

PETRONAS DAGANGAN BERHAD (88222-D)
(Incorporated in Malaysia)

37TH ANNUAL GENERAL MEETING

Minutes of the 37th Annual General Meeting (“AGM” or “Meeting”) of PETRONAS Dagangan Berhad (“the Company”) held at Grand Ballroom, Level 2, Intercontinental Kuala Lumpur, 165 Jalan Ampang, 50450 Kuala Lumpur on Thursday, 25 April 2019 at 10.00 a.m.

- Present :
- Datuk Md Arif Mahmood
(Chairman)
 - Dato’ Sri Syed Zainal Abidin Syed Mohamed Tahir
(Managing Director/Chief Executive Officer)
 - Lim Beng Choon
(Independent Non-Executive Director)
 - Vimala V.R. Menon
(Independent Non-Executive Director)
 - Datuk Anuar Ahmad
(Independent Non-Executive Director)
 - Nuraini Ismail
(Non-Independent Non-Executive Director)
 - Shafie Shamsuddin
(Independent Non-Executive Director)
- Absent with apologies :
- Alvin Michael Hew Thai Kheam
(Independent Non-Executive Director)
- In Attendance :
- Nur Nadia Mohd Nordin
(Company Secretary)
 - Yeap Kok Leong
(Joint Secretary)
- and shareholders and proxies entered in the Attendance Register.
- By Invitation :
- As per attendance list

1.0 **NOTICE**

The Notice of the Meeting dated 27 March 2019 was taken as read as it was sent and received by shareholders, the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and the Auditors of the Company together with the 2018 Annual Report which has also been published on the Company’s corporate website.

On behalf of the Board, the Chairman took the opportunity to express the Board’s appreciation to the former Managing Director/Chief Executive Officer, Dato’ Mohd Ibrahimuddin Mohd Yunus for his past contribution and service to the Company.

2.0 **QUORUM**

Upon confirming the presence of the requisite quorum by the Company Secretary, the Chairman called the meeting to order at 10.00 a.m.

The shareholders were informed that in compliance with the Main Market Listing Requirements of Bursa Malaysia, all proposed resolutions of this AGM would be voted by poll. In the case of the Company, the poll would be by way of electronic polling which was to be undertaken at the end of the Meeting after the proposed resolutions of this Meeting have been tabled.

The total number of shareholders and proxies present at this AGM was 779, which represented a total of 49,260,079 shares. The Chairman was appointed by the shareholders as proxy representing 773,844,081 shares, which represented 77.89% of the total voting rights at this AGM.

The shareholders were also informed that all ordinary resolutions required a simple majority of vote whilst the special resolution required a majority of not less than 75% of vote at this meeting.

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

Before the Chairman proceeded with the business of the Meeting, the Chairman invited Dato’ Sri Syed Zainal Abidin Syed Mohamed Tahir, Managing Director/Chief Executive Officer (“MD/CEO”) of the Company to present to the shareholders on the highlights of the performance of the Company for the year ended 31 December 2018.

Dato’ Sri Syed Zainal Abidin thanked the shareholders for their attendance and shared his presentation that covered the Company’s Operating Environment, Financial Year 2018 Performance, Fuelling Growth, Sustainability, Awards and Accolades for the period and Future Aspirations.

Upon conclusion of the presentation, the Chairman thanked Dato' Sri Syed Zainal Abidin and proceeded with the business of the Meeting.

4.0 **AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON**

The Audited Financial Statements and Reports of the Directors and Auditors for the year ended 31 December 2018 having been circulated to all the shareholders of the Company on 27 March 2019 were tabled at the Meeting.

The Chairman informed the shareholders that the Audited Financial Statements and Reports of the Directors and Auditors for the year ended 31 December 2018 were for discussion only as it did not require shareholders' approval. Hence, it would not be put for voting.

The Chairman also informed the shareholders that the Company received the list of questions from the Minority Shareholder Watch Group ("MSWG") on 17 April 2019 and had responded to the MSWG on their queries ahead of this AGM. The Chairman informed the shareholders that the reply to the questions had also been displayed on the LCD screen at the foyer outside the meeting hall and the same had been published on the Company's Corporate website.

The Chairman then invited Dato' Sri Syed Zainal Abidin, the MD/CEO to highlight the response to the MSWG's questions accordingly for the benefit of the shareholders present.

