade receivables.

Concession Agreements

Under the terms of Concession Agreements, the subsidiaries of the Group participate in Consortium Agreements for the rights to carry out exploration and exploitation activities. The consortium bears all costs as outlined in the Annual Work Program and Budget. Title to all equipment and other assets purchased and acquired by the consortium for the purpose of petroleum operations will remain with the consortium for the duration of the Concession Agreements and the equity value of the assets is recognised in the financial statements of the relevant subsidiaries of the Group as property, plant and equipment as per accounting policies set out in Note 2.4.

Upon production, the title to the crude oil and gas produced to which the consortium is entitled to, shall pass to the consortium at the point of production at the wellhead. Each member of the consortium shall own and may separately take or dispose of its own share of the crude oil.

The consortium shall pay the host authority a royalty on the consortium’s total production of the crude oil and gas for each calendar month in-kind or in-cash. By virtue of its petroleum operations, the consortium is subject to direct tax on profits, where each member of the consortium shall separately calculate its taxable income and shall remain responsible for its own corporate income tax return.

38. FINANCIAL INSTRUMENTS

Categories of financial instruments

The following table below provides an analysis of financial instruments categorised as follows:

- (i) Fair value through profit or loss (“FVTPL”)
 - Mandatorily required by MFRS 9
 - Designated upon initial recognition (“DUIR”)
- (ii) Fair value through other comprehensive income (“FVOCI”)
 - Debt instrument (“DI”)
 - Equity instrument designated upon initial recognition (“EIDUIR”)
- (iii) Amortised cost (“AC”)

Group 2023						
<i>In RM Mil</i>	Note	FVTPL	FVOCI - EIDUIR	Derivatives designated as hedging instruments	Amortised cost	Total carrying amount
Financial assets						
Long-term receivables	*	–	–	776	26,778	27,554
Fund and other investments	11	11,655	1,820	–	8,923	22,398
Trade and other receivables	*	778	–	702	49,382	50,862
Cash and cash equivalents	16	–	–	–	208,492	208,492
		<u>12,433</u>	<u>1,820</u>	<u>1,478</u>	<u>293,575</u>	<u>309,306</u>
Financial liabilities						
Borrowings	*	–	–	–	(94,580)	(94,580)
Other long-term liabilities	*	(4)	–	(9)	(5,816)	(5,829)
Trade and other payables	*	(198)	–	(154)	(57,505)	(57,857)
		<u>(202)</u>	<u>–</u>	<u>(163)</u>	<u>(157,901)</u>	<u>(158,266)</u>
2024						
Financial assets						
Long-term receivables	*	–	–	850	22,408	23,258
Fund and other investments	11	15,463	1,572	–	15,296	32,331
Trade and other receivables	*	671	–	655	68,436	69,762
Cash and cash equivalents	16	–	–	–	188,476	188,476
		<u>16,134</u>	<u>1,572</u>	<u>1,505</u>	<u>294,616</u>	<u>313,827</u>
Financial liabilities						
Borrowings	*	–	–	–	(91,657)	(91,657)
Other long-term liabilities	*	–	–	–	(6,346)	(6,346)
Trade and other payables	*	(257)	–	(1,016)	(52,993)	(54,266)
		<u>(257)</u>	<u>–</u>	<u>(1,016)</u>	<u>(150,996)</u>	<u>(152,269)</u>

*These balances exclude non-financial instruments balances.

Certain fund and other investments have been designated at fair value through profit or loss upon initial recognition as management internally monitors these investments on fair value basis.

38. FINANCIAL INSTRUMENTS (continued)

Categories of financial instruments (continued)

Company 2023						
<i>In RM Mil</i>	Note	FVTPL	FVOCI - EIDUIR	Derivatives designated as hedging instruments	Amortised cost	Total carrying amount
Financial assets						
Long-term receivables	*	53,492	–	–	55,948	109,440
Fund and other investments	11	6,698	73	–	3,796	10,567
Trade and other receivables	*	151	–	632	27,022	27,805
Cash and cash equivalents	16	–	–	–	75,160	75,160
		60,341	73	632	161,926	222,972
Financial liabilities						
Borrowings	*	–	–	–	(57,192)	(57,192)
Other long-term liabilities	*	–	–	–	(14,300)	(14,300)
Trade and other payables	*	(143)	–	–	(21,536)	(21,679)
		(143)	–	–	(93,028)	(93,171)
2024						
Financial assets						
Long-term receivables	*	54,817	–	–	46,874	101,691
Fund and other investments	11	9,339	73	–	6,824	16,236
Trade and other receivables	*	31	–	503	40,457	40,991
Cash and cash equivalents	16	–	–	–	52,033	52,033
		64,187	73	503	146,188	210,951
Financial liabilities						
Borrowings	*	–	–	–	(55,486)	(55,486)
Other long-term liabilities	*	–	–	–	(15,635)	(15,635)
Trade and other payables	*	(35)	–	–	(18,996)	(19,031)
		(35)	–	–	(90,117)	(90,152)

*These balances exclude non-financial instruments balances.

Certain fund and other investments have been designated at fair value through profit or loss upon initial recognition as management internally monitors these investments on fair value basis.

38. FINANCIAL INSTRUMENTS (continued)

Financial risk management

As an integrated oil and gas company, the Group and the Company are exposed to various risks that are particular to its core business operations. These risks, which arise in the normal course of the Group's and of the Company's business, comprise counterparty credit risk, liquidity risk and market risk relating to interest rates, foreign exchange risk and price risk.

The Group has policies, standards and guidelines in place that sets the foundation for a consistent approach towards establishing an effective integrated financial risk management across the Group.

Risk taking activities are undertaken within acceptable level of risk or risk appetite, whereby the risk appetite level reflects business considerations and capacity to assume such risks. The risk appetite is established at Board level, where relevant, based on defined methodology and translated into operational thresholds.

The Group's and the Company's goal in risk management are to ensure that the management understands, measures, monitors and reports the financial risks that arise in connection with their operations. The policies, standards and guidelines have been developed to identify, analyse, appraise, monitor and report the dynamic risks facing the Group and the Company. Based on this assessment, each business unit adopts appropriate measures to mitigate these risks in accordance with the business unit's view of the balance between risk and reward.

Credit risk

Counterparty credit risk refers to risk of loss resulting from a counterparty failing to perform its contractual financial obligation or making payment for goods and services, due to circumstances such as bankruptcy, financial constraints, political restrictions and government directives.

The Group's and the Company's exposures to credit risk arise principally from their receivables from third party customers, fund and other investments and financial guarantees given to financial institutions for credit facilities granted to subsidiaries, joint arrangements and associates. Credit risks are controlled in accordance with PETRONAS' policies, standards and guidelines implemented across PETRONAS Group.

(i) *Receivables and contract assets*

Risk management objectives, policies and processes for managing the risk

The Group and the Company minimise credit risk by ensuring that all potential third party counterparties are assessed prior to registration and entering into new contracts. Existing third party counterparties are also subject to regular reviews, including reappraisal and approval of granted limits where applicable. The creditworthiness of counterparties is assessed based on an analysis of all available quantitative and qualitative data regarding business risks and financial standing, together with the review of any relevant third party and market information. Reports are prepared and presented to the management that cover the Group's overall credit exposure against portfolio level risk appetite.

Depending on the types of transactions and counterparty creditworthiness, the Group and the Company further mitigate credit risk by requiring collateral or other credit enhancements such as cash deposits, letter of credit and bank guarantees.

38. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

(i) *Receivables and contract assets (continued)*

Risk management objectives, policies and processes for managing the risk (continued)

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values.

At each reporting date, the Group and the Company assess whether any of the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, receivables and contract assets that are written off could still be subject to enforcement activities.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables and contract assets are represented by the carrying amounts in the statement of financial position.

At each reporting date, the Group and the Company assess whether financial assets are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- (i) significant financial difficulty of the customer; or
- (ii) a breach of contract such as a default; or
- (iii) it is probable that the customer will enter bankruptcy or other financial reorganisation.

Concentration of credit risk

Exposure to losses increases with concentrations of credit risk which may exist when a number of counterparties are involved in similar activities or operate in the same industry sector or geographical area, which may result in their ability to meet contractual obligations being impacted by changes in economic, political or other conditions. The Group's principal customers with which it conducts business are located globally and there is no significant concentration of credit risk at reporting date.

Recognition and measurement of impairment losses

In managing credit risk of receivables and contract assets, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances.

The Group and the Company perform credit rating assessment of all its counterparties in order to measure Expected Credit Loss ("ECL") of receivables for all segments using the PETRONAS Credit Risk Rating system. This credit rating assessment considers quantitative assessment using the counterparties' financial statements or a qualitative assessment of the counterparties which includes but is not limited to their reputation, competitive position, industry and geopolitical outlook.

38. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

(i) Receivables and contract assets (continued)

Recognition and measurement of impairment losses (continued)

In determining the ECL, the probability of default assigned to each counterparty is based on their individual credit rating. This probability of default is derived by benchmarking against available third party and market information, which also incorporates forward looking information.

Loss given default is the assumption of the proportion of financial assets that cannot be recovered by conversion of collateral to cash or by legal process, and is assessed based on the Group's and the Company's historical experience.

The following table provides information about the exposure to credit risk and ECL for trade receivables, amounts due from associates and joint arrangements, loans and advances due from subsidiaries, associates and joint ventures, contract assets, finance lease receivables and derivative financial assets as at the reporting date which are grouped together as they are expected to have similar risk nature.

Group 2023		Gross carrying amount	Allowance for impairment losses	Net balance
<i>In RM Mil</i>	Note			
Credit Risk Rating				
Sovereign		258	–	258
Excellent		3,741	–	3,741
Good		45,348	(116)	45,232
Fair		28,012	(2,738)	25,274
		77,359	(2,854)	74,505
Credit impaired				
Individually impaired		2,146	(2,146)	–
		79,505	(5,000)	74,505
Representing				
Trade receivables	15	30,802	(855)	29,947
Amounts due from associates and joint arrangements	*	14,388	(2,406)	11,982
Loans and advances due from associates and joint ventures	10	9,699	(1,266)	8,433
Contract assets	10,15	9,166	–	9,166
Finance lease receivables	10,15	13,194	(473)	12,721
Derivative financial assets	12	2,256	–	2,256
		79,505	(5,000)	74,505

*These balances exclude non-financial instruments balances.

38. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

(i) Receivables and contract assets (continued)

Recognition and measurement of impairment losses (continued)

Group 2024		Gross carrying amount	Allowance for impairment losses	Net balance
<i>In RM Mil</i>	Note			
Credit Risk Rating				
Sovereign		203	–	203
Excellent		4,462	–	4,462
Good		44,362	(90)	44,272
Fair		41,324	(1,320)	40,004
		90,351	(1,410)	88,941
Credit impaired				
Individually impaired		604	(604)	–
		90,955	(2,014)	88,941
Representing				
Trade receivables	15	31,496	(637)	30,859
Amounts due from associates and joint arrangements	10,15	26,741	(1,235)	25,506
Loans and advances due from associates and joint ventures	10	9,722	(56)	9,666
Contract assets	10,15	204	–	204
Finance lease receivables	10,15	20,616	(86)	20,530
Derivative financial assets	12	2,176	–	2,176
		90,955	(2,014)	88,941

38. FINANCIAL INSTRUMENTS (continued)**Credit risk (continued)****(i) Receivables and contract assets (continued)****Recognition and measurement of impairment losses (continued)**

Company 2023		Gross carrying amount	Allowance for impairment losses	Net balance
<i>In RM Mil</i>	Note			
Credit Risk Rating				
Sovereign		140	–	140
Excellent		738	*–	738
Good		73,579	(120)	73,459
Fair		7,913	(61)	7,852
		<u>82,370</u>	<u>(181)</u>	<u>82,189</u>
Credit impaired				
Individually impaired		1,319	(1,319)	–
		<u>83,689</u>	<u>(1,500)</u>	<u>82,189</u>
Representing				
Trade receivables	15	2,065	(7)	2,058
Amounts due from subsidiaries	10,15	26,098	(46)	26,052
Amount due from joint arrangements	10,15	1,441	(1,331)	110
Loans and advances due from subsidiaries and a joint venture	10	53,302	(116)	53,186
Derivative financial assets	12	783	–	783
		<u>83,689</u>	<u>(1,500)</u>	<u>82,189</u>

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is equal to the carrying amount.

*Amount less than RM1 million.

38. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

(i) Receivables and contract assets (continued)

Recognition and measurement of impairment losses (continued)

Company 2024 <i>In RM Mil</i>	Note	Gross carrying amount	Allowance for impairment losses	Net balance
Credit Risk Rating				
Sovereign		113	–	113
Excellent		857	*–	857
Good		68,052	(127)	67,925
Fair		17,945	(112)	17,833
		86,967	(239)	86,728
Representing				
Trade receivables	15	2,168	(3)	2,165
Amounts due from subsidiaries	10,15	30,147	(59)	30,088
Amounts due from joint arrangements	10,15	9,261	(66)	9,195
Loans and advances due from subsidiaries and a joint venture	10	44,857	(111)	44,746
Derivative financial assets	12	534	–	534
		86,967	(239)	86,728

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is equal to the carrying amount.

*Amount less than RM1 million.

38. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

(i) Receivables and contract assets (continued)

Recognition and measurement of impairment losses (continued)

The ageing of trade receivables, amounts due from associates and joint arrangements, loans and advances due from subsidiaries, associates and joint ventures, contract assets and derivative financial assets net of impairment amount as at the end of the reporting period is analysed below:

<i>In RM Mil</i>	Group		Company	
	2023	2024	2023	2024
At net				
Not past due	57,352	51,174	81,277	76,074
Past due 1 to 30 days	507	1,414	102	163
Past due 31 to 60 days	263	691	72	185
Past due 61 to 90 days	251	1,761	135	189
Past due more than 90 days	3,411	13,371	603	10,117
	<u>61,784</u>	<u>68,411</u>	<u>82,189</u>	<u>86,728</u>

The Group and the Company have not recognised any loss allowance for trade receivables, amounts due from subsidiaries, associates and joint arrangements, loans and advances due from subsidiaries, associates and joint ventures, contract assets and finance lease receivables that are secured by collateral and/or other credit enhancements such as cash deposits, letter of credit, bank guarantees and trust funds.

The movements in the allowance for impairment losses of trade receivables, amounts due from subsidiaries, associates and joint arrangements, loans and advances due from subsidiaries, associates and joint ventures and finance lease receivables during the year are as follows:

<i>In RM Mil</i>	Group		Company	
	2023	2024	2023	2024
Opening balance	3,302	5,000	184	1,500
Impairment:				
Losses/(Reversals) recognised	1,457	(361)	1,316	58
Write-off	–	(2,331)	–	(1,319)
Translation exchange difference	241	(294)	–	–
Closing balance	<u>5,000</u>	<u>2,014</u>	<u>1,500</u>	<u>239</u>

38. FINANCIAL INSTRUMENTS (continued)**Credit risk (continued)****(ii) Other receivables**

There are no significant concentrations of credit risk in any particular counterparty. The credit risk associated with these other receivables is low, as the majority of amounts are amounts due from Government authorities and joint operating partners. The Group and the Company do not expect any material defaults or losses in the foreseeable future.

The movements in the allowance for impairment losses of other receivables during the year are as follows:

<i>In RM Mil</i>	Group		Company	
	2023	2024	2023	2024
Opening balance	1,760	1,385	290	318
Impairment:				
(Reversals)/Losses recognised	(274)	480	28	(291)
Write-off	(53)	(167)	–	–
Translation exchange difference	(48)	(90)	–	–
Closing balance	1,385	1,608	318	27

(iii) Fund and other investments***Risk management objectives, policies and processes for managing the risk***

The Group and the Company are also exposed to counterparty credit risk from financial institutions, government and corporate counterparties through fund and other investment activities comprising primarily money market placements and investments in bonds. These exposures are managed in accordance with existing policies and guidelines that define the parameters within which the investment activities shall be undertaken in order to achieve the Group's investment objective of preserving capital and generating optimal returns above appropriate benchmarks within allowable risk parameters.

Investments are only made with approved counterparties who met the appropriate rating and other relevant criteria, and within approved credit limits, as stipulated in the policies and guidelines.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

The credit risk on a financial instrument is considered low, if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

As at the reporting date, the Group and the Company have invested significantly in domestic market.

38. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

(iii) Fund and other investments (continued)

Recognition and measurement of impairment loss

The fund and other investments are unsecured. However, in view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligation and no impairment loss was recognised.

(iv) Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Group and the Company provide financial guarantees to banks in respect of banking facilities granted to certain subsidiaries, joint arrangement and associates (“Group entities”). The Group and the Company monitor on an ongoing basis, the results of the Group entities and repayments made by the Group entities.

Exposure to credit risk, credit quality and collateral

In connection to the project financing facility undertaken by a joint operation entity and joint venture entity of the Group (the “Borrowers”) under an integrated borrowing structure.

Prior to the project completion date, the Group and the Company provided a completion guarantee as disclosed in Note 21.

After project completion, each Borrower provides a cross-guarantee to the lenders for each other’s outstanding loan. The outstanding loan balances as at financial year end for the joint operation entity and the joint venture entity based on the Group’s shareholdings are RM1,607 million (2023: RM1,798 million) and RM14,837 million (2023: RM15,301 million) respectively.

