

PBA HOLDINGS BHD.

Company Registration No. 200001012513 (515119-U)
(Incorporated in Malaysia)

Minutes of the Twenty-first Annual General Meeting ("21st AGM") of the Company held on a fully virtual basis hosted on Securities Services E-Portal in Malaysia with the Chairman of the meeting present in Penang on Tuesday, 22 June 2021 at 10:00 a.m.

DIRECTORS :

YAB Tuan Chow Kon Yeow, Non-Independent and Non-Executive Chairman - Chairman of the meeting ("YAB Chairman")

YB Dato' Ir. Haji Ahmad Zaki Yuddin Bin Abd. Rahman, Non-Independent and Non-Executive - Deputy Chairman

YB Prof. Dr. P. Ramasamy A/L Palanisamy, Non-Independent and Non-Executive Director

YB Dato' Abdul Razak bin Jaafar, Non-Independent and Non-Executive Director

YB Dato' Dr. Mohamad Farazi bin Md Zohari @ Johari, Non-Independent and Non-Executive Director

YB Tuan Zairil Khir Johari, Non-Independent and Non-Executive Director

YB Tuan Muhammad Faiz bin Fadzil, Non-Independent and Non-Executive Director

YB Tuan Muhammad Bakhtiar bin Wan Chik, Non-Independent and Non-Executive Director

YBhg. Dato' Agatha Foo Tet Sin, Senior Independent and Non-Executive Director

Puan Mary Geraldine Phipps, Independent and Non-Executive Director

YBhg. Dato' Brian Tan Guan Hooi, Independent and Non-Executive Director

Encik Ha Charm Mun, Independent and Non-Executive Director

BY INVITATION:

YBhg. Dato' Ir. Jaseni Maidinsa (Group Chief Executive Officer) ("Group CEO")

Mr. Terence Lau Han Wen, Messrs. Grant Thornton Malaysia PLT (Messrs. GT PLT, External Auditors)

IN ATTENDANCE:

Ms. Chua Siew Chuan (Company Secretary)

**SHAREHOLDERS,
CORPORATE
REPRESENTATIVES
AND PROXIES:**

As per participants logged in to the Securities Services e-Portal

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CHAIRMAN'S ADDRESS

YAB Tuan Chow Kon Yeow ("YAB Chairman") welcomed all to the live streaming of the 21st AGM of PBA Holdings Bhd from their respective locations and called the Meeting to order at 10:00 a.m.

The Chairperson informed that in line with the recent announcement made by the Prime Minister's Department on 28 May 2021 and 11 June 2021 in relation to the implementation of a Full Movement Control Order from 1 June 2021 and the revised Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission on 1 June 2021, the 21st AGM was conducted on a fully virtual basis via live stream webcast and online remote voting using the remote participation and voting facilities without any physical attendance.

YAB Chairman introduced the Board of Directors, the Group CEO, the Company Secretary and the External Auditor who joined the Meeting remotely.

QUORUM

With the requisite quorum for the Meeting being present in accordance with Regulation 74 of the Company's Constitution, YAB Chairman declared the Meeting duly convened.

PROCEEDINGS AND VOTING PROCEDURE

YAB Chairman informed the Meeting that pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), all resolutions which were put forth for voting at the Meeting would be voted by poll. In this regard, he would exercise his rights as the Chairman of Meeting to demand for a poll in accordance with Section 330 of the Companies Act 2016 in respect of all resolutions which to be put forth for voting at the Meeting.

YAB Chairman further informed that with the remote participation and voting facilities, all shareholders and proxies may post questions and vote remotely. The voting module had been made accessible to all shareholders and proxies to cast and submit their votes from the start of the Meeting and would continue to be accessible for an additional 10 minutes after the Meeting had dealt with all the questions transmitted during the Meeting.

The Meeting was informed that the Company had taken all efforts to ensure a smooth live stream, however, the quality of the broadcast may be affected by the shareholders' and proxies' own bandwidth connection and stability at their respective remote locations.

