

**PETRONAS GAS BERHAD**  
**(Company No:101671-H)**  
(Incorporated in Malaysia)

**THIRTY FIFTH ANNUAL GENERAL MEETING**

Minutes of the Thirty Fifth Annual General Meeting of PETRONAS Gas Berhad held at Sapphire Ballroom, Level 1, Mandarin Oriental Kuala Lumpur, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia on Monday, 30 April 2018 at 10.30 a.m.

Present : YBhg Datuk Mohd Anuar Taib (Chairman)  
Encik Kamal Bahrin Ahmad  
Cik Habibah Abdul  
Encik Heng Heyok Chiang @ Heng Hock Cheng  
Puan Emeliana Dallan Rice-Oxley  
Cik Wan Shamilah Wan Muhammad Saidi

Absent (with apology) : YBhg Dato' Ab. Halim Mohyiddin

and Members and Proxies as per attendance list

In Attendance : Puan Intan Shafinas (Tuty) Hussain (Secretary)  
Encik Yeap Kok Leong (Secretary)

By invitation Puan Shariza Sharis Mohd Yusof (Chief Financial Officer)

**1.0 WELCOMING ADDRESS BY THE CHAIRMAN**

The Chairman welcomed all present to the Thirty Fifth Annual General Meeting of the Company.

**2.0 NOTICE**

The Notice of the Meeting dated 30 March 2018 was taken as read as it was sent and received by Members together with the Annual Report for the Year Ended 31 December 2017 and has also been published on the Company's website.

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CHAIRMAN'S  
INITIALS



**PETRONAS GAS BERHAD (101671-H)****Minutes of the 35<sup>th</sup> Annual General Meeting held on 30 April 2018****3.0 QUORUM**

Upon confirming the presence of the requisite quorum by the Secretary, the Chairman called the meeting to order at 10.30 a.m.

**NOTED** that the Chairman informed that the voting at the 35<sup>th</sup> AGM would be conducted on a poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia by way of electronic voting ("e-voting"). For this purpose, the Chairman exercised his right as the Chairman of the Meeting to demand for a poll in accordance with Article 66 of the Constitution of the Company.

**ALSO NOTED** that the Company has appointed Symphony Share Registrars Sdn Bhd as Poll Administrator to conduct the polling process, and Symphony Corporatehouse Sdn Bhd as Scrutineers to verify the poll result of the deliberation of all items to be transacted at the 35<sup>th</sup> AGM.

The Meeting was informed by the Company Secretary that the total number of shareholders and proxies present at this Annual General Meeting ("AGM") was 2,102 which represents a total of 1,528,767,883 shares. The Chairman had been appointed by the shareholders as proxy representing 1,346,226,217 shares, which represents 68.03% of the total voting rights at this AGM.

The Meeting was also informed that all resolutions would require a simple majority vote.

**4.0 PRESENTATION BY THE MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER**

Before proceeding with the business of the Meeting, the Chairman invited Encik Kamal Bahrin Ahmad, the Managing Director/Chief Executive Officer ("MD/CEO") of the Company to present to the shareholders a presentation on the overview of the business of the Company.

Encik Kamal proceeded to present the Company's performance overview for the financial year ended 31 December 2017 covering the Company's financial performance, operational performance as well as key activities and achievements for the period.

After the said presentation, the Chairman proceeded with the business of the Meeting.

