

**GAS MALAYSIA BERHAD (240409-T)**

**MINUTES OF THE 26<sup>TH</sup> ANNUAL GENERAL MEETING OF GAS MALAYSIA BERHAD ("THE COMPANY") HELD AT MAHKOTA II, HOTEL ISTANA, 73, JALAN RAJA CHULAN, 50200 KUALA LUMPUR, MALAYSIA ON TUESDAY, 9 MAY 2017 AT 3.00 P.M.**

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**PRESENT**

<b>BOARD OF DIRECTORS</b>	YBhg Datuk Hj Hasni Harun	Chairman
	YBhg Dato' Sri Che Khalib Mohamad Noh	
	Encik Yusa' Hassan	
	Encik Shigeru Muraki	
	YBhg Datuk Puteh Rukiah Abd Majid	
	YBhg Datuk Syed Abu Bakar S Mohsin Almohdzar	
	YBhg Datuk Ooi Teik Huat	
	Encik David Tan Lye Chong	

<b>MANAGEMENT</b>	Encik Ahmad Hashimi Abdul Manap	Chief Executive Officer ("CEO")
	Encik Mohamed Sophie Mohamed Rashidi	Chief Financial Officer ("CFO")
	Puan Yanti Irwani Abu Hassan	Company Secretary

The attendance of Directors, Company Secretaries and members of senior management is as set out in **Attachment I**.

<b>SHAREHOLDERS</b>	As per the attendance list [Total : 339 shareholders representing 2,067,802 Ordinary Shares (0.45%)]
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<b>PROXIES</b>	As per the attendance list [Total : 357 representing 430,453,966 Ordinary Shares (93.31%) and 28,725,364 or 6.23% represented by Chairman]
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<b>EXTERNAL AUDITORS</b>	Messrs. PricewaterhouseCoopers (Mr. Tiang Woon Meng and Christopher Leong)
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<b>POLL ADMINISTRATOR</b>	Symphony Share Registrars Sdn Bhd
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<b>SCRUTINEERS</b>	Symphony Corporatehouse Sdn Bhd
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AGM 1/2017 **OPENING ADDRESS**

The Chairman extended a warm welcome to the shareholders and proxies who attended the 26<sup>th</sup> Annual General Meeting ("26<sup>th</sup> AGM" or "AGM").

Before proceeding with the business of the AGM, the Chairman invited the Security Manager of Hotel Istana to brief on the evacuation procedure.

AGM 2/2017 **INTRODUCTION OF THE BOARD OF DIRECTORS AND KEY MANAGEMENT**

The Chairman introduced each and every member of the Board of Directors and Key Management to the shareholders and proxies.

AGM 3/2017 **QUORUM OF MEETING**

The Company Secretary confirmed that there was sufficient quorum in accordance with Article 71 of the Company's Constitution.

AGM 4/2017 **VOTING OF RESOLUTIONS AT THE MEETING**

The Chairman informed the Members, corporate representatives and proxies present that pursuant to Paragraph 8.29A of the Main Market Listing Requirements, a listed issuer must ensure that any resolution set out in the notice of any general meeting would be conducted by way of electronic voting. For this purpose, the Chairman exercised his right as the Chairman of the meeting to demand for a poll in accordance with Article 77 of the Company's Articles of Association in respect of all resolutions which would be put to vote at the meeting.

The Company had 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 results. The polling process for the resolutions would be conducted upon completion of the deliberation of all items to be transacted at the AGM.

AGM 5/2017 **NOTICE OF MEETING**

The Chairman proposed with the consent of all Company's shareholders and proxies in attendance, the 26<sup>th</sup> AGM Notice dated 14 April 2017 as stated in the Annual Report which circulated earlier to be deemed as read.

AGM 6/2017 **PRESENTATION ON QUESTIONS FROM THE MINORITY SHAREHOLDER WATCHDOG GROUP**

The Chairman informed that the Company had responded to the letter dated 3 May 2017 from the Minority Shareholder Watchdog Group ("MSWG"). The reply of which was requested to be read at the Meeting for the benefit of all shareholders, the Chairman then invited Encik Zulkifli Mawardi, Head of Corporate Affairs to read out the questions raised by MSWG and Encik Ahmad Hashimi Abdul Manap, the Chief Executive Officer ("CEO") to read out the written response.