The Company Secretary briefed that the Meeting would first be taken through each item of the Agenda, followed by the question-and-answer session ("Q&A session") to respond to the questions transmitted by shareholders and proxies.

As stipulated by the Securities Commission of Malaysia, shareholders and proxies could rely on real time submission of typed texts to exercise their rights to speak or communicate in the Meeting by submitting questions or remarks in relation to the items in the Agenda through the text box below the live stream player within the e-Portal page. The Meeting was further informed that SS E Solutions Sdn. Bhd. was the appointed Poll Administrator while Commercial Quest Sdn. Bhd. was the appointed Independent Scrutineer to verify the results of the poll voting. A step-by-step guide together with a short audio clip on the online voting module within e-Portal was then played.

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YAB Chairman also informed the Meeting that the Company was using the Record of Depositors as of 15 June 2021 for the Meeting.

NOTICE

The Notice convening the Meeting having been circulated within the prescribed period was taken as read.

AGENDA 1: AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 TOGETHER WITH THE REPORTS OF THE DIRECTORS' AND AUDITORS' THEREON

YAB Chairman informed that the first item on the Agenda was to receive the Audited Financial Statements for the financial year ended 31 December 2020 ("AFS 2020") together with the Reports of Directors and Auditors thereon.

The Meeting noted that formal approval from shareholders was not required for this item on the Agenda pursuant to Section 340(1)(a) of the Companies Act 2016 and hence, the AFS 2020 not put forward for voting. YAB Chairman declared the 2020 AFS received.

AGENDA 2: ORDINARY RESOLUTION 1: PAYMENT OF A FINAL SINGLE TIER DIVIDEND OF 1.00 SEN PER SHARE IN RESPECT OF THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

YAB Chairman informed that the second item on the Agenda was to approve the payment of a final single-tier dividend of 1.00 sen per share for the financial year ended 2020. The proposed final dividend, if approved, would bring the total dividend for year 2020 to 2.25 sen per share and would be paid to all shareholders on 30 July 2021 based on the dividend entitlement date on 16 July 2021.

AGENDA 3: ORDINARY RESOLUTIONS 2 TO 4: RE-ELECTION OF RETIRING DIRECTORS IN ACCORDANCE WITH REGULATION 121 OF THE CONSTITUTION OF THE COMPANY

The Meeting noted that in accordance to Regulation 121 of the Constitution of the Company, the following three (3) Directors were due to retire at the Meeting:

- i) YAB Tuan Chow Kon Yeow;
- ii) YBhg. Dato' Agatha Foo Tet Sin; and
- iii) Puan Mary Geraldine Phipps.

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ORDINARY RESOLUTIONS 5 TO 7: RE-ELECTION OF RETIRING DIRECTORS IN ACCORDANCE WITH REGULATION 119 OF THE CONSTITUTION OF THE COMPANY

The Meeting noted that in accordance to Regulation 119 of the Constitution of the Company, the following three (3) Directors were due to retire at the Meeting:

- i) YB Dato' Dr. Mohamad Farazi Bin Md Zohari @ Johari;
- ii) YB Tuan Muhammad Bakhtiar Bin Wan Chik; and
- iii) Encik Ha Charm Mun.

AGENDA 4: ORDINARY RESOLUTION 8: PAYMENT OF BENEFITS PAYABLE TO DIRECTORS UNDER SECTION 230(1)(b) OF THE COMPANIES ACT, 2016 ("THE ACT")

YAB Chairman informed that the fourth item Agenda no. 4 was to consider and if thought fit, to approve the payment of the benefits payable to the Directors up to an amount of RM650,000.00 for the period from 23 June 2021 until the next AGM of the Company pursuant to Section 230(1)(b) of the Companies Act, 2016. The details of the benefits payable were disclosed in note 6 of the Notice of AGM.