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<p data-bbox="225 192 1066 264"><b>PETRONAS GAS BERHAD (101671-H)</b> <b>Minutes of the 35<sup>th</sup> Annual General Meeting held on 30 April 2018</b></p> <p data-bbox="225 376 1398 450"><b>5.0 TO RECEIVE THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017</b></p> <p data-bbox="320 488 1398 595">The Audited Financial Statements and Reports of the Directors and Auditors for the period ended 31 December 2017 having been circulated to all members of the Company within the prescribed period was tabled to the Meeting.</p> <p data-bbox="320 629 1398 880">The Chairman informed that the Company had received a list of questionnaires from the Minority Shareholder Watch Group ("MSWG") on 23 April 2018 and had accordingly responded to the MSWG on their enquiries ahead of this Annual General Meeting. For the members' reference, the replies to the questions were displayed on the LED display screens at the foyer outside the meeting hall today and that the same had been made available on the Company's website.</p> <p data-bbox="320 913 1398 1021">Puan Intan Shafinas (Tuty) Hussain, the Company Secretary, proceeded to read out the MSWG's questions and the MD/CEO thereupon responded to the questions accordingly for the benefit of the Members present.</p> <p data-bbox="320 1055 1398 1164">The Chairman invited the Members present to put forth any questions on the reports and financial statements. The following summarises the matters raised and comments made as by the shareholders and/or proxies at the meeting:-</p> <p data-bbox="320 1223 847 1261"><b>(A) CORPORATE GOVERNANCE</b></p> <ol data-bbox="416 1301 1398 1951" style="list-style-type: none"> <li>1. MSWG noted that there was an impressive improvement in terms of disclosure of Corporate Governance practices of the Company in the Annual Report 2017. MSWG also announced that the Company has been nominated to be in the list of Top 50 ASEAN Company for good Corporate Governance disclosure.</li> <li>2. Some commendable remarks from the Members with regards to PGB's initiative in its full implementation of Integrated Reporting in the Annual Report.</li> <li>3. Members sought clarifications with regards to disclosure on the Malaysian Code of Corporate Governance 2017 (MCCG 2017) as follows:- <ol style="list-style-type: none"> <li>3.1 Practice 7.2 Disclosure of Senior Management Framework Disclosure of the remuneration breakdown of MD/CEO</li> </ol> </li> </ol>		

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Practice 7.2 of the MCCG 2017 is for the stakeholders to assess whether the remuneration of directors and senior management commensurate with their individual performance, taking into consideration the company's performance.

The MD/CEO is one of the key Senior Management, the Company is of the view that the salary and remuneration package is deemed private and confidential. Datuk Chairman emphasised that it will be a mandatory disclosure to the Company if all Public Listed Companies in Malaysia have also applied the disclosure of Practice 7.2.

In addition, PETRONAS has benchmarked the remuneration package against the industry where it was noted that the package is attractive and able to attract talent.

- 3.2 Practice 8.2-Disclosure on the requirement of the former key audit partner to observe a cooling off period of two years before being appointed as a Board Audit Committee (BAC) member

The BAC has a policy that requires an Independent Director as former key audit partner to observe a cooling off period of two years before being appointed as a member of the BAC. Similar requirement has been extended to professionals who have dealings with the Company i.e lawyers, engineers and etc.

- 3.3 Practice 8.5 -Disclosure on the policy that requires all Board Audit Committee members to attend trainings relevant to financial, accounting and auditing standards, practices and rules

During the year under review, majority of the BAC members could not attend the training on the developments in accounting and auditing standards, practices and rules.

The Board noted the deviation from Practice 8.5 and the Board will make sure all BAC members will attend trainings relevant to accounting and auditing standards, practices and rules in enhancing their professional development in 2018.

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3.4 Practice 9.3-Disclosure on the separation of Board Risk Committee from the Board Audit Committee.

Noted that large companies are encouraged to adopt this practice of the Step Up to have a separate Board Risk Committee. The Board do not see the need to have a separate Board Risk Committee as the TOR of BAC already covers all Risks areas where key risks areas and profile are being deliberated at the BAC on quarterly basis.

4. Special Fees

Currently, there is no Director with special skills in PGB. However, there is a plan to appoint director who has diverse background in non-regulated market.

5. Datuk Chairman clarified on the non-attendance of Dato' Ab Halim Mohyiddin. Dato' Halim who is also a Chairman of MISC Berhad is now attending an official engagement with the shippers for new vessel in Korea.

6. Production of Annual Report

The Member had commented that the Annual Report 2017 looks so exclusive and could be nominated for the award-winning by a prestigious body i.e NACRA.