The Group’s share of maximum exposure on the credit risk relating to the cross-guarantee provided by the Borrowers upon enforcement are limited to the value of assets securitised to lenders upon enforcement.

The maximum exposure to credit risk for the Company amounted to RM8,943 million (2023: RM6,014 million), which represents the outstanding banking facilities of the Group’s entities as at reporting date. As at reporting date, there was no indication that any entities would default on repayment. The fair value of the financial guarantee recognised is disclosed in Note 22.

Liquidity risk

Liquidity risk is the risk that the Group and the Company will have insufficient funds to meet financial commitments in a timely manner. The Group’s and the Company’s exposure to liquidity risk arises principally from its trade and other payables, and borrowings. In managing its liquidity risk, the Group and the Company maintains sufficient cash and liquid marketable assets. The Company’s current credit rating enables it to access banking facilities in excess of current and immediate future requirements of the Group and the Company. The Group’s and the Company’s borrowing power is not limited by its Articles of Association. However, certain covenants included in agreements impose limited restrictions on some of the debt level of PETRONAS’ subsidiaries.

38. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

Maturity analysis

The following table summarises the maturity profile of the Group's and of the Company's financial liabilities as at the reporting date based on undiscounted contractual payments:

Group 2023	Carrying amount	Contractual interest/profit rates per annum %	Contractual cash flows
<i>In RM Mil</i>			
Amortised cost			
Lease liabilities	17,041	0.91 - 8.5	17,325
Secured term loans			
USD floating rate loans	6,772	3.61	7,102
USD fixed rate loans	6,839	3.79	7,016
INR floating rate loans	2,823	8.65	2,962
EUR floating rate loans	2,103	4.53	2,293
Other fixed rate loans	1,483	4.06	1,579
Other floating rate loans	414	3.96	496
Unsecured term loans			
USD floating rate loans	1,220	2.80	1,521
Other fixed rate loans	520	1.85	620
Unsecured Notes and Bonds			
USD Guaranteed Notes	62,239	3.73	107,449
USD Bonds	2,300	7.63	2,825
Unsecured revolving credits			
USD floating revolving credits	230	2.19	235
USD fixed revolving credits	1,268	0.30	1,271
Other floating revolving credits	384	3.15	401
Unsecured bankers' acceptances			
RM fixed bankers' acceptances	248	3.46	256
INR floating bankers' acceptances	28	8.20	29
Secured Islamic financing facilities			
RM Islamic financing facilities	3,031	4.45	3,158
Unsecured Islamic financing facilities			
RM Islamic financing facilities	2,678	3.96	2,782
Other long-term liabilities	5,816	-	8,051
Financial guarantee	-	-	^a 15,301
Trade and other payables	57,505	-	57,505
Fair value through profit or loss			
Derivative financial liabilities ^b	202	-	202
	175,144		240,379

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^a Limited to the value of asset securitised to lenders upon enforcement.

^b Excludes derivative financial liabilities designated as hedging instruments as disclosed in cash flow hedge (Note 38).

38. FINANCIAL INSTRUMENTS (continued)**Liquidity risk (continued)****Maturity analysis (continued)**

Group 2023	Within 1 year	1-2 years	2-5 years	More than 5 years
<i>In RM Mil</i>				
Amortised cost				
Lease liabilities	3,486	2,351	3,975	7,513
Secured term loans				
USD floating rate loans	784	785	3,046	2,487
USD fixed rate loans	858	955	2,986	2,217
INR floating rate loan	2,023	429	170	340
EUR floating rate loans	63	63	2,167	–
Other fixed rate loans	622	74	686	197
Other floating rate loans	52	42	402	–
Unsecured term loans				
USD floating rate loans	123	95	90	1,213
Other fixed rate loans	75	9	218	318
Unsecured Notes and Bonds				
USD Guaranteed Notes	2,354	10,946	11,538	82,611
USD Bonds	175	175	2,475	–
Unsecured revolving credits				
USD floating revolving credits	235	–	–	–
USD fixed revolving credits	1,271	–	–	–
Other floating revolving credits	401	–	–	–
Unsecured bankers' acceptances				
RM fixed bankers' acceptances	256	–	–	–
INR floating bankers' acceptances	29	–	–	–
Secured Islamic financing facilities				
RM Islamic financing facilities	1,375	611	458	714
Unsecured Islamic financing facilities				
RM Islamic financing facilities	1,773	139	519	351
Other long-term liabilities	438	197	2,460	4,956
Financial guarantee	^a 15,301	–	–	–
Trade and other payables	57,505	–	–	–
Fair value through profit or loss				
Derivative financial liabilities ^b	198	4	–	–
	89,397	16,875	31,190	102,917

continued from previous page^a Limited to the value of asset securitised to lenders upon enforcement.^b Excludes derivative financial liabilities designated as hedging instruments as disclosed in cash flow hedge (Note 38).

38. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

Maturity analysis (continued)

Group 2024 <i>In RM Mil</i>	Carrying amount	Contractual interest/profit rates per annum %	Contractual cash flows
Amortised cost			
Lease liabilities	19,240	1.14 - 10.34	20,537
Secured term loans			
USD floating rate loans	6,300	3.47	6,518
USD fixed rate loans	5,562	2.90	5,723
INR floating rate loans	2,803	8.78	3,049
EUR floating rate loans	1,663	3.18	1,716
Other fixed rate loans	1,849	3.56	1,931
Other floating rate loans	393	4.91	413
Unsecured term loans			
USD floating rate loans	4,452	5.26	4,686
Other fixed rate loans	440	1.91	448
Unsecured Notes and Bonds			
USD Guaranteed Notes	60,536	3.90	101,788
USD Bonds	2,230	7.63	2,570
Unsecured revolving credits			
USD floating revolving credits	615	5.19	647
SEK floating revolving credits	604	3.54	625
Other floating revolving credits	48	4.88	50
Unsecured bankers' acceptances			
RM fixed bankers' acceptances	286	3.56	287
INR floating bankers' acceptances	69	7.83	70
Unsecured bank overdrafts			
INR bank overdrafts	5	7.65	5
SEK bank overdrafts	5	3.80	5
Secured Islamic financing facilities			
RM Islamic financing facilities	2,782	3.77	2,887
Unsecured Islamic financing facilities			
RM Islamic financing facilities	1,015	4.09	1,057
Other long-term liabilities	6,346	–	8,663
Financial guarantee	–	–	^a 13,673
Trade and other payables	56,084	–	56,084
Fair value through profit or loss			
Derivative financial liabilities ^b	257	–	257
	<u>173,584</u>		<u>233,689</u>

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^a Limited to the value of asset securitised to lenders upon enforcement.

^b Excludes derivative financial liabilities designated as hedging instruments as disclosed in cash flow hedge (Note 38).

38. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

Maturity analysis (continued)

Group 2024 <i>In RM Mil</i>	Within 1 year	1-2 years	2-5 years	More than 5 years
Amortised cost				
Lease liabilities	4,186	3,025	5,891	7,435
Secured term loans				
USD floating rate loans	842	600	2,198	2,878
USD fixed rate loans	696	696	2,605	1,726
INR floating rate loans	1,861	638	266	284
EUR floating rate loans	–	1,716	–	–
Other fixed rate loans	866	147	554	364
Other floating rate loans	413	–	–	–
Unsecured term loans				
USD floating rate loans	72	67	3,786	761
Other fixed rate loans	304	–	5	139
Unsecured Notes and Bonds				
USD Guaranteed Notes	10,621	1,828	10,983	78,356
USD Bonds	170	2,400	–	–
Unsecured revolving credits				
USD floating revolving credits	647	–	–	–
SEK floating revolving credits	332	293	–	–
Other floating revolving credits	50	–	–	–
Unsecured bankers' acceptances				
RM fixed bankers' acceptances	287	–	–	–
INR floating bankers' acceptances	70	–	–	–
Unsecured bank overdrafts				
INR bank overdrafts	5	–	–	–
SEK bank overdrafts	5	–	–	–
Secured Islamic financing facilities				
RM Islamic financing facilities	776	257	762	1,092
Unsecured Islamic financing facilities				
RM Islamic financing facilities	599	406	52	–
Other long-term liabilities	485	667	1,956	5,555
Financial guarantee	^a 13,673	–	–	–
Trade and other payables	56,084	–	–	–
Fair value through profit or loss				
Derivative financial liabilities ^b	257	–	–	–
	93,301	12,740	29,058	98,590

continued from previous page^a Limited to the value of asset securitised to lenders upon enforcement.^b Excludes derivative financial liabilities designated as hedging instruments as disclosed in cash flow hedge (Note 38).

38. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

Maturity analysis (continued)

Company 2023	Carrying amount	Contractual interest/profit rates per annum %	Contractual cash flows
<i>In RM Mil</i>			
<i>Amortised cost</i>			
Lease liabilities	7,051	5.10	7,964
Unsecured Notes and Bonds			
USD Guaranteed Notes	54,892	3.82	99,276
USD Bonds	2,300	7.63	2,825
Other long-term liabilities	14,184	–	20,177
Financial guarantees	–	–	^a 6,014
Trade and other payables	21,536	–	21,536
<i>Fair value through profit or loss</i>			
Derivative financial liabilities ^b	143	–	143
	100,106		157,935

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2024

In RM Mil

Amortised cost

Lease liabilities	6,832	5.10	7,175
Unsecured Notes and Bonds			
USD Guaranteed Notes	53,256	3.82	94,282
USD Bonds	2,230	7.63	2,570
Other long-term liabilities	15,401	–	21,527
Financial guarantees	–	–	^a 8,943
Trade and other payables	18,996	–	18,996
<i>Fair value through profit or loss</i>			
Derivative financial liabilities ^b	35	–	35
	96,750		153,528

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^a Limited to the value of asset securitised to lenders upon enforcement.

^b Excludes derivative financial liabilities designated as hedging instruments as disclosed in cash flow hedge (Note 38).

38. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

Maturity analysis (continued)

Company 2023	Within 1 year	1-2 years	2-5 years	More than 5 years
<i>In RM Mil</i>				
Amortised cost				
Lease liabilities	675	717	1,218	5,354
Unsecured Notes and Bonds				
USD Guaranteed Notes	2,127	8,881	5,657	82,611
USD Bonds	175	175	2,475	–
Other long-term liabilities	993	240	4,871	14,073
Financial guarantees	^a 6,014	–	–	–
Trade and other payables	21,536	–	–	–
Fair value through profit or loss				
Derivative financial liabilities ^b	143	–	–	–
	31,663	10,013	14,221	102,038

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2024

In RM Mil

Amortised cost

Lease liabilities	700	444	1,103	4,928
Unsecured Notes and Bonds				
USD Guaranteed Notes	8,613	1,828	5,485	78,356
USD Bonds	170	2,400	–	–
Other long-term liabilities	566	422	4,729	15,810
Financial guarantees	^a 8,943	–	–	–
Trade and other payables	18,996	–	–	–
Fair value through profit or loss				
Derivative financial liabilities ^b	35	–	–	–
	38,023	5,094	11,317	99,094

continued from previous page

^a Limited to the value of asset securitised to lenders upon enforcement.

^b Excludes derivative financial liabilities designated as hedging instruments as disclosed in cash flow hedge (Note 38).

38. FINANCIAL INSTRUMENTS (continued)

Market risk

Market risk is the risk or uncertainty arising from change in market prices and their impact on the performance of the business. The market price changes that the Group and the Company are exposed to include interest rates, foreign currency exchange rates, commodity prices, equity prices and other indices that could affect the value of the Group's and the Company's financial assets, liabilities or expected future cash flows.

Interest rate risk

The Group's and the Company's investments in fixed rate debt securities and fixed rate borrowings are exposed to a risk of change in their fair values due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short-term receivables and payables are not significantly exposed to interest rate risk.

All interest rate exposures are monitored and managed proactively in line with PETRONAS' policies and guidelines. The Group enters into hedging transactions with respect to interest rate on certain long-term borrowings and other debts where necessary and appropriate, in accordance with policies and guidelines.

The Group and the Company are also exposed to the ongoing interbank offered rates ("IBOR") reforms on its financial instruments that will be replaced or reformed as part of these market-wide initiatives.

The Group's and the Company's main IBOR exposures were indexed to USD LIBOR which was discontinued on 30 June 2023.

As at reporting date, the Group's and the Company's transitional activities have been completed, with the exception of certain number of contracts for which the transition to alternative benchmark rate are still ongoing. The Group and the Company have applied the practical expedients to negotiated contracts for which the benchmark rate had been replaced to SOFR.

Contracts that have yet to transition to SOFR as at 31 December 2023 are relying on synthetic USD LIBOR rates until the contracts are transitioned prior to the cessation of synthetic USD LIBOR on 30 September 2024. As at 31 December 2024, the exposure referencing the synthetic USD LIBOR is immaterial.

The completed negotiated contracts for which alternative benchmark rate had been replaced to SOFR are fully economically equivalent with no profit or loss impact upon initial transition.

38. FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

Interest rate risk (continued)

The carrying amount of the Group's and the Company's interest-bearing financial instruments as at reporting date is as follows:

<i>In RM Mil</i>	Group		Company	
	2023	2024	2023	2024
Fixed rate instruments				
Financial assets	242,892	240,059	95,988	71,948
Financial liabilities	(100,576)	(99,461)	(78,426)	(77,719)
	<u>142,316</u>	<u>140,598</u>	<u>17,562</u>	<u>(5,771)</u>
Floating rate instruments				
Financial assets	12,731	14,745	39,447	38,544
Financial liabilities	(16,869)	(17,781)	–	–
	<u>(4,138)</u>	<u>(3,036)</u>	<u>39,447</u>	<u>38,544</u>

Since most of the Group's and the Company's financial assets and liabilities are fixed rate instruments measured at amortised cost, a change in interest rate is not expected to have material impact on the Group's and the Company's profit or loss.

Foreign exchange risk

The Group and the Company are exposed to varying levels of foreign exchange risk when they enter into transactions that are not denominated in the respective companies' functional currencies and when foreign currency monetary assets and liabilities are translated at the reporting date. The main underlying economic currencies of the Group's cash flows are Ringgit Malaysia and US Dollars.

The Group's and the Company's foreign exchange management policy are to minimise economic and significant transactional exposures arising from currency movements. The Group coordinates the handling of foreign exchange risks centrally typically by matching receipts and payments for the same currency.

For major capital projects, the Group performs assessment of potential foreign exchange risk exposure at the investment decision phase to determine the appropriate foreign exchange risk management strategy. Residual net positions are actively managed and monitored against prescribed policies and control procedures. When deemed necessary and appropriate, the Group will enter into derivative financial instruments to hedge and minimise its exposures to the foreign currency movements.

38. FINANCIAL INSTRUMENTS (continued)**Market risk (continued)****Foreign exchange risk (continued)**

The Group's and the Company's significant exposure to foreign currency risk based on carrying amounts as at the reporting date is as follows:

Group*In RM Mil*

	2023	2024
Denominated in USD		
Financial assets		
Loan and advances to subsidiaries and a joint venture	50,526	39,899
Cash and cash equivalents	30,822	16,756
Trade and other receivables	17,379	38,742
Long-term receivables	25,222	25,659
Fund and other investments	61	3,947
Derivative financial assets	699	831
	<u>124,709</u>	<u>125,834</u>
Financial liabilities		
Loan and advances from holding company	(19,631)	(22,151)
Borrowings	(60,002)	(61,700)
Trade and other payables	(11,520)	(14,602)
Other financial liabilities	(995)	(817)
	<u>(92,148)</u>	<u>(99,270)</u>
Net exposure	<u>32,561</u>	<u>26,564</u>
Denominated in RM		
Financial assets		
Loan and advances to a subsidiary	151	–
Cash and cash equivalents	1,786	8
Trade and other receivables	6,014	6,738
Derivative financial assets	1	–
	<u>7,952</u>	<u>6,746</u>
Financial liabilities		
Borrowings	(339)	(16)
Trade and other payables	(4,679)	(9,901)
	<u>(5,018)</u>	<u>(9,917)</u>
Net exposure	<u>2,934</u>	<u>(3,171)</u>

38. FINANCIAL INSTRUMENTS (continued)**Market risk (continued)***Foreign exchange risk (continued)***Company***In RM Mil***Denominated in USD****Financial assets**

	2023	2024
Loan and advances to subsidiaries and a joint venture	31,232	23,847
Long term receivables	21,655	20,201
Cash and cash equivalents	72,306	63,963
Trade and other receivables	14,060	31,669
Derivative financial assets	632	503
	<u>139,885</u>	<u>140,183</u>

Financial liabilities

Cash and cash equivalents - subsidiaries' cash with PETRONAS Integrated Financial Shared Service Centre	(41,663)	(47,790)
Borrowings	(57,192)	(55,486)
Trade and other payables	(5,613)	(7,828)
Other financial liabilities	(407)	(271)
	<u>(104,875)</u>	<u>(111,375)</u>
Net exposure	<u>35,010</u>	<u>28,808</u>

Sensitivity analysis for a given market variable provided in this note, discloses the effect on profit or loss and equity as at 31 December 2024 assuming that a reasonably possible change in the relevant market variable had occurred at 31 December 2024 and been applied to the risk exposures in existence at that date to show the effects of reasonably possible changes in price on profit or loss and equity to the next annual reporting date. Reasonably possible changes in market variables used in the sensitivity analysis are based on implied volatilities, where available, or historical data for equity and commodity prices and foreign exchange rates. Reasonably possible changes in interest rates are based on management judgment and historical experience.