AGENDA 5: ORDINARY RESOLUTION 9: RE-APPOINTMENT OF MESSRS GRANT THORNTON MALAYSIA PLT AS AUDITORS OF THE COMPANY UNTIL THE CONCLUSION OF THE NEXT AGM AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION

YAB Chairman informed that the fifth item on the Agenda was to re-appoint Messrs. Grant Thornton Malaysia PLT as Auditors of the Company for the ensuing year until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.

The Meeting was informed that Messrs. Grant Thornton Malaysia PLT had indicated their willingness to continue in office.

AGENDA 6.1: ORDINARY RESOLUTION 10: PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO 10% OF ITS ISSUED AND PAID-UP ORDINARY SHARE CAPITAL ("PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE")

YAB Chairman informed that that next item on the Agenda was to consider and thought fit, to approve the Proposed Renewal of Share Buy-Back Mandate to facilitate the Company to purchase its own ordinary shares of up to 10% of the issued and paid-up ordinary share capital of the Company at the prevailing terms as imposed by the relevant authorities.

The details of the Proposal had been disclosed in the Share Buy-Back Statement dated 24 May 2021, which was despatched to the shareholders together with the Company's Notice of AGM.

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AGENDA 6.2 ORDINARY RESOLUTION 11: MANDATE FOR YBHG. DATO' AGATHA FOO TET SIN WHO HAS SERVED AS INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY FOR A CUMULATIVE TERM OF MORE THAN TWELVE (12) YEARS, TO CONTINUE TO ACT AS INDEPENDENT NON- EXECUTIVE DIRECTOR OF THE COMPANY

YAB Chairman informed the Meeting that Agenda item no. 6.2 was to retain YBhg. Dato' Agatha Foo Tet Sin, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company.

It was also noted that both the Nomination and Remuneration Committee together with the Board of Directors had assessed the independence of YBhg. Dato' Agatha Foo Tet Sin and recommended her to continue to serve as an Independent Non-Executive Director of the Company based on justifications as set out in the explanatory notes to the Special Business in the Notice of the AGM.

AGENDA 7: ANY OTHER ORDINARY BUSINESS APPROPRIATE TO AN ANNUAL GENERAL MEETING

The Meeting was advised that there was no notice of any other business received.

Q&A SESSION

YAB Chairman informed the Meeting that the Company had received some questions from the Minority Shareholders Watch Group ("MSWG") via their letter dated 3 June 2021. YAB Chairman shared the Company's reply to their questions raised by MSWG as per Appendix "A" attached hereto.

Apart from the questions raised by MSWG, the following questions were posted and YAB Chairman and the Group Chief Executive Officer responded as follows:

- 1. Would the Company consider giving e-vouchers/ top up of e-wallet to shareholders who are attending this AGM remotely, especially during this challenging time of pandemic?**

PBAHB's response:

The Company may consider providing e-vouchers when the situation permits.

- 2. Singapore's long implemented water conservation tax has shown to be effective in managing the usage of water amongst its residents.**
 - a) Has PBAPP implemented similar water conservation tax/ levy in Penang?**
 - b) If not, has it submitted any proposal to the Federal regulatory authorities for this purpose?**

PBAHB's response:

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PBAPP has implemented water conservation surcharge ("WCS") since 2010 at the rate of RM0.24 per 1,000 litres and the rate was increased to RM0.48 per 1,000 litres in 2013 for consumption above 35,000 litres per month.

- 3. Why are there so few share buy-back even through market share of PBAHB is at very low price and attractive? Based on the Interim Financial Report for 31 March 2021, PBAHB has Cash and Cash Equivalents of RM112 millions.**

PBAHB's response:

The Company did not perform any share buy backs in FY2020 as the Board decided to conserve cash for its capital expenditure.