The shareholders were then invited to put forth questions or comments related to the reports and financial statements. The following summarises the key matters raised by the shareholders and/or proxies and the responses from the Board at the meeting:-

(A) On the issue of **BUSINESS PERFORMANCE** of the Company, **NOTED** as follows:

- The Company was predominantly impacted by the lower profit margin last year due to the fall of oil prices. In terms of performance, the Company believes that the profit margin is comparable, if not, better against other players in the market. At the same time, the Company has invested in the non-fuel products such as ROVR, SETEL and The Place with targeted income of 30% to be generated from it by 2020.

- As part of the filling process, the cylinders are washed at the terminal prior to collection by the dealers. If the cylinders' appearance does not meet the Company's requirements, the cylinders will be segregated for repainting works.
- O-Ring is located in the cylinder connectors to prevent leakages and is made of synthetic rubber where it is natural for it to harden over time as a result of exposure to harsh weather elements. O-Rings can also be torn/damaged as a result of unsafe use/act, causing the O-Ring to be ineffective. Any damaged O-Ring that has been detected via Electronic Leak Test Machine at all LPG terminals will be replaced immediately.
- The Company's 3x Mesra points per litre is the best loyalty programme offered in the fuel retail industry. These points can be redeemed both for fuel and products at the Mesra stores.
- Customers can sign up for a PETRONAS Mesra card at any PETRONAS Station or via SETEL application for virtual Kad Mesra. SETEL is the first app in Asia that integrates with fuel dispensers whereby customers can purchase fuel directly from their mobile and at the same time earn Mesra points seamlessly without having the need to swipe the Mesra card. Currently, the Company is to grow SETEL application in Klang Valley with a plan to go nationwide by end of the year.
- The Profit Before Tax decreased by RM300.8 million against corresponding quarter last year due to:
 - (i) lower gross profit by RM242.8 million was due to sharp decline in MOPS prices in November and December 2018.
 - (ii) higher operating expenses by RM49.1 million mainly due to professional services as of the Company's digitalisation initiatives and higher spending on advertising and promotions as well as higher Mesra Points Redemption.
- With regard to the cleanliness of the foodcourt area of Solaris Serdang, the Management is currently looking into this and undergoing a study to centralise to a few contractors for better cleanliness and service. In fact, the Management has identified a few partners to open up stalls that the Company thinks is more relevant to the surrounding population.

- Subsidy receivables as at 31 December 2018 increased due to higher subsidy rate during FY2018 on the back of temporary fixed pump price on RON95 and Diesel since April 2018 to December 2018. In addition, there was a slight delay in the subsidy payment made by the Government of which 90% of the subsidy outstanding was received on 4 January 2019.
- The impairment loss on trade and other receivables is mainly contributed by the impairment loss made on subsidy receivables from the government amounting to RM89.9 million in FY2016. The amount has been impaired in Quarter 2, 2016 as no decisions of repayment have been made by the government. Efforts were made to discuss with the previous government for recovery of the amount. Now that there is a change in government, the Company will resume further discussions as part of the Company's continuous effort to recover the amount.
- On the oil price volatility, the Company will experience lag gain or lag loss depending on movement, volatility and level of inventory. The Company has been hedging/mitigating its exposure to such volatility through managing its inventory days at an optimum level. The high oil price environment could impact demand and reduce the Company's volume. In contrast, in a low oil price environment demand may grow with increased customer purchasing power. As a result, volume may grow at a lower margin.
- In a volatility crude price environment and market uncertainties, PDB has focused on a few initiatives to reduce cost and improve profitability, namely:
 - (i) Managing OPEX through cost reduction efforts.
 - (ii) Inventory optimization through rigorous efforts which included daily and weekly monitoring of petroleum product price trends to enable proactive actions to be taken.
 - (iii) Supply and distribution efficiency by re-evaluating the supply and distribution arrangements.
- The oil and gas industry today has changed tremendously given the introduction of Energy Efficient Vehicles, Electric Vehicles and mass transit. The Company has continuously creating frictionless and seamless experience to the customers by refurbishing and upgrading the non-fuel offerings to complement the income to both shareholders and dealers.

- (B) On the issue of **CORPORATE GOVERNANCE** of the Company, **NOTED** as follows:
- One of the shareholders requested for a clarification from MSWG on its roles and effectiveness. Ms Yamini of MSWG provided a brief explanation on the query. The MSWG was set up under the Capital Market Development Fund under the oversight of the Securities Commission of Malaysia and therefore, MSWG looks at the best interest of the Minority shareholders from the governance perspective.