A copy of the said letter together with Gas Malaysia's written reply dated 8 May 2017 are attached as **Attachment II**.

AGM 7/2017 **TO RECEIVE THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON**

The Chairman explained that the Audited Financial Statements for the financial year ended 31 December 2016 together with the Reports of the Directors' and Auditors' thereon were meant for discussion only, as it did not require shareholders' approval under the provision of Section 340(1) of Companies Act 2016. Hence, it would not be put for voting.

With the consent of the Meeting, the Chairman proposed that the Auditors' Report which was distributed together with the Annual Report be deemed as read.

The Chairman then tabled the Audited Financial Statements for the financial year ended 31 December 2016 together with the Reports of the Directors and Auditors thereon for discussions and opened the Meeting for questions.

The several questions raised by the shareholders/proxies were responded by the Company as follows:-

- (i) Mr Wan Heng Wah, a shareholder, stated that with two previous tariff revisions and the increase in volume, had shown a commendable increase in revenue and PAZTMI. He enquired whether the Company would continue to sustain good momentum in the revenue increase and net profit with the implementation of Incentive-Based Regulation ("IBR") and six-monthly tariff revision until December 2019. In addition, he sought further clarification on cash flow condition as a result of the Gas Cost Pass Through ("GCPT") element. He queried the impact of gas price fluctuation on the earnings of the Company and sought confirmation on sustainable supply of gas by PETRONAS.

The CEO responded that government had announced the tariff revision for the first half of 2017 and the Base Tariff for the next three years in January 2017. IBR offers financial incentive for the Company to maintain efficient capital structure, operational incentive to promote cost efficiency, as well as performance incentive. It ensures earning clarity, stability and visibility to the Group's financial performance.

GCPT ensures financial neutrality where gas costs are concerned. In case of over recovery due to lower gas costs, the Company will adjust in the next tariff review as a rebate to the customer, vice versa for the under recovery.

The CEO confirmed that Gas Malaysia will meet its required gas supply capacity from PETRONAS.

- (ii) Mr Poravi a/l Sithambaran Pillay, a shareholder, thanked the Board, Management and employees of the Company on their commitment for commendable achievements of Gas Malaysia since its listing in 2012. He enquired the possibility of expanding Gas Malaysia's operation to East Malaysia and whether the Company can boost its expertise into Asian market.

The CEO responded that Gas Malaysia's licensed operation is limited to Peninsula Malaysia. Backed by Gas Malaysia's 25 years of experience in gas distribution and its new businesses, the CEO added that the Company is continuously looking to offer its services beyond Malaysia.

- (iii) Mr Abdul Rahim Bidin sought explanation on status of Company's virtual pipeline business and tariff revision frequency (monthly or shorter than six months period).

The CEO updated that GMIEV has commenced its operation in October 2016, supplying to customer in Pekan Pahang.

With regard to tariff revision, currently, the market price of gas is determined once in every six month. Frequent tariff review would be possible once the Third-Party Access kicks in.

- (iv) Ms Ko, a shareholder, queried on the following:

- (a) Huge increase in long-term liabilities from RM158.3 million in 2015 to RM241.3 in 2016

The CFO responded that the long-term liabilities are mainly made up of deferred tax liabilities of Gas Malaysia Berhad resulted from the timing differences in relation to property, plant and equipment.

In addition, borrowings is mainly for the NGDS expansion from the new Sukuk facilities obtained in 2016.

- (b) Reduction in profits as percentage of revenue since 2014, and any plan to increase percentage of profit margin as new businesses only contribute around 3% to the Group's profitability

CEO responded that prior to 2014, the Company enjoyed higher margin, up to RM3.95 per MMBtu. However, more importantly, the Company had grown its volume especially industrial customers. With the margin, Gas Malaysia is building its

new businesses as long-term source of revenue.

- (c) Disclosure of each Directors' remuneration.