- 4. What is the Company's future outlook? How is the Full Lockdown Nationwide ("FMCO") impacted the Company? How much is the cost saving for this virtual AGM as compared to the physical meeting?**

PBAHB's response:

The implementation of FMCO had slightly affected the revenue of the Group for FY2021. In FY2020, the Group managed to achieve:

- Profit after tax of RM24.758 million;
- Retained earnings of RM365.905 million; and
- Cash and cash equivalents of RM107.817 million.

During the Covid-19 pandemic period, the Company will only carry out critical projects. The financial performance of the Company was affected by the change of the consumption pattern of its customers, where more people stay at home and resulted in an increase of domestic consumption and decrease of trade consumption.

The Company will save approximately RM100,000 by the change of the mode of meeting from physical to virtual AGM.

- 5. With reference to page 211 of the Annual Report, the Capital Commitments authorised but not contracted for FY2020 amounted to RM371 million:**
- (a) What is the breakdown of the RM371 million planned?**
- (b) In view of the Covid-19 pandemic, has there been any change in the capital expenditure ("capex") plan?**
- (c) How will PBAPP finance the capex as budgeted?**

PBAHB's response:

Most of Perbadanan Bekalan Air Pulau Pinang ("PBAPP")'s projects are critical projects and they are designed to ensure sustainable water supply for the people and industries of Penang. PBAPP will continue to maintain reliable quality water supply to the people of Penang during the Covid-19 pandemic to ensure they can perform their daily tasks. PBAPP finances its capex through internally generated funds.

- 6. Penang is the state in Malaysia with the most concentrated electronic and electrical (E&E) industries with many multinationals operations situated. The recent severe drought in Taiwan has shown the importance of ensuring adequate water supply for such industry. Has PBAPP put in place a contingency plan should a severe draught happened and reduced the water supply to the E&E industries?**

PBAHB's response:

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PBAPP had completed the 3rd twin submarine pipeline project in November 2020 to ensure sufficient water supply to Bayan Lepas Industrial Zone where the majority of the E&E industries are located in Penang. The expanded Mengkuang Dam project was handed over to PBAPP in January 2021, which provides strategic storage of water for the State of Penang. Potential investors can rest assured that PBAPP will continue to ensure sufficient water supply to the E&E industries and indeed all industries.

- 7. Why was PBAHB's dividend payout reduced from 3.5 sen (for FY2018 and FY2019) to 2.25 cents for FY2020 even through PBA can afford to maintain the dividend at 3.5 cents due to its strong financial result for FY2020?**

PBAHB's response:

According to PBAHB's dividend practice, the dividend payout is declared based on the prevailing fixed deposit ("FD") rates. Currently, the rates range from 1% to 3%. The interim dividend which was declared and paid for FY2020 was 1.25 sen while the proposed final dividend for FY2020 at this 21st AGM was 1.00 sen. With the total dividend paid/to be paid of 2.25 sen for FY2020, the dividend yield would be 2.59%, i.e. 2.25 sen divided by 0.87 sen, the market value as at 31 Dec 2020, is at the upper end of the FD rate spectrum.

- 8. Will the Company provide AGM minutes/ publish the Q & A from the shareholders and MSWG on the Company's website?**

PBAHB's response:

The Company will publish both on the Company's website.

- 9. To seek comment from the Chairman of the Audit and Risk Committee ("ARMC") on the selection of the independent external auditor, whether the Company will consider implementing an audit firm rotation policy, to propose the change of auditor firm with longstanding audit relationship with the Company for more than 5 years?**

PBAHB's response :

The Committee may consider rotation of the external auditors in the future.

- 10. To seek opinion from the external auditor on the financial statements and confirm the Company's financial statements are free from any errors and fraud.**

Grant Thornton's response:

The external auditors have provided their opinions as stated on page 152 of the Annual Report as follows:

"We have audited the financial statements of PBA Holdings Bhd., which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 159 to 220.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International

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Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.”

The external auditors had considered the internal control on fraud within the Group and did not detect any fraud during the course of the audit for FY2020 and had also obtained assurance from the ARMC.