The sensitivity analysis is hypothetical and should not be considered to be predictive of future performance because the Group's actual exposure to market prices is constantly changing with changes in the Group's portfolio of among others, commodity, debt and foreign currency contracts. Changes in fair values or cash flows based on a variation in a market variable cannot be extrapolated because the relationship between the change in market variable and the change in fair value or cash flows may not be linear. In addition, the effect of a change in a given market variable is calculated independently of any change in another assumption and mitigating actions that would be taken by the Group. In reality, changes in one factor may contribute to changes in another, which may magnify or counteract the sensitivities.

38. FINANCIAL INSTRUMENTS (continued)**Market risk (continued)****Foreign exchange risk (continued)**

The following table demonstrates the indicative pre-tax effects on the profit or loss and equity of applying reasonably foreseeable market movements in the following currency exchange rates:

2023 <i>In RM Mil</i>	Appreciation in foreign currency rate %	Group		Company	
		Equity	Profit or loss	Equity	Profit or loss
USD	10	809	2,447	63	3,438
MYR	10	–	293	–	–
2024					
USD	10	821	1,835	50	2,830
MYR	10	–	(317)	–	–

A depreciation in foreign currency rate above would have had equal but opposite effect, on the basis that all other variables remain constant.

Equity price risk

Equity price risk arises from the Group's and the Company's investments in equity securities. Exposures to equity price risk are managed in accordance with the Group's existing policies and guidelines. The Group and the Company monitor the equity investments on a portfolio basis and a performance benchmark is established for each investment portfolio giving consideration to portfolio objectives and return expectation. All buy and sell decisions are monitored by the Group Treasury Department.

The Group and the Company also hold equity investments for strategic purposes, that are classified as FVTPL and FVOCI financial assets. Reports on the equity portfolio performance are submitted to the Group's and the Company's senior management on a regular basis.

The Group's and the Company's exposure to equity price risk based on carrying amounts as at the reporting date is as follows:

<i>In RM Mil</i>	Group		Company	
	2023	2024	2023	2024
Local equities	2,438	4,447	204	1,552
Foreign equities	270	135	–	–
	2,708	4,582	204	1,552

38. FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

Equity price risk (continued)

The following table demonstrates the indicative pre-tax effects on the profit or loss and equity of applying reasonably foreseeable market movements in the following equities:

2023 <i>In RM Mil</i>	Increase in price based on average change in index rate %	Group		Company	
		Equity	Profit or loss	Equity	Profit or loss
Local equities	10	–	244	–	20
Foreign equities	15	25	16	–	–
2024					
Local equities	10	–	445	–	155
Foreign equities	15	–	20	–	–

A decrease in price based on average change in index rate above would have had equal but opposite effect, on the basis that all other variables remain constant.

Commodity price risk

The Group faces exposure to fluctuations in commodity prices resulting from its involvement in the marketing and trading of commodities such as crude oil, gas, LNG and petroleum products. The fluctuations in prices may affect the value of the Group's financial assets, liabilities and expected future cash flows.

In minimising the financial impact from changes in commodity prices, the Group utilises various derivative instruments e.g. forwards, futures and swaps to manage and mitigate the exposures arising from commodity prices fluctuations in line with risk appetite, policies, guidelines and procedures. A risk management department conducts and reports mark-to-market assessments of all exposures from both the underlying assets and derivative instruments to key stakeholders on a daily basis.

Cash flow hedge

In the normal course of business, the Group and the Company enter into derivative financial instruments to manage their normal business exposures in relation to commodity prices, interest rates and foreign currency exchange rates, including management of the balance between floating rate and fixed rate debt, consistent with risk management policies and objectives.

The Group and the Company have entered into commodity derivatives to manage the volatility attributable to price fluctuations of crude oil and gas by hedging the price volatility of forecasted crude oil and gas sales in accordance with the Group's risk management strategy.

38. FINANCIAL INSTRUMENTS (continued)

Cash flow hedge (continued)

There is an economic relationship between the hedged items and the hedging instruments as the terms of the commodity derivatives match the terms of the expected highly probable forecast transactions (i.e. nominal amount and expected payment date). The Group and the Company have established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the commodity derivatives are identical to the hedged risk components. To test the hedge effectiveness, the Group and the Company compare the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise from any of the followings:

- changes in economic relationship between the hedged items and the hedging instruments; or
- change in the nominal value of the hedged items; or
- change in settlement dates or terms; or
- change in credit risk whereby the counterparty may not be able to deliver on their financial obligation.

As at 31 December 2024, the Group and the Company held commodity swaps and options contracts to hedge the price of crude oil and gas of highly probable forecast transactions. The Group also held other forward contracts to hedge other prices of highly probable transactions.

The Group has also entered into an interest rate swap to hedge the cash flow risk in relation to the floating interest rate of the borrowings. The interest rate swap is settled on every specified period, consistent with the interest repayment schedule of the borrowings.

The Group determines the existence of an economic relationship between hedged items and the hedging instruments based on the reference interest rates, tenure, maturities and the nominal amounts. If a hedging relationship is directly affected by uncertainty arising from IBOR reform, then the Group assumes for this purpose that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

The Group uses derivative financial instruments such as forward foreign exchange contracts to manage the impact of fluctuation in foreign currency rate to certain exposures.

The Group ensures that the critical terms of the forward foreign exchange contracts align with the hedged items. The Group determines the existence of an economic relationship between the hedging instruments and the hedged items based on the currency, amount and timing of the respective cash flows.

38. FINANCIAL INSTRUMENTS (continued)

Cash flow hedge (continued)

The Group held the following instruments to hedge exposures to changes in interest rates, foreign currency exchange rates and prices.

Group 2023 <i>In RM Mil</i>	Nominal amount	Net carrying amount	Maturity				
			Total	Within 1 year	1-2 years	2-5 years	More than 5 years
Interest rate risk							
<i>Interest rate swaps</i>	10,721	710	710	–	14	298	398
Average hedged interest rate (%)				–	1.73	1.86	2.02
Foreign currency risk							
<i>Forward foreign exchange contracts</i>	5,148	21	21	(29)	1	49	–
Average forward rate (USD/CAD)				1.28 - 1.32	1.28 - 1.32	1.30	–
Average forward rate (USD/EUR)				0.86	0.84	–	–
Average forward rate (USD/JPY)				110.84	109.75	–	–
Average forward rate (USD/CNY)				6.69	6.66	–	–
Average forward rate (USD/AUD)				0.67	–	–	–
Average forward rate (RM/USD)				4.55	–	–	–
Price risk							
<i>Commodity derivatives</i>	14,357	540	540	540	–	–	–
Average crude oil and gas prices (in USD/ boe)				76	–	–	–
<i>Other forward contracts</i>	286	37	37	37	–	–	–
Average utility prices (in USD/MWh)				71	–	–	–

38. FINANCIAL INSTRUMENTS (continued)

Cash flow hedge (continued)

Group 2024 <i>In RM Mil</i>	Nominal amount	Net carrying amount	Maturity				
			Total	Within 1 year	1-2 years	2-5 years	More than 5 years
Interest rate risk							
<i>Interest rate swaps</i>	13,830	594	594	–	206	338	50
Average hedged interest rate (%)				–	1.35	1.68	2.15
Foreign currency risk							
<i>Forward foreign exchange contracts</i>	7,635	232	232	(20)	54	198	–
Average forward rate (USD/CAD)				1.10 - 1.34	1.06	1.33	–
Average forward rate (USD/EUR)				0.88	–	–	–
Average forward rate (USD/JPY)				129.84	–	–	–
Average forward rate (USD/CNY)				6.92	–	–	–
Average forward rate (USD/AUD)				0.67	–	–	–
Average forward rate (RM/USD)				4.57	–	–	–
Price risk							
<i>Commodity derivatives</i>	11,554	(381)	(381)	(381)	–	–	–
Average crude oil and gas prices (in USD/boe)				77	–	–	–
<i>Other forward contracts</i>	191	27	27	27	–	–	–
Average utility prices (in USD/MWh)				95	–	–	–

Net carrying amounts comprise derivative financial assets and derivative financial liabilities for the respective hedging instruments.

As at 31 December 2024, the Group held net commodity derivative financial liabilities amounting to RM361 million and financial assets amounting to RM540 million in prior year.

The Company held net derivative financial assets amounting to RM503 million (2023: RM632 million). The hedging instruments mainly mature within 12 months from the relevant financial year end.