After dealing with all the questions and comments raised, the Chairman informed the shareholders **“THAT** the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon, be and are hereby **RECEIVED** and **NOTED.**”

5.0 ORDINARY RESOLUTIONS 1, 2 AND 3 - RE-ELECTION OF DIRECTORS PURSUANT TO ARTICLE 93 OF THE COMPANY’S CONSTITUTION

The Chairman informed the shareholders that pursuant to Article 93 of the Company’s Constitution, Lim Beng Choon, Vimala a/p V.R. Menon and Datuk Anuar Ahmad were subject to retirement at the AGM and, being eligible, had offered themselves for re-election.

The Chairman highlighted to the shareholders that with the Nomination and Remuneration Committee’s endorsement, the Board had agreed to recommend the re-election of Lim Beng Choon, Vimala a/p V.R. Menon and Datuk Anuar Ahmad.

The shareholders were informed that the profiles of Lim Beng Choon, Vimala a/p V.R. Menon and Datuk Anuar Ahmad were available on pages 80 and 81, respectively of the 2018 Annual Report.

The Chairman then put forth the following resolutions for the shareholders’ consideration:

5.1 ORDINARY RESOLUTION 1 - RE-ELECTION OF LIM BENG CHOON

“THAT Lim Beng Choon retiring in accordance with Article 93 of the Company’s Constitution, be and is hereby re-elected as a Director of the Company.”

5.2 **ORDINARY RESOLUTION 2 - RE-ELECTION OF VIMALA A/P V.R. MENON**

“**THAT** Vimala a/p V.R. Menon retiring in accordance with Article 93 of the Company’s Constitution, be and is hereby re-elected as a Director of the Company.”

5.3 **ORDINARY RESOLUTION 3 - RE-ELECTION OF DATUK ANUAR AHMAD**

“**THAT** Datuk Anuar Ahmad retiring in accordance with Article 93 of the Company’s Constitution, be and is hereby re-elected as a Director of the Company.”

Since there were no further questions from the shareholders, the Chairman proceeded with the next agenda item.

6.0 ORDINARY RESOLUTION 4 – DIRECTORS’ FEES AND ALLOWANCES OF UP TO RM2,300,000 WITH EFFECT FROM 26 APRIL 2019 UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY PAYABLE TO NON-EXECUTIVE DIRECTORS

The Chairman informed the shareholders that the Board had proposed to the shareholders for approval of the payment of Directors’ fees and allowances to Non-Executive Directors (“NED”) of up to RM2,300,000.00 for their services and allowances as Directors of the Company with effect from 26 April 2019 until the next AGM of the Company.

The Directors’ fees and allowances for the Non-Executive Directors for the period from 26 April 2019 until the conclusion of the next AGM (“FYE2019/2020”) were calculated based on the number of scheduled Board’s and Board Committees’ meetings and on assumption that all the Non-Executive Directors will remain in office until the next AGM. This resolution was to facilitate payment of the Directors’ fees for FYE2019/2020.

The Chairman then put the resolution to the shareholders for consideration:

"**THAT** the payment of Directors’ fees and allowances of up to RM2,300,000 with effect from 26 April 2019 until the next Annual General Meeting of the Company payable to Non-Executive Directors, be and is hereby **APPROVED**."

7.0 ORDINARY RESOLUTION 5 – RE-APPOINTMENT OF KPMG PLT AS AUDITORS OF THE COMPANY FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2019 AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION

The Chairman informed the shareholders that the Board recommended to the shareholders for approval of the re-appointment of KPMG PLT as Auditors of the Company who would hold office until the conclusion of the next AGM, and to authorise the Directors to determine their remuneration.

The auditors, KPMG PLT, have expressed their willingness to continue office.

There was a query by a shareholder on the length and quality of the service of KPMG PLT, and for the Company to consider changing KPMG PLT to uphold independence of the auditors issue where it was suggested for MSWG to look into this. It was noted that KPMG PLT has been with the Company for more than 5 years and there is no regulation to change the Auditors within 5 years of service. KPMG PLT always maintains their independence at all times, conducts audit based on the auditing and accounting standards, and is being regulated by Audit Oversight Board (“AOB”) on its independence in a wholesome manner. Over the years, when the AOB reviewed the firm and the engagements, there were no sanctions given to KPMG PLT in respect of the work, quality and independence in terms of doing the work for the clients.

The Chairman then put the following resolution to the shareholders for consideration:

"**THAT** KPMG PLT be and are hereby re-appointed as 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."

Since there were no further questions from the shareholders, the Meeting moved to the next agenda item.

8.0 SPECIAL RESOLUTION – PROPOSED ADOPTION OF A NEW CONSTITUTION OF THE COMPANY

The meeting then proceeded to the next item on the Agenda i.e. the proposed Adoption of a New Constitution of the Company. This special resolution, if passed, shall align the Constitution of the Company with the new Companies Act 2016 which came into force on 31 January 2017, the updated provisions of the Main Market Listing Requirements of Bursa Malaysia, and prevailing statutory and regulatory requirements. The details of the proposed New Constitution are as set out in the Appendix A of the Notice of the Annual General Meeting.