- 11. To seek for the Board of Directors (“Board”) to provide shareholders an investor-relations calendar on yearly basis. This will state the date of announcements of the quarterly financial results, shareholder meeting, analyst, investors’ road shows and etc. With this, the investors can know in advance when the Company will announce its financial results, publish an annual report and etc.**

PBAHB’s response:

The Company will consider the suggestion.

- 12. To seek clarification from the Chairman of Nomination and Remuneration Committee (“NRC”) on the criteria for deciding the remuneration of the Board, and any increment and quantum of remuneration and benefits for members of the Board for the last financial year?**

PBAHB’s response:

There was no increase of benefits for the Board for FY2020.

- 13. The Company’s share price had declined to its lowest market price of about 84 sen, while its net tangible asset (“NTA”) was at RM2.12 per share, as compared to its generated profit without having any real competitors in this water supply business. How is the Board/ Company to overcome this price-assets discrepancy and enhance the Company’s performance to reflect better investor interest in the Company’s shares? To review downwards the Directors’ remunerations?**

PBAHB’s response:

PBAPP is in an essential services industry. The tariffs are regulated and hence its business is not subject to usual commercial comparisons. The total Directors’ benefits have not been changed since last year.

- 14. Will the State Government of Penang waive the water intake fees during this pandemic period until the Company has stable income and profit?**

PBAHB’s response:

PBAPP had written to the State Government of Penang to request for a reduction in raw water intake fees for FY2021 and FY2022.

- 15. Will the PBAPP consider increasing the water tariff (at least on par with Selangor) to prevent waste of water and increase the profitability of the company in order to spend more on research and development?**

PBAHB’s response:

PBAPP had submitted the tariff review to the water regulator, Suruhanjaya Perkhidmatan Air Negara (“SPAN”) in 2019. However, PBAPP have yet to receive approval from SPAN. Currently, SPAN is conducting the public consultation exercises involving tariff reviews for all water supply operators. The proposed tariff

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review was prepared based on the Tariff Setting Mechanism ("TSM") approved by the Federal government. Once all the public consultation exercises have been completed, SPAN will present its recommendations on all proposed water tariff reviews to Ministry of Environment And Water (or known as "KASA"). KASA will then table its recommendations to the Parliament for approval. When Parliament was in session on 21 July 2020, the KASA Minister announced that the Federal Government will not approve any water tariff review due to the Covid-19 pandemic. PBAPP can only implement the new water tariffs after the KASA Minister has obtained approval from the Cabinet.

16. To seek the Board's consideration to allow the shareholders to speak via online AGM to facilitate exchange ideas and add input on questions.

PBAHB's response:

If technology allows, the Board will consider this proposal.

17. When will the shareholders expect the stability of the Company's share price.

PBAHB's response:

The share price is subject to the vagaries of the entire share market which is beyond the control of the Company.

POLLING PROCESS

Having dealt with all the questions, YAB Chairman closed the Q&A session. At this juncture, the step-by-step guide together with a short audio clip on the online voting module within the e-Portal was played again. Shareholders and proxies were given another 10 minutes to cast and submit their votes.

Upon the closure of the voting session, the Scrutineer proceeded to verify the poll results while the Company's corporate video was played.

DECLARATION OF POLLING RESULTS

After the verification of poll results by the Scrutineer, the results of the poll as follows were shown on the screen:

Resolution(s)	Vote For		Vote Against	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 1	237,736,991	100.0000	100	0.0000
Ordinary Resolution 2	237,726,791	99.9961	9,200	0.0039
Ordinary Resolution 3	237,726,791	99.9961	9,200	0.0039
Ordinary Resolution 4	237,736,891	99.9962	9,100	0.0038
Ordinary Resolution 5	237,736,891	99.9962	9,100	0.0038
Ordinary Resolution 6	237,709,791	99.9890	26,200	0.0110
Ordinary Resolution 7	237,726,891	99.9962	9,100	0.0038
Ordinary Resolution 8	237,552,591	99.9229	183,400	0.0771
Ordinary Resolution 9	237,552,791	99.9229	183,200	0.0771
Ordinary Resolution 10	237,726,891	99.9962	9,100	0.0038
Ordinary Resolution 11				
Tier 1 – Large Holder	182,050,001	100.0000	0	0.0000
Tier 2 – Other Holders	55,676,790	99.9835	9,200	0.0165