The maximum expected commodity derivatives loss to the Group and the Company are RM1,566 million (2023: RM709 million) and RM702 million (2023: RM624 million) respectively.

The Group's and the Company's contract prices for commodity derivatives are based on prices negotiated with the respective counterparties at the inception of the hedging instruments.

38. FINANCIAL INSTRUMENTS (continued)**Cash flow hedge (continued)**

The amounts relating to hedging instruments, hedged items, hedge effectiveness and the effect of the cash flow hedge in the statement of profit or loss and OCI are as follows:

Group 2023 <i>In RM Mil</i>	Carrying amount		Change in fair value (loss)/ gain used for measuring ineffectiveness	Hedging Reserve
	Assets	Liabilities		
	Note 12	Note 12		
<i>Interest rate risk</i>				
Interest rate swaps	717	(7)	(122)	307
Floating interest rate term loans			122	
<i>Foreign currency risk</i>				
Forward foreign exchange contracts	77	(56)	(237)	(34)
Expected future receipts and payments			237	
<i>Commodity price risk</i>				
Commodity derivatives	647	(100)	849	(200)
Forecast sales and purchases			(849)	
Other forward contracts	37	–	34	34
Expected future receipts and payments			(34)	
	<u>1,478</u>	<u>(163)</u>		<u>107</u>

Group 2023 <i>In RM Mil</i>	Movement of cash flow hedge attributable to shareholders of the Company			Movement of cash flow hedge attributable to Non- controlling Interests	Total movement of cash flow hedge
	Total hedging (loss)/gain recognised in OCI	Amount reclassified from hedging reserve to profit or loss	Total		
	<i>Interest rate risk</i>				
Interest rate swaps	(122)	–	(122)	(117)	(239)
<i>Foreign currency risk</i>					
Forward foreign exchange contracts	(237)	81	(156)	–	(156)
<i>Commodity price risk</i>					
Commodity derivatives	(1,749)	1,237	(512)	–	^(512)
Other forward contracts	34	–	34	–	34
	<u>(2,074)</u>	<u>1,318</u>	<u>(756)</u>	<u>(117)</u>	<u>(873)</u>

^ Includes addition to the cost of hedging reserve of RM319 million.

Hedge ineffectiveness and reclassifications from hedging reserve to profit or loss are recognised in cost of revenue, financing cost and other income or expenses respectively depending on the nature of transactions.

38. FINANCIAL INSTRUMENTS (continued)

Cash flow hedge (continued)

Group 2024 <i>In RM Mil</i>	Carrying amount		Change in fair value (loss)/ gain used for measuring ineffectiveness	Hedging Reserve
	Assets	Liabilities		
	Note 12	Note 12		
Interest rate risk				
Interest rate swaps	594	–	(45)	262
Floating interest rate term loans			45	
Foreign currency risk				
Forward foreign exchange contracts	310	(81)	191	(145)
Expected future receipts and payments			(191)	
Price risk				
Commodity derivatives	574	(935)	(1,073)	(1,119)
Forecast sales and purchases			1,073	
Other forward contracts	27	–	3	37
Expected future receipts and payments			(3)	
	<u>1,505</u>	<u>(1,016)</u>		<u>(965)</u>

Group 2024 <i>In RM Mil</i>	Movement of cash flow hedge attributable to shareholders of the Company			Movement of cash flow hedge attributable to Non- controlling Interests	Total movement of cash flow hedge
	Total hedging (loss)/gain recognised in OCI	Amount reclassified from hedging reserve to profit or loss	Total		
Interest rate risk					
Interest rate swaps	(45)	–	(45)	(48)	(93)
Foreign currency risk					
Forward foreign exchange contracts	191	(302)	(111)	–	(111)
Price risk					
Commodity derivatives	(2,967)	2,048	(919)	–	^(919)
Other forward contracts	3	–	3	–	3
	<u>(2,818)</u>	<u>1,746</u>	<u>(1,072)</u>	<u>(48)</u>	<u>(1,120)</u>

^ Includes addition to the cost of hedging reserve of RM23 million and hedging reserve amounting to a reduction of RM157 million.

Hedge ineffectiveness and reclassifications from hedging reserve to profit or loss are recognised in revenue, cost of revenue, financing costs and other income or expenses respectively depending on the nature of transactions.

38. FINANCIAL INSTRUMENTS (continued)

Cash flow hedge (continued)

Company 2023 <i>In RM Mil</i>	Carrying amount		Hedging Reserve
	Assets	Liabilities	
	Note 12	Note 12	
<i>Commodity price risk</i>			
Commodity derivatives	632	–	(154)

Company 2023 <i>In RM Mil</i>	Total hedging loss recognised in OCI	Amount reclassified from hedging reserve to	Total movement of cash flow hedge
		profit or loss	
<i>Commodity price risk</i>			
Commodity derivatives	(2,622)	2,918	^296

Company 2024 <i>In RM Mil</i>	Carrying amount		Hedging Reserve
	Assets	Liabilities	
	Note 12	Note 12	
<i>Commodity price risk</i>			
Commodity derivatives	503	–	(288)

Company 2024 <i>In RM Mil</i>	Total hedging loss recognised in OCI	Amount reclassified from hedging reserve to	Total movement of cash flow hedge
		profit or loss	
<i>Commodity price risk</i>			
Commodity derivatives	(1,859)	1,725	^(134)

^ The amount relates to cost of hedging amounting to an increase of RM23 million (2023: RM319 million) and hedging reserve amounting to a reduction of RM157 million (2023: RM24 million).

Hedge ineffectiveness and reclassifications from hedging reserve to profit or loss are recognised in cost of revenue.

38. FINANCIAL INSTRUMENTS (continued)**Cash flow hedge (continued)**

The following table provides reconciliation of hedging reserves by risk category and analysis of other comprehensive income items, net of tax, resulting from cash flow of hedge accounting:

<i>In RM Mil</i>	Group Hedging reserve	Company Hedging reserve
	<u> </u>	<u> </u>
As at 1 January 2023	863	(450)
Changes in fair value:		
- Interest rate risk	(122)	–
- Foreign currency risk	(237)	–
- Commodity price risk*	(1,715)	(2,622)
Amount reclassified to profit or loss	1,318	2,918
As at 1 January 2024	107	(154)
Changes in fair value:		
- Interest rate risk	(45)	–
- Foreign currency risk	191	–
- Commodity price risk*	(2,964)	(1,859)
Amount reclassified to profit or loss	1,746	1,725
As at 31 December 2024	<u>(965)</u>	<u>(288)</u>

*Included in changes in fair value of commodity price risk is loss on the portion which was excluded from the designated hedging instrument of RM2,352 million (2023: RM2,598 million) as it relates to the time value of commodity derivatives. It is initially recognised in other comprehensive income and accounted for similarly to gains or losses in the cash flow hedge reserve.

Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings, reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

The following table analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

38. FINANCIAL INSTRUMENTS (continued)

Fair value information (continued)

Group 2023	Fair value of financial instruments carried at fair value			
	Level 1	Level 2	Level 3	Total
<i>In RM Mil</i>				
Financial assets				
Quoted shares	2,181	–	–	2,181
Quoted securities	–	527	–	527
Unquoted shares	–	–	1,783	1,783
Malaysian Government Securities	–	2,085	–	2,085
Corporate Bonds and Sukuk	–	6,899	–	6,899
Forward foreign exchange and other contracts	–	275	–	275
Commodity derivatives	317	947	–	1,264
Interest rate swaps	–	717	–	717
	2,498	11,450	1,783	15,731
Financial liabilities				
Forward foreign exchange contracts	–	(164)	–	(164)
Commodity derivatives	(79)	(115)	–	(194)
Interest rate swaps	–	(7)	–	(7)
	(79)	(286)	–	(365)

Group 2023	Fair value of financial instruments not carried at fair value			Carrying amount
	Level 2	Level 3	Total	
<i>In RM Mil</i>				
Financial assets				
Unquoted securities	–	500	500	500
Malaysian Government Securities	5,774	–	5,774	5,736
Corporate Bonds and Sukuk	2,705	–	2,705	2,687
Long-term receivables	–	26,952	26,952	26,778
Finance lease receivables	–	11,466	11,466	11,466
	8,479	38,918	47,397	47,167
Financial liabilities				
Notes and Bonds	(58,956)	–	(58,956)	(64,539)
Term loans	(10,725)	(6,834)	(17,559)	(17,935)
Islamic financing facilities	(1,169)	(1,414)	(2,583)	(2,684)
Other long-term liabilities	–	(5,816)	(5,816)	(5,816)
	(70,850)	(14,064)	(84,914)	(90,974)

38. FINANCIAL INSTRUMENTS (continued)

Fair value information (continued)