The Chairman informed that the disclosure made is as per Main Market Listing Requirements.

- (d) Cost optimization practices

The meeting noted that the Group practices cost optimization in its business operation, proper systematic preventive maintenance of gas pipelines and facilities and efficient response time.

- (v) Mr William Ng Kok Kiong, sought clarification regarding losses on joint venture. The CFO explained that it was due to foreign currency loan undertaken by Company's 66% joint arrangement entity, Gas Malaysia Energy Advance Sdn Bhd.

With regard to deposit placed with financial institutions, the CFO informed that Company placed its cash mainly in tax exempted deposit.

With that, the Chairman concluded the questions and answers session for Agenda 1 and proceeded to the next agenda.

AGM 8/2017

**ORDINARY RESOLUTION 1**  
**DECLARATION OF A SINGLE-TIER FINAL DIVIDEND OF**  
**4.86 SEN PER ORDINARY SHARE IN RESPECT OF THE**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2016**

The resolution on declaration of a single-tier final dividend of 4.86 sen per Ordinary Share in respect of the financial year ended 31 December 2016 was tabled.

The payment of the said single-tier final dividend will be made on 16 June 2017 based on the entitlement date of 26 May 2017.

The Ordinary Resolution 1 was duly proposed by Mr William Ng Kok Kiong and seconded by Encik Nisham Abu Bakar Ahmad.

AGM 9/2017     **ORDINARY RESOLUTION 2**  
**RE-ELECTION OF DIRECTORS PURSUANT TO ARTICLE**  
**95(2) OF THE COMPANY'S ARTICLES OF ASSOCIATION**  
**- YBHG DATO' SRI CHE KHALIB BIN MOHAMAD NOH**

The Resolution 2 on re-election of YBhg Dato' Sri Che Khalib bin Mohamad Noh who retires in accordance with Article 95(2) of the Company's Articles of Association was tabled.

Pursuant to Article 95(2) of the Company's Articles of Association, one third (1/3) of the Board at the time of the AGM or the numbers nearest to 1/3, shall retire from office at each AGM. The Directors to retire at the AGM shall be the Directors who have been longest in the office.

The Ordinary Resolution 2 was duly proposed by Encik Nisham Abu Bakar Ahmad and seconded by Encik Saiful Idham Yusuf.

AGM  
10/2017     **ORDINARY RESOLUTION 3**  
**RE-ELECTION OF DIRECTORS PURSUANT TO ARTICLE**  
**95(2) OF THE COMPANY'S ARTICLES OF ASSOCIATION**  
**- ENCIK SHIGERU MURAKI**

The resolution 3 on re-election of Encik Shigeru Muraki who retires in accordance with Article 95(2) of the Company's Articles of Association was tabled.

The Ordinary Resolution 3 was duly proposed by Mr Poravi a/l Sithambaran Pillay and seconded by Mr Khong Seng Kong.

AGM 11/2017     **ORDINARY RESOLUTION 4**  
**RE-ELECTION OF DIRECTORS PURSUANT TO ARTICLE**  
**95(2) OF THE COMPANY'S ARTICLES OF ASSOCIATION -**  
**ENCIK YUSA' BIN HASSAN**

The resolution 4 on re-election of Encik Yusa' bin Hassan who retires in accordance with Article 95(2) of the Company's Articles of Association was tabled.

The Ordinary Resolution 4 was duly proposed by Mr Poravi a/l Sithambaran Pillay and seconded by Mr Khong Seng Kong.

AGM 12/2017 **ORDINARY RESOLUTION 5**  
**TO APPROVE THE PAYMENT OF DIRECTORS' FEES**  
**AMOUNTING TO RM885,000.00 IN RESPECT OF THE**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2016**

The resolution 5 on the payment of directors' fees amounting to RM885,000.00 in respect of the financial year ended 31 December 2016 was tabled.

The Ordinary Resolution 5 was duly proposed by Mr Poravi a/l Sithambaran Pillay and seconded by Mr Khong Seng Kong.