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Based on the above verified poll voting results, YAB Chairman declared that Resolutions 1 to 11 were all carried.

It is hereby **RESOLVED**:

Resolution 1

THAT the payment of a single tier final dividend of 1.00 sen per share in respect of the financial year ended 31 December 2020 be hereby approved.

Resolution 2

THAT YAB Tuan Chow Kon Yeow, a retiring Director in accordance with Regulation 121 of the Company's Constitution, be hereby re-elected as Director of the Company.

Resolution 3

THAT YBhg. Dato Agatha Foo Tet Sin, a retiring Director in accordance with Regulation 121 of the Company's Constitution, be hereby re-elected as Director of the Company.

Resolution 4

THAT Puan Mary Geraldine Phipps, a retiring Director in accordance with Regulation 121 of the Company's Constitution, be hereby re-elected as Director of the Company.

Resolution 5

THAT YB Dato Dr. Mohamad Farazi Bin Md Zohari @ Johari, a retiring Director in accordance with Regulation 119 of the Company's Constitution, be hereby re-elected as Director of the Company.

Resolution 6

THAT YB Tuan Muhammad Bakhtiar Bin Wan Chik, a retiring Director in accordance with Regulation 119 of the Company's Constitution, be hereby re-elected as Director of the Company.

Resolution 7

THAT Encik Ha Charm Mun, a retiring Director in accordance with Regulation 119 of the Company's Constitution, be hereby re-elected as Director of the Company.

Resolution 8

THAT the payment of Directors' fee of RM650,000.00 for the period from 23 June 2021 until the next Annual General Meeting of the Company be hereby approved.

Resolution 9

THAT the re-appointment of Messrs. Grant Thornton Malaysia PLT as the Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration be hereby approved.

Resolution 10

THAT, subject always to the Companies Act 2016 (the "Act"), the Company's Constitution, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised, to the fullest extent permitted by law to purchase such amount of ordinary shares in the Company ("PBAHB Shares") from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that: -

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- i) the aggregate number of PBAHB Shares which may be purchased and/or held by the Company shall not exceed ten per centum (10%) of the total number of issued shares of the Company including the shares previously purchased and retained as Treasury Shares (if any);
- ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares under the Proposed Renewal of Share Buy-Back Authority shall not exceed the aggregate of retained profits of the Company based on the latest audited financial statements and/or the latest unaudited financial statements (where applicable) available at the time of the purchase, upon such terms and conditions as set out in the Statement to Shareholders dated 24 May 2021;

THAT the authority conferred by this resolution shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such resolution was passed at which time it will lapse unless by an ordinary resolution passed at that next AGM, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (c) the authority is revoked or varied by ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of PBAHB Shares before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities;

THAT upon completion of the purchase(s) of the PBAHB Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the PBAHB Shares purchased in their absolute discretion, either to cancel PBAHB Shares so purchased or to retain PBAHB Shares so purchased as treasury shares of which may be distributed as dividends to shareholders and/or resold on the Bursa Securities and/or subsequently cancelled, or to retain part of PBAHB Shares so purchased as treasury shares and/or subsequently cancelled, or to retain part of PBAHB Shares so purchased as treasury shares and cancel the remainder and in any other manner as prescribed by the Act, the requirements of Bursa Securities and all other applicable laws, guidelines, rules and regulations issued by other relevant authority for the time being in force;

AND THAT the Board of Directors be and are hereby authorised to take all such steps as necessary or expedient to implement, finalise, complete or to give full effect to the above purchase(s) with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be required or imposed by the relevant authorities from time to time or as the Board may in their discretion deem necessary and to do all such acts and things the Directors may deem fit and expedient in the best interest of the Company.