However, Puan Lya from MSWG rebutted that the criteria to win the awards will be based on criteria such as compliance to the governance, sustainability report based on regulator requirement as well an international standards. The overall presentation of Annual Report will be evaluated by various bodies and independent party.

It was also informed that the cost of production, printing and distribution of Annual Report is competitive and the Company has also achieved some cost reduction compared to previous year.

(B) On Third Party Access (TPA) issues, **NOTED** that the Company expected the tariff will remain reasonable so as to ensure financial sustainability and to maintain safe, reliable and efficient operation of the Company's assets. The tariff guidelines is yet to be finalized by Energy Commission.

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CHAIRMAN'S INITIALS



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(C) On matters concerning Air Separation Unit (ASU), as a joint venture company, PGSSB will contribute to PGB's financials via share of profit from associates and joint ventures. It is expected to contribute to PGB's PBT ranging from 1%-2%.

(D) On matters concerning Growth Project (Regasification), the final project cost is expected to be well within the estimated project cost of USD 858 million. The project is fully funded by its shareholders with a combination of equity and debt.

(E) On matters concerning Financial, Revenue & Cost

i. Revenue & Cost

The major contributors to Group Cost of Revenue are depreciation (37%), Utilities Cost of Sales (27%), Payroll & Staff related costs (12%), and repair and maintenances (9%).

An overview of segmental financial performance in 2017 are as follows:-

Gas Processing:

Revenue was comparable at RM1,557.5 million. Gross Profit declined slightly by RM12.3 million (1.9%) to RM636.1 million, attributable to higher depreciation following completion of turnaround activities, offset by lower repairs and maintenance.

Gas Transportation:

Revenue increased marginally by RM7.2 million (0.5%) to RM1,311.1 million as the corresponding year included a once-off recognition relating to downward revision of Gas Transportation Sabah tariff. Excluding this impact, revenue would be comparable. Gross profit increased by RM4.5 million (0.5%) to RM979.8 million on higher revenue, negated by higher depreciation in line with completion of capital projects.

Utilities:

Revenue improved by RM98.4 million (9.2%) to RM1,167.5 million on higher volumes and prices. Gross profit declined slightly by 7.0 million (4.4%) to RM148.9 million on the back of higher cost of sales.

Regasification:

Revenue for the segment surged to RM773.5 million with the commencement of RGT Pengerang commercial operations. Gross profit increased by RM91.7 million (32%) to RM378.0 million with the new revenue stream from RGT Pengerang, offset by higher

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depreciation and higher lease charges following stronger USD against MYR.

ii. Utilization of share premium account

Companies Act 2016 provides for a transitional period of 24 months to enable companies to utilise any amounts standing in its existing share premium account and provisions to preserve the effect of existing contracts and other instruments which rely on the concept of par/nominal value. At this moment, there is no plan to utilise the share premium and there is no financial impact of not utilising it.

iii. Interest Rate Swap

In 2017, PGB entered into interest rate swap arrangements with two counterparties to hedge the exposure of floating interest rate in relation to its USD500 million Term Loan.

With the interest rate swap, PGB will effectively pay a fixed interest rate on the USD Term Loan regardless of the movement in LIBOR.

The amount hedged was USD322 million (being the nominal value of the swap) with its settlement and maturity mirror the USD Term Loan.

After dealing with all the questions raised, the Chairman declared that the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon were received and noted.

**6.0 RE-ELECTION OF DIRECTOR PURSUANT TO ARTICLE 93 OF THE CONSTITUTION OF THE COMPANY**

The Agenda item no. 2 is on re-election of Director who is retiring pursuant to Article 93 of the Constitution of the Company. It was informed that Puan Emeliana Dallan Rice-Oxley and Cik Wan Shamilah Wan Muhammad Saidi are subject to re-election and who being eligible offered themselves for re-election.