AGM 13/2017 **ORDINARY RESOLUTION 6**  
**TO APPROVED THE PAYMENT OF DIRECTOR' FEES AND ANY**  
**BENEFITS PAYABLE TO THE DIRECTORS FROM 1 JANUARY**  
**2017 TO THE NEXT ANNUAL GENERAL MEETING ("AGM")**  
**OF THE COMPANY OF AN AMOUNT UP TO RM2,210,000.00**

The resolution 6 on the payment of directors' fees and any benefits payable to the directors from 1 January 2017 to the next AGM amounting to RM2,210,000.00 was tabled.

The Ordinary Resolution 6 was duly proposed by Mr Poravi a/l Sithambaran Pillay and seconded by Mr Khong Seng Kong.

AGM 14/2017 **ORDINARY RESOLUTION 7**  
**TO RE-APPOINT MESSRS. PRICEWATERHOUSECOOPERS AS**  
**AUDITORS OF THE COMPANY FOR THE FINANCIAL YEAR**  
**ENDING 31 DECEMBER 2017 AND TO AUTHORISE THE**  
**DIRECTORS TO FIX THE AUDITORS' REMUNERATION**

The resolution on re-appointment of Messrs. PricewaterhouseCoopers ("PwC") as Auditors of the Company until the conclusion of the next AGM and to authorise the Board of Directors to fix their remuneration was tabled.

The Meeting noted that the retiring Auditors, PwC had indicated their willingness to accept the re-appointment and consented to act as Auditors of the Company for the financial year ending 31 December 2017.

The Ordinary Resolution 7 was duly proposed by Encik Nisham Abu Bakar Ahmad and seconded by Mr Poravi a/l Sithambaran Pillay.



AGM 15/2017 **SPECIAL BUSINESS: ORDINARY RESOLUTION 8**  
**PROPOSED RENEWAL OF EXISTING SHAREHOLDERS'**  
**MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE**  
**FOR THE COMPANY AND/OR ITS SUBSIDIARIES TO ENTER**  
**INTO RECURRENT RELATED PARTY TRANSACTIONS OF A**  
**REVENUE OR TRADING NATURE WITH RELATED PARTIES**

Since Datuk Haji Hasni Harun is an Interested Director in this resolution, Datuk Haji Hasni Harun passed the chair to Datuk Syed Abu Bakar to conduct the proceeding of the meeting.

The resolution on the proposed renewal of existing shareholders' mandate and proposed new shareholders' mandate for the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature with related parties was tabled ("Proposed Shareholders' Mandate").

The details of the Proposed Shareholders' Mandate were elaborated in the Circular to Shareholders dated 14 April 2017 which was dispatched together with the Annual Report.

Datuk Syed Abu Bakar informed the Meeting that the related parties involved in the Recurrent Related Party Transactions which were stated earlier, namely Minister of Finance (Inc.), Petroliam Nasional Berhad, PETRONAS Gas Berhad, PETRONAS Dagangan Berhad and MMC Corporation Berhad and the Directors of the Company namely, Datuk Haji Hasni Harun, Dato' Sri Che Khalib Mohamad Noh, Datuk Ooi Teik Huat and Encik Yusa' Hassan were deemed interested and have abstained from all Board deliberations and also be abstained from voting on this resolution.

The shareholders, PETRONAS Gas Berhad and MMC Corporation Berhad, and persons connected to them were also deemed interested and shall abstained to vote on this resolution.

The Ordinary Resolution 8 was duly proposed by Mr Poravi a/l Sithambaran Pillay and seconded by Mr Low Kwek Theng.

Datuk Syed Abu Bakat then passed the chair back to the Chairman.

AGM  
16/2017 **TO TRANSACT ANY OTHER BUSINESS OF WHICH DUE NOTICE SHALL HAVE BEEN GIVEN IN ACCORDANCE WITH THE ACT**

Upon confirmation by the Company Secretary, the Chairman confirmed that the Company had not received any notice of any other business in accordance with the Act.

AGM  
17/2017 **POLLING PROCESS**

Upon the invitation of the Chairman, Puan Rozleen Monzali, the Poll Administrator explained the procedures for the conduct of poll at the 26<sup>th</sup> AGM using Symphony e-voting system.