Resolution 11

THAT subject to the passing of Ordinary Resolution 3, approval be and is hereby given to YBhg. Dato' Agatha Foo Tet Sin, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years to continue to act as Senior Independent Non-Executive Director of the Company in compliance with the Malaysian Code on Corporate Governance.

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TERMINATION

YAB Chairman thanked the shareholders and proxies for their participation and support and concluded the Meeting at 11:15 a.m.

Confirmed as a correct record,

(SIGNED)

YAB CHOW KON YEOW
Chairman

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Appendix "A"

ANSWERS TO QUESTIONS POSTED BY THE MINORITY SHAREHOLDER WATCHDOG GROUP ("MSWG") AT THE 21st AGM OF PBA HOLDINGS BHD.

Question 1

Phase 1 of the Penang Desalination Water Supply Scheme ("PDWSS") proposes the construction of a sea-water desalination facility in the southern area of Penang Island. Phase 1 is scheduled for commissioning in December 2024. (Page 31 of AR)

- (a) What is the CAPEX for phase 1 of PDWSS?**
- (b) What is the construction period for Phase 1 of PDWSS?**
- (c) How many phases are involved in the PDWSS project? What are the phases and their respective contract values?**

PBAHB's answer:

Phase 1 of Penang Desalination Water Supply Scheme, or PDWSS, is one of the contingency projects proposed in the Penang Water Supply Initiative 2050, or PWSI 2050.

The PWSI 2050 was proposed by Perbadanan Bekalan Air Pulau Pinang Sdn Bhd, or PBAPP, to mitigate Penang's present raw water risks and address its future water demand towards 2050.

Other initial projects outlined in the PWSI 2050 include Package 12A of the Sungai Dua Water Treatment Plant and the Sungai Perai Water Supply Scheme, or SPWSS.

In its proposal, PBAPP set a target for Phase 1 of the PDWSS to deliver 250 million litres of treated water per day by December 2024.

However, all PWSI projects are still subject to approval by the Penang State Government. The Penang State Government will review a PWSI 2050 feasibility study prepared by an independent water engineering consultant before making its decision.

Therefore, the Penang State Government must agree in principle to the PWSI 2050 proposal and its projects before the Company looks into capital expenditure or contract values. For example, the size, capacity and location of a desalination plant are factors that will determine CAPEX and contract values.

The PDWSS was conceptualised as a modular desalination solution for Penang until 2050. The number of phases or desalination plants will depend on Penang's water demand in the future, provided the Penang State Government agrees to implement desalination projects in Penang in the near future.

Question 2

The Group's Other Operating Income ("OOI") has reduced by RM6.83 million or 29.8% from RM22.94 million in FY2019 to RM16.11 million in FY2020. (Page 160 of AR)

- (a) Please explain the reason(s) for the lower OOI in FY2020?**
- (b) What are the measures taken by the Group to address the drop in OOI?**
- (c) What is the expected trend of OOI in FY2021?**

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PBAHB's answer:

(a) The two main reasons are:

1. A RM3.5 million reduction in "other operating income" from reconnection, final connection and warning notice fees.

Effective 1 January 2020 the Group's main subsidiary, Perbadanan Bekalan Air Sdn Bhd (PBAPP) stopped issuing a separate warning notice and instead incorporated it directly in the water bill without any charges to the consumers.

2. A RM3.4 million reduction in distribution income from investments in short-term funds.

In 2020, PBAPP redeemed RM40 million in short-term funds to enable early repayment of a RM80 million loan to the Penang State Government. Hence, investment in short-term funds was reduced with the repayment.