The profile of Puan Emeliana and Cik Wan Shamilah can be found on pages 58 and 59 of the Annual Report. The Board had approved the recommendation of its Nomination and Remuneration Committee ("NRC") that Puan Emeliana and Cik Wan Shamilah were eligible to stand for re-election.

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The following motions were then put to the meeting for consideration:-

1. **Resolution 1 -THAT** Emeliana Dallan Rice-Oxley retiring in accordance with Article 93 of the Constitution of the Company, be and is hereby re-elected as Director of the Company.
2. **Resolution 2 -THAT** Wan Shamilah Wan Muhammad Saidi retiring in accordance with Article 93 of the Constitution of the Company, be and is hereby re-elected as Director of the Company.

#### 7.0 RE-ELECTION OF DIRECTORS IN ACCORDANCE WITH ARTICLE 96 OF THE CONSTITUTION OF THE COMPANY

The Agenda item no. 3 is on re-election of Directors who are retiring pursuant to Article 96 of the Constitution of the Company.

It was informed that the following Directors are subject to re-election and who being eligible offered themselves for re-election:-

1. Dato' Ab. Halim Mohyiddin
2. Kamal Bahrin Ahmad

The profile of the Directors standing for re-election were provided on pages 56 and 54 of the Annual Report respectively. The Board had approved the recommendation of its NRC that these Directors were eligible to stand for re-election.

The following motions were then put to the meeting for consideration:-

1. **Resolution 3 -THAT** Dato' Ab. Halim Mohyiddin retiring in accordance with Article 96 of the Constitution of the Company, be and is hereby re-elected as Director of the Company.
2. **Resolution 4 -THAT** Kamal Bahrin Ahmad retiring in accordance with Article 96 of the Constitution of the Company, be and is hereby re-elected as Director of the Company.



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<p data-bbox="225 197 751 230"><b>PETRONAS GAS BERHAD (101671-H)</b></p> <p data-bbox="225 230 1062 264"><b>Minutes of the 35<sup>th</sup> Annual General Meeting held on 30 April 2018</b></p> <hr/> <p data-bbox="236 309 1398 414"><b>8.0 PROPOSED INCREASE IN DIRECTORS' FEES AND ALLOWANCES FOR THE NON-EXECUTIVE CHAIRMAN AND NON-EXECUTIVE DIRECTORS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2018</b></p> <p data-bbox="320 454 1398 560">The Meeting proceeded with agenda item no. 4 on proposed increase of Directors' fees and allowances payable to Non-Executive Chairman and Non-Executive Directors for the financial year ending 31 December 2018.</p> <p data-bbox="320 600 1398 667">The following proposals in respect of Directors' fees were made to the shareholders:-</p> <ul style="list-style-type: none"> <li data-bbox="320 707 1398 775">(a) Ringgit Malaysia Two Hundred and Eighty Eight Thousand (RM288,000) per annum for the Non-Executive Chairman; and</li> <li data-bbox="320 775 1398 842">(b) Ringgit Malaysia One Hundred and Forty Four Thousand (RM144,000) per annum per director for the Non-Executive Directors.</li> </ul> <p data-bbox="320 882 1254 916">The following motion was then put to the Meeting for consideration:-</p> <p data-bbox="320 956 1398 1173"><b>Resolution 5 - THAT</b> the increase in the payment of Directors' fees to Ringgit Malaysia Two Hundred and Eighty Eight Thousand (RM288,000) per annum to the Non-Executive Chairman and Ringgit Malaysia One Hundred and Forty Four Thousand (RM144,000) per annum per director for the Non-Executive Directors for the financial year ending 31 December 2018 be and are hereby approved.</p> <p data-bbox="236 1240 1398 1346"><b>9.0 PROPOSED PAYMENT OF DIRECTORS' FEES AND ALLOWANCES TO THE NON-EXECUTIVE DIRECTORS FOR THE PERIOD FROM 1 JANUARY 2018 UNTIL THE NEXT ANNUAL GENERAL MEETING</b></p> <p data-bbox="320 1386 1398 1532">The Meeting proceeded with agenda item no. 5 on payment of Directors' fees and allowances of up to Ringgit Malaysia Two Million and Five Hundred Thousand (RM2,500,000.00) with effect from 1 January 2018 until the next AGM of the Company payable to Non-Executive Directors.</p> <p data-bbox="320 1572 1398 1816">The Meeting was also informed that the Directors' fees and allowances for the Non-Executive Directors for the period from 1 January 2018 until the conclusion of the next AGM ("FYE2018/2019") were calculated based on the number of scheduled Board's and Board Committees' meetings and on assumption that all the Non-Executive Directors would remained in office until the next AGM. The passing of resolution 6 was to facilitate payment of the Directors' fees and allowances for FYE2018/2019.</p> <p data-bbox="320 1856 1262 1890">The following motion was then put to the Meeting for consideration:-</p>		