AGM  
18/2017 **ANNOUNCEMENT OF POLL RESULTS**

At 4.35 p.m, the Chairman called the meeting to order for the declaration of the results. He informed that he had received the poll results from Symphony Share Registrars and Symphony Corporatehouse, attached as **Attachment III**. The Chairman read out the results of the poll to the members and proxies present.

(a) Declaration of Dividend

Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 1	956,884,441	100	100	0

The Chairman declared that Resolution 1 was duly passed as follows:

"THAT a single-tier final dividend of 4.86 sen per Ordinary Share for the financial year ended 31 December 2016 be approved."

(b) Re-election of Director - Dato' Sri Che Khalib Mohamad Noh

Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 2	954,044,367	99.96	370,874	0.0389

The Chairman declared that Resolution 2 was duly passed as follows:

"THAT YBhg Dato' Sri Che Khalib bin Mohamad Noh retiring in accordance with Article 95(2) of the Company's Articles of Association, be and is hereby re-elected as Director of the Company."

(c) Re-election of Director - Mr Shigeru Muraki

Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 3	954,335,741	99.99	79,500	0.0083

The Chairman declared that Resolution 3 was duly passed as follows:

"THAT Encik Shigeru Muraki retiring in accordance with Article 95(2) of the Company's Articles of Association, be and is hereby re-elected as Director of the Company."

(d) Re-election of Director - Encik Yusa' Hassan

Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 4	954,342,741	99.99	72,500	0.0076

The Chairman declared that Resolution 4 was duly passed as follows:

"THAT Encik Yusa' bin Hassan retiring in accordance with Article 95(2) of the Company's Articles of Association, be and is hereby re-elected as Director of the Company."

(e) Payment of Directors' Fees for Financial Year Ended 31 December 2016

Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 5	956,745,241	99.99	66,900	0.007

The Chairman declared that Resolution 5 was duly passed as follows:

"THAT the payment of directors' fees amounting to RM885,000.00 in respect of the financial year ended 31 December 2016, be and is hereby approved."

- (f) Payment of Directors' Fees and Any Benefits Payable to the Directors from 1 January 2017 to the next AGM

Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 6	956,744,741	99.99	67,400	0.007

The Chairman declared that Resolution 6 was duly passed as follows:

"THAT payment of directors' fees and any benefits payable to the directors from 1 January 2017 to the next AGM amounting to RM2,210,000.00, be and is hereby approved."

- (g) Re-appointment of Auditors

Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 7	956,811,541	99.99	73,000	0.0076

The Chairman declared that Resolution 7 was duly passed as follows:

"THAT the appointment of Messrs. PricewaterhouseCoopers as Auditors of the Company for the financial year ending 31 December 2017 and authorization to the Board of Directors to determine their remuneration be approved."

- (h) Proposed Shareholders' Mandate

Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 8	369,695,401	100	100	0

The Chairman declared that Resolution 8 was duly passed as follows:-

"THAT subject to the provisions of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties, as set out in Section 2.4 of the Circular to Shareholders dated 14 April 2017, which are necessary for the day-to-day operations; and are undertaken in the ordinary course of business of the Company and its subsidiaries, on arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:-

- i) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which the Proposed Shareholders' Mandate is passed, at which time it will lapse unless the authority is renewed by a resolution passed at the next AGM;
- ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (the "Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- iii) revoked or varied by resolution passed by the shareholders at a general meeting,

whichever is the earlier.

And that the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to such transactions as authorised by this Ordinary Resolution."

AGM  
19/2017

**CLOSURE OF MEETING**

There being no other business to be transacted, the meeting ended at 4.05 p.m. with a vote of thanks to the Chair.

## GAS MALAYSIA BERHAD (240409-T)

ATTENDANCE OF 26<sup>TH</sup> ANNUAL GENERAL MEETING OF GAS MALAYSIA BERHAD HELD AT MAHKOTA II, HOTEL ISTANA, 73, JALAN RAJA CHULAN, 50200 KUALA LUMPUR, MALAYSIA ON TUESDAY, 9 MAY 2017 AT 3.00 P.M.