The Chairman then put the following resolution to the shareholders for consideration:

“**THAT** the draft new set of the Constitution of the Company in the form and manner as set out in Appendix A attached herewith, be and is hereby approved and adopted as the new Constitution of the Company, in substitution for, and to the exclusion of, the existing Constitution of the Company AND THAT the Directors be and are hereby authorised to do all such acts and things and to take such steps that are necessary to give effect to the adoption of the new Constitution of the Company.”

The Chairman then invited Mr. Eric Kang Shew Meng, the consultant who drafted the Constitution, to the rostrum to help answer any questions from the shareholders.

Since there was no question from the shareholders, the Meeting moved to the next agenda item.

9.0 ANY OTHER BUSINESS

The Chairman sought confirmation from the Company Secretary whether the Company had received a notice for transaction of other business which had been given in accordance with the Companies Act 2016 and the Constitution of the Company. The Company Secretary confirmed that the Company had not received any notice for transaction of any other business for this Meeting.

10.0 POLLING PROCESS

The Chairman invited the Company Secretary to brief on the procedures with respect to the e-polling.

The Company Secretary explained the procedures for the conduct of poll at the 37th AGM using the electronic poll voting method system. Each e-polling counter was equipped with desktop and barcode reader. Each shareholder and proxy would be directed to the e-polling counters with his/her barcoded wristband which was issued during the registration for the Meeting.

The Company Secretary further explained that the Company had appointed Boardroom Share Registrars Sdn. Bhd. (formerly known as Symphony Share Registrars Sdn. Bhd.) as the Poll Administrator to conduct the polling process, and Boardroom Corporate Services Sdn Bhd (“BCSSB”) as Scrutineers to monitor the e-polling process and verify the poll results.

The Scrutineers would give the results of the poll to the Chairman as soon as the compilation and counting process was completed.

The Chairman thanked the Company Secretary and informed the Meeting that he has been appointed to act as proxy for a number of shareholders and he shall vote in accordance with the instructions given.

The Chairman then announced commencement of the e-polling process at 11.56 a.m.

11.0 ANNOUNCEMENT OF POLL RESULTS

At 12.16 p.m, the Chairman called the Meeting to order for the declaration of results. He informed that he had received the verified poll results from the Scrutineers, BCSSB, and declared that all resolutions were carried. The details of the result of the poll is attached as Annexure A to this minutes.

12.0 CLOSURE OF MEETING

There being no further business, the meeting was closed with a vote of thanks to the Chairman.

The Chairman thanked the members for their attendance and declared the meeting closed at 12.18 p.m.

**Signed as a correct record
of the proceedings**

Chairman

Polling Results

PETRONAS Dagangan Berhad

37th Annual General Meeting

Date/Time: 25/04/2019 10:00:00 AM

Grand Ballroom, Level 2, InterContinental Kuala Lumpur, 165 Jalan Ampang, 50450 Kuala Lumpur, Malaysia

	FOR		AGAINST		TOTAL	
	NO. OF SHARES	%	NO. OF SHARES	%	NO. OF SHARES	%
Ordinary Resolution						
Resolution 1: Re-election of Lim Beng Choon as a Director	882,112,275	99.430600	5,051,562	0.569400	887,163,837	100
Resolution 2: Re-election of Vimala a/p V.R. Menon as a Director	887,143,037	99.997700	20,800	0.002300	887,163,837	100
Resolution 3: Re-election of Datuk Anuar bin Ahmad as a Director	887,161,337	99.999700	2,500	0.000300	887,163,837	100
Resolution 4: Directors' Fees and Allowances of up to RM2,300,000 with effect from 26 April 2019 until the next Annual General Meeting of the Company payable to the Non-Executive Directors	880,468,337	99.245300	6,695,500	0.754700	887,163,837	100
Resolution 5: Re-appointment of KPMG PLT as Auditors of the Company	881,913,494	99.475900	4,646,843	0.524100	886,560,337	100
Special Resolution: Proposed Adoption of a New Constitution of the Company	887,163,037	99.999900	500	0.000100	887,163,537	100

Verified by Scrutineer
Boardroom Corporate Services Sdn Bhd (3775-X)
(formerly known as Boardroom Corporate Services (KL) Sdn Bhd)

Signature: 
Date: 25/4/19 @ 12.05 pm