Group 2024	Fair value of financial instruments carried at fair value			
<i>In RM Mil</i>	Level 1	Level 2	Level 3	Total
Financial assets				
Quoted shares	3,981	–	–	3,981
Quoted securities	–	601	–	601
Unquoted shares	–	–	1,808	1,808
Malaysian Government Securities	–	2,033	–	2,033
Corporate Bonds and Sukuk	–	8,612	–	8,612
Forward foreign exchange and other contracts	–	572	–	572
Commodity derivatives	48	962	–	1,010
Interest rate swaps	–	594	–	594
	4,029	13,374	1,808	19,211
Financial liabilities				
Forward foreign exchange contracts	–	(152)	–	(152)
Commodity derivatives	(186)	(935)	–	(1,121)
	(186)	(1,087)	–	(1,273)
Group 2024	Fair value of financial instruments not carried at fair value			Carrying amount
<i>In RM Mil</i>	Level 2	Level 3	Total	
Financial assets				
Unquoted securities	–	1,020	1,020	1,020
Malaysian Government Securities	7,647	–	7,647	7,429
Corporate Bonds and Sukuk	6,729	–	6,729	6,847
Long-term receivables	–	22,440	22,440	22,440
Finance lease receivables	–	19,178	19,178	19,178
	14,376	42,638	57,014	56,914
Financial liabilities				
Notes and Bonds	(47,009)	–	(47,009)	(54,143)
Term loans	(11,864)	(5,817)	(17,681)	(18,665)
Islamic financing facilities	(1,283)	(1,090)	(2,373)	(2,479)
Other long-term liabilities	–	(6,346)	(6,346)	(6,346)
	(60,156)	(13,253)	(73,409)	(81,633)

38. FINANCIAL INSTRUMENTS (continued)

Fair value information (continued)

Company 2023 <i>In RM Mil</i>	Fair value of financial instruments carried at fair value			
	Level 1	Level 2	Level 3	Total
Financial assets				
Quoted shares	204	–	–	204
Unquoted shares	–	–	73	73
Malaysian Government Securities	–	1,667	–	1,667
Corporate Bonds and Sukuk	–	4,827	–	4,827
Forward foreign exchange contracts	–	151	–	151
Commodity derivatives	–	632	–	632
Long-term receivables	–	–	53,492	53,492
	204	7,277	53,565	61,046
Financial liabilities				
Forward foreign exchange contracts	–	(143)	–	(143)

Company 2023 <i>In RM Mil</i>	Fair value of financial instruments not carried at fair value			Carrying amount
	Level 2	Level 3	Total	
Financial assets				
Malaysian Government Securities	2,814	–	2,814	2,775
Long-term receivables	–	58,678	58,678	55,948
Corporate Bonds and Sukuk	1,038	–	1,038	1,021
	3,852	58,678	62,530	59,744
Financial liabilities				
Notes and Bonds	(52,497)	–	(52,497)	(57,192)
Other long-term liabilities	–	(14,306)	(14,306)	(14,300)
	(52,497)	(14,306)	(66,803)	(71,492)

38. FINANCIAL INSTRUMENTS (continued)

Fair value information (continued)

Company 2024	Fair value of financial instruments carried at fair value			
<i>In RM Mil</i>	Level 1	Level 2	Level 3	Total
Financial assets				
Quoted shares	1,552	–	–	1,552
Unquoted shares	–	–	73	73
Malaysian Government Securities	–	1,647	–	1,647
Corporate Bonds and Sukuk	–	6,140	–	6,140
Forward foreign exchange contracts	–	31	–	31
Commodity derivatives	–	503	–	503
Long-term receivables	–	–	54,817	54,817
	1,552	8,321	54,890	64,763
Financial liabilities				
Forward foreign exchange contracts	–	(35)	–	(35)

Company 2024	Fair value of financial instruments not carried at fair value			Carrying amount
<i>In RM Mil</i>	Level 2	Level 3	Total	
Financial assets				
Long-term receivables	–	46,511	46,511	46,874
Malaysian Government Securities	3,876	–	3,876	3,787
Corporate Bonds and Sukuk	2,999	–	2,999	3,037
	6,875	46,511	53,386	53,698
Financial liabilities				
Notes and Bonds	(48,254)	–	(48,254)	(55,486)
Other long-term liabilities	–	(15,635)	(15,635)	(15,635)
	(48,254)	(15,635)	(63,889)	(71,121)

Derivative financial instruments

The calculation of fair value for derivative financial instruments depends on the type of instruments. The fair value of interest rate swap agreements are estimated by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the instrument. The fair value of forward foreign exchange contracts is based on the fair value difference between forward exchange rates and the contracted rate. The fair value of commodity options, commodity swap and commodity forward contracts is based on the fair value difference between the market price at the date of measurement and the contracted price.

38. FINANCIAL INSTRUMENTS (continued)

Fair value information (continued)

Non-derivative financial instruments

For non-derivative financial liabilities, fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Income/(expense) and net gains/(losses) arising from financial instruments*

Group 2023 <i>In RM Mil</i>	Interest income	Interest expense	Net impairment losses/ write-off	Others	Total
Financial assets at fair value:					
- through profit or loss	406	–	–	(435)	(29)
- through OCI	–	–	–	(128)	(128)
Financial assets at amortised cost:					
- recognised in profit or loss	11,108	–	(2,157)	2,831	11,782
- recognised in equity	–	–	–	305	305
Financial liabilities at amortised cost	–	(2,416)	–	(2,237)	(4,653)
Derivatives designated as hedging instruments	–	–	–	(1,725)	(1,725)
	11,514	(2,416)	(2,157)	(1,389)	5,552
2024					
Financial assets at fair value:					
- through profit or loss	622	–	–	300	922
- through OCI	–	–	–	(136)	(136)
Financial assets at amortised cost:					
- recognised in profit or loss	12,060	–	(3,385)	559	9,234
- recognised in equity	–	–	–	(231)	(231)
Financial liabilities at amortised cost	–	(2,337)	–	(1,471)	(3,808)
Derivatives designated as hedging instruments	–	–	–	(3,228)	(3,228)
	12,682	(2,337)	(3,385)	(4,207)	2,753

*The amounts exclude discontinued operations.

Others relate to gains and losses arising from financial instruments such as realised and unrealised foreign exchange gains or losses, dividend income and fair value gains or losses.

38. FINANCIAL INSTRUMENTS (continued)**Income/(expense) and net gains/(losses) arising from financial instruments (continued)**

Company			Net		
2023	Interest	Interest	impairment	Others	Total
<i>In RM Mil</i>	income	expense	losses/ write-off		
Financial assets at fair value through profit or loss	276	–	–	1,801	2,077
Financial assets at amortised cost	7,196	–	(1,625)	4,375	9,946
Financial liabilities at amortised cost	–	(2,314)	–	(2,325)	(4,639)
Derivatives designated as hedging instruments	–	–	–	(2,191)	(2,191)
	<u>7,472</u>	<u>(2,314)</u>	<u>(1,625)</u>	<u>1,660</u>	<u>5,193</u>
2024					
Financial assets at fair value through profit or loss	303	–	–	2,089	2,392
Financial assets at amortised cost	6,811	–	(1,251)	(2,611)	2,949
Financial liabilities at amortised cost	–	(2,318)	–	1,681	(637)
Derivatives designated as hedging instruments	–	–	–	(1,835)	(1,835)
	<u>7,114</u>	<u>(2,318)</u>	<u>(1,251)</u>	<u>(676)</u>	<u>2,869</u>

Others relate to gains and losses arising from financial instruments such as realised and unrealised foreign exchange gains or losses, dividend income and fair value gains or losses.

39. CAPITAL MANAGEMENT

The Group, as an essential part of its capital management strategy, is committed towards achieving financial resilience and ensuring long-term business sustainability as outlined in the PETRONAS Financial Policy. The Group's capital structure consists of consolidated equity plus debt, defined as the current and long-term portions of the Group's debt.

The objective of the Group's capital management is to maintain an optimal capital structure and ensure availability of funds in order to meet financial obligations, support business growth and maximise shareholders' value. The Group monitors and maintains a prudent level of total debt to total assets.

There were no changes in the Group's approach to capital management during the year.

40. PRONOUNCEMENTS ISSUED BY MASB

Adoption of revised pronouncements

During the financial year, the Group and the Company adopted the following pronouncements that have been issued by the MASB and are applicable as listed below:

Effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 16 *Leases (Lease Liability in a Sale and Leaseback)*

Amendments to MFRS 101 *Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)*

Amendments to MFRS 101 *Presentation of Financial Statements (Non-current Liabilities with Covenants)*

Amendments to MFRS 107 *Statement of Cash Flows* and MFRS 7 *Financial Instruments: Disclosures (Supplier Finance Arrangements)*

The initial application of the above-mentioned pronouncements did not have any material impact to the financial statements of the Group and the Company.