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**Resolution 6 - THAT** the payment of Directors' fees and allowances of up to Ringgit Malaysia Two Million and Five Hundred Thousand (RM2,500,000.00) with effect from 1 January 2018 until the next Annual General Meeting of the Company payable to Non-Executive Directors be and is hereby approved."

**10.0 RE-APPOINTMENT OF KPMG PLT AS AUDITORS OF THE COMPANY**

The meeting then proceeded to consider the re-appointment of KPMG PLT as Auditors of the Company.

The Chairman informed that KPMG had expressed their willingness to continue office. Therefore, the following motion was put to the meeting for consideration:-

**Resolution 7 - THAT** KPMG PLT be and are hereby re-appointed auditors of the Company to hold office until the conclusion of the next annual general meeting and that the Directors be and are hereby authorised to determine their remuneration.

**11.0 ANY OTHER BUSINESS**

The last item on the agenda for the meeting was to transact any other business of which due notices shall have been received in accordance with the Companies Act, 2016. The Meeting noted that no notice of any other business for transacting at the meeting was received.

As such, the Meeting proceeded to take the poll on all the resolutions tabled.

**12.0 TAKING OF POLL AND ANNOUNCEMENT OF RESULT**

The Meeting was then briefed on the procedure of the e-polling and proceeded to take the poll on the proposed resolutions.

The Chairman informed that the Company had appointed Symphony Corporatehouse Sdn. Bhd. ("**Scrutineer**") as the independent scrutineer to validate the votes cast at this meeting.

At 12.45 p.m., the meeting was adjourned to facilitate voting and counting of votes.

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The meeting resumed at 1.15 p.m. and the following poll results was announced:-

Ordinary Resolutions	Voted For		Voted Against	
	No. of Shares	%	No. of Shares	%
Resolution 1 - Re-election of Emeliana Dallan Rice-Oxley	1,785,535,948	98.55	26,275,939	1.45
Resolution 2 - Re-election of Wan Shamilah Wan Muhammad Saidi	1,791,348,314	98.87	20,463,573	1.13
Resolution 3 - Re-election of Dato' Ab. Halim Mohyiddin	1,606,953,835	88.70	204,858,052	11.30
Resolution 4 -Re-election of Kamal Bahrin Ahmad	1,805,329,181	99.64	6,482,706	0.36
Resolution 5 - Increase of Directors' fees to the Non-Executive Directors for the financial year ending 31 December 2018	1,622,331,181	89.51	190,052,706	10.49
Resolution 6 - Payment of Directors' fees and Allowances to the Non-Executive Directors for the FYE2018/2019	1,622,263,881	89.51	190,120,006	10.49
Resolution 7 - Appointment of KPMG PLT as Auditors	1,810,249,681	99.88	2,134,206	0.12

The Chairman then declared that all the resolutions set out in the Notice of the 35<sup>th</sup> AGM of the Company carried.

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**13.0 CLOSURE OF MEETING**

There being no further business, the Chairman thanked the Members for their attendance.

The meeting was adjourned at 1.20 p.m.

Signed as the correct record of the proceedings



CHAIRMAN

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