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**Board of Directors**

- |    |                                              |          |
|----|----------------------------------------------|----------|
| 1. | YBhg Datuk Haji Hasni Harun                  | Chairman |
| 2. | YBhg Dato' Sri Che Khalib Mohamad Noh        |          |
| 3. | YBhg Datuk Puteh Rukiah Abd. Majid           |          |
| 4. | YBhg Datuk Syed Abu Bakar S Mohsin Almohdzar |          |
| 5. | YBhg Datuk Ooi Teik Huat                     |          |
| 6. | Encik Yusa' Hassan                           |          |
| 7. | Encik Shigeru Muraki                         |          |
| 8. | Encik David Tan Lye Chong                    |          |

**Company Secretaries**

1. Puan Yanti Irwani Abu Hassan
2. Encik Noor Raniz Mat Nor

**Senior Management**

- |     |                                                 |             |
|-----|-------------------------------------------------|-------------|
| 1.  | Encik Ahmad Hashimi bin Abdul Manap             | [CEO]       |
| 2.  | Encik Shahrir bin Shariff                       | [DOC]       |
| 3.  | Encik Mohamed Sophie bin Mohamed Rashidi        | [CFO]       |
| 4.  | Encik Mohd Nisharuddin bin Mohd Noor            | [GMOM]      |
| 5.  | Encik Mohamad Farid bin Ghazali                 | [GMM]       |
| 6.  | YM Raja Iskandar bin Raja Mukhtaruddin          | [GMHRA]     |
| 7.  | Encik Shahrel Amir bin Mohd Rashid              | [DGMGNI]    |
| 8.  | Encik Ikhwan Nasir bin Abdul Manaf              | [DGMGSM]    |
| 9.  | Puan Azrina binti Abdul Samad                   | [DGMRESE]   |
| 10. | Encik Mohd Rozi bin Othman                      | [DGMBD]     |
| 11. | Encik Mohd Daharie bin Che Din                  | [SMPC]      |
| 12. | Encik Jekria bin Hj Ibrahim                     | [SMHSEQ]    |
| 13. | Encik Zulkifli bin Mawardi                      | [SMCA]      |
| 14. | Encik Mohd Shariff Lubis bin Mohd Ghazali Lubis | [COO, GMEA] |
| 15. | Encik Tajuddin bin Mat Ali                      | [HGMIEV]    |
| 16. | Cik Noraishah Mohd Radzi                        | [HLC]       |
| 17. | Puan Azwin binti Noh                            | [MIA]       |



**MINORITY SHAREHOLDER WATCHDOG GROUP**  
*Shareholder Activism and Protection of Minority Interest*

3 May 2017

**BY FAX/HAND**

**(Fax No. 603-51926766/6749)**

The Board of Directors  
**Gas Malaysia Berhad**  
 No. 5, Jalan Serendah 26/17  
 Seksyen 26  
 40732 Shah Alam  
 Selangor Darul Ehsan

**Attention:** Puan Yanti Irwani Binti Abu Hassan/  
 Encik Noor Raniz Bin Mat Nor  
*Company Secretaries*

Dear Sirs

Re: **26<sup>th</sup> Annual General Meeting (AGM) of Gas Malaysia Berhad ("Gas Malaysia" or "the Company") to be held on 9 May 2017**

In the interest of minority shareholders and all other stakeholders of the Company, we would like to raise the following issues at the 26<sup>th</sup> Annual General Meeting of Gas Malaysia Berhad:-

**Strategic and Financial Matters**

1. We noted that Incentive Based Regulation ("IBR") was implemented on a trial basis in 2016 to promote efficient resource allocation and usage as well as ensuring equitable financial performance.

Could the Board elaborate on the IBR and to what extent it could impact the Group's financial performance?

2. The new ventures of the Group, namely Combined Heat & Power ("CHP"), Virtual Pipeline and BioCompressed Natural Gas ("BioCNG") businesses have all made progress in their respective segments.