Pronouncements yet in effect

The following pronouncements that have been issued by the MASB will become effective in future financial reporting periods and have not been adopted by the Group and the Company in these financial statements:

Effective for annual periods beginning on or after 1 January 2025

Amendments to MFRS 121 *The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability)*

Effective for annual periods beginning on or after 1 January 2026

Amendments to MFRS 9 *Financial Instruments* and MFRS 7 *Financial Instruments: Disclosures (Amendments to the Classification and Measurement of Financial Instruments)*

Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*, MFRS 7 *Financial Instruments: Disclosures*, MFRS 9 *Financial Instruments*, MFRS 10 *Consolidated Financial Statements* and MFRS 107 *Statement of Cash Flows (Annual Improvements to MFRS Accounting Standards)*

Amendments to MFRS 9 *Financial Instruments* and MFRS 7 *Financial Instruments: Disclosures (Contracts Referencing Nature-dependent Electricity)*

Effective for annual periods beginning on or after 1 January 2027

MFRS 18 *Presentation and Disclosure in Financial Statements*

Effective for a date yet to be confirmed

Amendments to MFRS 10 *Consolidated Financial Statements (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)*

Amendments to MFRS 128 *Investments in Associates and Joint Ventures (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)*

The Group and the Company are expected to apply the above-mentioned pronouncements beginning from the respective dates the pronouncements become effective. The initial application of the above-mentioned pronouncements are not expected to have any material impact to the financial statements of the Group and the Company, except for MFRS 18 pronouncement, which impact on initial application is currently being assessed. Further details on MFRS 18 pronouncement are discussed below.

40. PRONOUNCEMENTS ISSUED BY MASB (continued)

MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 will replace MFRS 101 *Presentation of Financial Statements*, which retains majority of the requirements of MFRS 101 and complementing them with new requirements. In addition, narrow-scope amendments have been made to MFRS 107 *Statement of Cash Flows* and some requirements of MFRS 101 have been moved to MFRS 108 *Basis of Preparation of Financial Statements*.

MFRS 18 introduces new key requirements as follows:

i. Statement of Profit or Loss and Other Comprehensive Income:

The standard requires reclassification of all income and expenses within the statement of profit or loss into five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. The standard also requires to present a newly-defined operating profit subtotal, and the net profit will not change.

ii. Statement of Cash Flows:

The standard requires to disclose the starting point for cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and the optionality around classification of cash flows from dividends and interest are removed.

iii. Management-defined Performance Measures ("MPMs") and guidance on Aggregation and Disaggregation:

The standard requires MPMs are disclosed in a single note in the financial statements and enhanced guidance is provided on aggregation and disaggregation of financial information.

The Group and the Company are currently assessing the impact of MFRS 18, particularly with respect to the structure of the statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group and the Company are also assessing the impact on aggregation and disaggregation on how information is grouped in the financial statements.

New and revised pronouncement not applicable to the Group and the Company

The MASB has issued new pronouncements which are not relevant to the Group and the Company and hence, no further disclosure is warranted.

Effective for annual periods beginning on or after 1 January 2027

MFRS 19 Subsidiaries without Public Accountability: Disclosures

41. KEY SUBSIDIARIES AND ACTIVITIES

		Effective ownership interest and voting interest		Country of incorporation	Principal activities
		2023	2024		
		%	%		
^*	PETRONAS Carigali Sdn. Bhd.	100	100	Malaysia	Petroleum exploration, development and production
	PETRONAS Carigali Nile Ltd	100	100	Republic of Mauritius	Petroleum exploration, development and production
	PETRONAS Energy Canada Ltd.	100	100	Canada	Petroleum exploration, development and production
	PETRONAS E&P Argentina S.A.	100	100	Argentina	Petroleum exploration, development and production
	PETRONAS Carigali (Turkmenistan) Sdn. Bhd.	100	100	Malaysia	Petroleum exploration, development and production
	PETRONAS Petróleo Brasil Ltda.	100	100	Brazil	Petroleum exploration, development and production
^	PETRONAS Australia Pty Limited	100	100	Australia	Exploration, production and marketing of hydrocarbons; operation of gas transmission pipeline & LNG plants
∞	PETRONAS LNG Ltd	100	100	Malaysia	Trading of LNG and marketing services
*	Malaysia LNG Sdn. Bhd.	90	90	Malaysia	Purchase and liquefaction of natural gas and marketing of LNG
*	Malaysia LNG Tiga Sdn. Bhd.	75	65	Malaysia	Purchase and liquefaction of natural gas and marketing of LNG
*	PETRONAS Energy & Gas Trading Sdn. Bhd.	100	100	Malaysia	Trading and marketing of processed gas

41. KEY SUBSIDIARIES AND ACTIVITIES (continued)

		Effective ownership interest and voting interest		Country of incorporation	Principal activities
		2023	2024		
		%	%		
^	Engen Limited	74	–	South Africa	Refining of crude oil and marketing of refined petroleum products
^*@	PETRONAS Dagangan Berhad	63.9	63.9	Malaysia	Domestic marketing of petroleum products and non-fuel business
^*	PETRONAS Refinery and Petrochemical Corporation Sdn. Bhd.	100	100	Malaysia	Development and management of Pengerang Integrated Complex
^*	PETRONAS Trading Corporation Sdn. Bhd.	100	100	Malaysia	Marketing of crude oil, trading in crude oil and petroleum products and investment holding
^*@	PETRONAS Chemicals Group Berhad	64.3	64.3	Malaysia	Investment holding, production and sale of petrochemicals and specialty products
^*	PETRONAS Lubricants International Sdn. Bhd.	100	100	Malaysia	Manufacturing and trading of lubricant products and trading of base oil
^*@	MISC Berhad	51	51	Malaysia	Shipping and shipping related activities
^*	KLCC (Holdings) Sdn. Bhd.	100	100	Malaysia	Investment holding, property development management and provision of management services
	Putrajaya Holdings Sdn. Bhd.	64.4	64.4	Malaysia	Property development and investment holding
^*	Gentari Sdn. Bhd.	100	100	Malaysia	Investment holding and clean energy solutions

^ Holding company of group of entities.

* Subsidiaries held directly by the Company.

∞ Company incorporated under the Labuan Companies Act 1990.

@ The shares of these subsidiaries are quoted on the Main Market of Bursa Malaysia Securities Berhad.

42. KEY ASSOCIATES AND ACTIVITIES

	Effective ownership interest and voting interest		Country of incorporation	Principal activities
	2023	2024		
	%	%		
BASF PETRONAS Chemicals Sdn. Bhd.	25.7	25.7	Malaysia	Purchases propylene and n-butane feedstock from the Group for production, marketing and sale of acrylic, oxo and butanediol products
Bintulu Port Holdings Berhad	29.7	29.7	Malaysia	Port management

43. KEY JOINT ARRANGEMENTS AND ACTIVITIES

	Effective ownership interest and voting interest		Country of incorporation	Principal activities
	2023	2024		
	%	%		
INEOS PCG Acetyls Sdn. Bhd.	19.3	19.3	Malaysia	Manufacture, sell and distribute acetic acid
Trans Thai-Malaysia (Thailand) Limited	50	50	Thailand	Gas pipeline transportation and gas separation services
Trans Thai-Malaysia (Malaysia) Sdn. Bhd.	50	50	Malaysia	Transporting and delivering gas products
Indianoil PETRONAS Private Limited	50	50	India	Manufacture and bottling services of Liquid Petroleum Gas

43. KEY JOINT ARRANGEMENTS AND ACTIVITIES (continued)

	Effective ownership interest and voting interest		Country of incorporation	Principal activities
	2023	2024		
	%	%		
∞ Malaysia Deepwater Floating Terminal (Kikeh) Limited	26	26	Malaysia	Floating production storage and off-loading owner
Pengerang Terminals (Two) Sdn. Bhd.	40	40	Malaysia	Undertake activities related to terminal storage facilities for petroleum and petrochemical products
Pengerang Refining Company Sdn. Bhd.	50	50	Malaysia	Undertake blending, processing or cracking of crude, condensates, feedstock or intermediate feedstock
Pengerang Petrochemical Company Sdn. Bhd.	32	32	Malaysia	Sales of products within ethane, propane chains and ethane derivatives to the joint operators
NP Hai Long Holdings B.V.	49	49	Netherlands	Investment holding
NP Taiwan Project NorthWind Holdings B.V.	49	49	Netherlands	Investment holding
NP Taiwan Project CanWind Holdings B.V.	49	49	Netherlands	Investment holding

∞ Company incorporated under the Labuan Companies Act 1990.

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