Furthermore, PBAHB's returns on investments in short-term funds have also been adversely affected by the lower overnight policy rates offered by banks as a result of the Federal Government's fiscal policy response to the Covid-19 global pandemic.

(b) & (c) As per our reply to question 2(a), one of the key reasons for the reduction in other operating income is due to the incorporation of the warning notice into water bills without any charge, to ensure prompt payment by consumers.

Meanwhile, the outlook for potential return on investments in the short and medium-term is "conservative", due to the overwhelming effects of the Covid-19 pandemic on local, federal and global fronts. Kindly note that the pandemic is an external factor which is beyond PBAHB's control, and it affects business operations on a nationwide and worldwide scale.

For now, insofar as Other Operating Income is concerned, PBAHB will continue to act and react prudently to protect the interests of all stakeholders, as opposed to seeking or promising higher returns.

Question 3

The Group leased part of its freehold land and building to third parties for a period ranging from 3 to 60 years. The Group has certain lease contracts with rent increment of 20% every five years. Rental income recognised by the Group during the year is RM1,457,000 (2019: RM1,740,000). (Page 192 of AR)

- (a) **What was the reason for the drop in the rental income from RM1.74 million in FY2019 to RM1.457 million in FY2020**
- (b) **What is the percentage of lease contracts which have rent increments of 20% every five years?**
- (c) **What are the rental yields from the freehold land and buildings for FYs 2010 and 2019 respectively?**
- (d) **What are the measures taken by the Group to increase the rental income of its freehold land and buildings?**

PBAHB's answer:

- (a) The drop in rental income of RM283,000 during the year in review is due to rental waivers provided to tenants.

PBA HOLDINGS BHD.

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The business operations of these tenants were adversely affected by the Covid-19 pandemic and the operational constraints of consecutive Movement Control Orders, or MCOs, in 2020. PBAHB decided to provide rental waivers to support the business operations of these tenants during a time of need, in the interest of sustaining stable rental income for the long-term.

- (b) Lease contracts which have rent increments of 20% every 5 years contributed to approximately 47% of PBAHB's total rental income in 2020.
- (c) Our land and buildings are held at historical cost and not market value. Hence the yield would be higher than what is normally calculated based on market value. We will not conduct a market revaluation exercise as it would be costly but not value add as we cannot dispose many of our properties at market value due to restrictive covenants on their usage.
- (d) In our opinion, it is not sensible or rational to increase rental income by increasing rental rates at this extraordinary point in time. As at June 2021, Penang and Malaysia are still fully engaged in fighting the Covid-19 global pandemic.

We understand that our tenants, like most Malaysian businesses, are also grappling with socioeconomic constraints and impact of the pandemic and Malaysia's Movement Control Orders. As such, PBAHB will only review this matter when we secure firm footing on the road to recovery from this global pandemic.

Question 4

In FY 2019, the Company increased its investment in its wholly owned subsidiary, PBA Green Technology Sdn. Bhd by RM90,000 through the subscription of 90,000 new ordinary shares at an issue price of RM1 each settled by way of cash. However, the subsidiary remains dormant as at the reporting date. (Page of 193 AR)

- (a) Why did the Group decide to invest RM90,000 in a dormant company?**
- (b) What is the Group's plan for this subsidiary, moving forward?**

PBAHB's answer:

- (a) At the time of investment, the Government was encouraging the implementation of renewable energy through various national programs such as net energy metering (NEM), the feed-in tariff (FIT), large scale solar (LSS), self-consumption (SELCO) and renewable energy incentives.

The Group decided to venture into renewable energy to be in line with the Government's policy for more sustainable energy. The funds invested in PBAGT were for its operations to secure opportunities related to renewable energy sources accordingly.

- (b) Due to regulatory constraints and concerns by the Department of Environment on risks to water quality, safety of dam embankment structures and solar panel chemical contents from the installation of solar panels on potable water surfaces such as dams, the Group may have to close the subsidiary unless we have viable investment opportunities in the future.