Could the Board share with the shareholders on the prospects of each of these segments and the expected share of revenue contribution to the Group?

**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**

(Incorporated in Malaysia • Company No: 524989-M)  
 Tingkat 11, Bangunan KWSP, No: 3, Changkat Raja Chulan, Off Jalan Raja Chulan, 50200 KUALA LUMPUR.  
 Tel: (603) 2070 9090 Fax: (603) 2070 9107  
 E-Mail: watchdog@mswg.org.my Website: www.mswg.org.my



3. One of the three anticipated key risks of the Group is increased competition as a result of potential new licenses issued under the Third Party Access ("TPA") framework.
  - (i) When are the licences anticipated to be issued and what would be the expected number of licenses?
  - (ii) Would the Board be able to provide an indication of an estimated percentage of erosion to the Group's market share?
4. It was reported that the customer base for the year under review of 38,377 was lower compared to the preceding year of 38,690. However, it was compensated by the increase in the industrial sector that registered 819 customers, which contributed to about 99.1% of total gas volume sold.
  - (i) What were the reasons for the decline in customer base and what is the expectation for 2017?
  - (ii) Since the industrial sector contributed to the bulk of the total gas volume sold, how and what measures is the Company taking to further tap this sector? What is the expected growth in the customer base in the industrial sector?
5. In the interest of broadening the investor base and reaching out to more potential investors, the Company had participated in a non-deal roadshow hosted by JP Morgan titled "Asia Rising Dragon 1x1 Forum" on 22 November and 23 November 2016.
  - (i) What was the outcome and key take-aways from the roadshow?
  - (ii) Was there any resultant significant purchase of shares in the Company by the participating institutional investors or other institutional investors?
6. We refer to the Five-Year Financial Summary on page 14 of the Annual Report and noted that certain data which would be useful to the existing shareholders and potential investors were not disclosed in the Summary.

To enhance the usefulness of the Summary, we would like to recommend the following additional data be disclosed:

- (i) Dividend per share and dividend payout ratio
- (ii) Share price as at end of each financial year
- (iii) Total cash balances
- (iv) Total borrowings
- (v) Net gearing ratio

We would appreciate if the Board could present the points raised by us and the related answers for the shareholders present at the forthcoming general meeting. At the same time, we await a written reply as soon as possible for our record and posting into our website for the benefit of all stakeholders.

Thank you.

Yours sincerely



**LYA RAHMAN**  
General Manager

LR/ccf/GMB/agm 2017



A Member of  MMC Group

8 May 2017

**Minority Shareholder Watchdog Group**

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

By Fax/By Hand

**Attn to: Ms. Lya Rahman  
General Manager**

Dear Madam,

**RE: GAS MALAYSIA BERHAD ("Gas Malaysia")  
26<sup>th</sup> Annual General Meeting ("AGM") of Gas Malaysia Berhad ("Gas Malaysia" or "the Company") to be held on 9 May 2017**

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Thank you for your letter dated 3 May 2017. We would be happy to present the points raised in your letter and our answers at our forthcoming AGM for the benefit of our shareholders. Our written reply is set out below for your record.

**Strategic and Financial Matters**

1. We noted that Incentive Based Regulation ("IBR") was implemented on a trial basis in 2016 to promote efficient resource allocation and usage as well as ensuring equitable financial performance.

Could the Board elaborate on the IBR and to what extent it could impact the Group's financial performance?

***Answer:***

On 28 December 2016, the Government announced through its letter to Gas Malaysia, the implementation of the first Regulatory Period ("RP1") of the IBR for Gas Malaysia beginning January 2017 until December 2019.

With the implementation of RP1, the Government had set, and subsequently Gas Malaysia had announced the Base Tariffs for the entire regulatory period. The IBR allows changes in the gas costs to be passed to the customers every six months via the Gas Cost Pass Through ("GCPT") mechanism.

IBR ensures earnings clarity, stability and visibility to the Group's financial performance whilst the GCPT mechanism under the IBR ensures financial neutrality with regards to fluctuations of gas costs.

