



PETRONAS GAS BERHAD (101671-H)
28th April 2014

Minority Shareholder Watchdog Group
Tingkat 11, Bangunan KWSP
No. 3, Changkat Raja Chulan,
Off Jalan Raja Chulan,
50200 Kuala Lumpur.

Attn: Madam Rita Benoy Bushon
Chief Executive Officer

Dear Madam,

THIRTY FIRST (31ST) ANNUAL GENERAL MEETING (AGM) OF PETRONAS GAS BERHAD (“PGB” or “the Company”)

Reference is made to your letter dated 22nd April 2014 on the abovementioned matter.

We thank MSWG for your queries and are pleased to append below, our response to your queries as highlighted in your letter:-

Strategic & Financial Matters

- 1) PGB has entered into the new Gas Processing Agreement (GPA) and Gas Transportation Agreement (GTA) with PETRONAS for a period of 5 years effective from 1 April 2014, being the first term from 2014 to 2019.**

How would the new fees structure in the new agreements benefit PGB in terms of revenue?

- As an infrastructure company, the GPA has been structured to provide a stable revenue base through higher reservation charge. The Performance Based Structure income from liquid by-products are now focusing on improving PGB own efforts and capability to enhance liquid extraction efficiency, which is free from external factors.
- The new GTA postage tariff is in line with the anticipated implementation of Third Party Access (TPA) which will provide level playing field for shippers and end users throughout the nation.
- The new GPA and GTA are expected to provide revenue stability and delivering sustainable and steady returns to PGB.

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- 2) **During the year, the Regasification business had started to contribute to PGB's revenue and earnings.**
- (i) **Is there any indicative timeline on the progress of the Lahad Datu LNG Regasification Terminal (RGT)?**
- The progress of the regasification terminal project in Lahad Datu, Sabah, would be dependent on finalisation of the gas-fired power plant in Lahad Datu, of which PGB is currently awaiting further decision from the Ministry of Energy, Green Technology and Water.
- (ii) **What would be the capacity of this RGT?**
- The capacity will also be dependent on the finalisation of the size of gas-fired power plant in Lahad Datu, which is expected to be smaller than our existing LNG Regasification Terminal in Sungai Udang, Melaka.
- 3) **The revenue of the Utilities segment had decreased by RM79 million (8.3%) in 2013 compared to the previous year due to lower offtake by customers. What would be the expected performance of this segment for 2014?**
- We are expecting better petrochemicals customers' offtake in FY2014, in view of lesser customers' planned turnaround maintenance activities.

Corporate Governance

We would also like to encourage the Minutes of the AGM be published on the Company's website to be in line with the spirit of transparency and good Corporate Governance practices based on the ASEAN CG Scorecard which is being used to assess the level of CG standards of PLCs in Malaysia by MSWG.

We take note and thank MSWG for the recommendation on the publishing of the Minutes of the AGM on our Company's website in line with the spirit of transparency and good corporate governance practice. We will take the matter into due consideration for future practice.

For your kind information, we will be publishing the above questions and answers in our corporate website (www.petronasgas.com) for the shareholders' and public viewing.

We would like to thank MSWG for your queries and we trust the above has succinctly clarified your queries.

Thank you.

Your faithfully,
for PETRONAS Gas Berhad



INTAN SHAFINAS (TUTY) HUSSAIN
Company Secretary

cc: YBhg. Datuk Anuar Ahmad
Chairman of Board
PETRONAS Gas Berhad

En. Yusa' Hassan
MD/CEO

Aida Aziza Mohd Jamaludin
General Manager, Finance