2. The new ventures of the Group, namely Combined Heat & Power ("CHP"), Virtual Pipeline and BioCompressed Natural Gas ("BioCNG") businesses have all made progress in their respective segments.

Could the Board share with the shareholders on the prospects of each of these segments and the expected share of revenue contribution to the Group?

***Answer:***

CHP

On 10 January 2017, our joint venture company, Gas Malaysia Energy Advance Sdn Bhd, commenced the operation of the 33MW CHP plant for its customer, Toray Industries, in Prai.

Given the encouraging response, we are currently undertaking another project with 2 MW capacity in the central region, with targeted completion in the first quarter of 2018.

Virtual Pipeline

On 24 October 2016, via our subsidiary Gas Malaysia IEV Sdn Bhd, we commenced the operation of the Virtual Pipeline business by supplying Compressed Natural Gas to our first customer, Hicom Automotive Manufacturer Malaysia, in Pekan, Pahang.

In addition to pursuing customers within the vicinity of our mother station in Gebeng, we are also evaluating the setting up of mother stations in other areas.

BioCNG

On 10 July 2016, our joint venture company, Sime Darby Gas Malaysia BioCNG Sdn Bhd, delivered the supply of BioCNG to its first customer, OMI Alloy Sdn Bhd, in Bukit Beruntung, Rawang, Selangor.

We are currently in discussion with other mill owners to expand our BioCNG facilities.

As all these ventures - CHP, Virtual Pipeline and BioCNG - are still at infancy stage, aggregate contribution to Group's revenue is expected to be less than 3% in 2017.

3. One of the three anticipated key risks of the Group is increased competition as a result of potential new licenses issued under the Third Party Access ("TPA") framework.

- (i) When are the licences anticipated to be issued and what would be the expected number of licenses?

***Answer:***

As incumbent, Gas Malaysia is given a grace period of 12 months from 16 January 2017 to apply for the licences.

Under TPA, there will be in total seven licences for which an incumbent can apply. However, the Company intends to apply for the three licences that are consistent with its current nature of business, namely distribution, shipping and retail licences.

- (ii) Would the Board be able to provide an indication of an estimated percentage of erosion to the Group's market share?

***Answer:***

New entity under the TPA would be required to have firm contracts to procure gas, find customers and ensure proper set-up for system readiness. Given these preconditions, and coupled with our 25 years of experience in the business, we believe that our market share will remain intact in 2017. Furthermore, the regulatory instruments and other mechanics of TPA frameworks are still being deliberated and finalised by the Regulator.

4. It was reported that the customer base for the year under review of 38,377 was lower compared to the preceding year of 38,690. However, it was compensated by the increase in the industrial sector that registered 819 customers, which contributed to about 99.1% of total gas volume sold

- (i) What were the reasons for the decline in customer base and what is the expectation for 2017?

***Answer:***

The decline was mainly due to the closure of accounts by some residential customers. Notwithstanding this, we expect to sustain our customer base in 2017.



- (ii) Since the industrial sector contributed to the bulk of the total gas volume sold, how and what measures is the Company taking to further tap this sector? What is the expected growth in the customer base in the industrial sector?

**Answer:**

We will continue to build and expand our gas infrastructure, connecting new customers in existing and new areas.

The expected growth in the customer base for industrial sector is expected to range between 4% and 6%.

5. In the interest of broadening the investor base and reaching out to more potential investors, the Company had participated in a non-deal roadshow hosted by JP Morgan titled "Asia Rising Dragon 1x1 Forum" on 22 November and 23 November 2016.

- (i) What was the outcome and key take-aways from the roadshow?

**Answer:**

The Company benefited from the roadshow, as it was able to showcase its business update and prospect, strengthen relationships with investors, as well as expand its investor base beyond Malaysia.

- (ii) Was there any resultant significant purchase of shares in the Company by the participating institutional investors or other institutional investors?

**Answer:**

Yes, there have been 12 new foreign institutional investors, or their nominees, holding the Company's shares. Few of which, as highlighted by Bloomberg, are namely:

- (i) Alaska Permanent Fund Corporation;
- (ii) London Stock Exchange Group Plc;
- (iii) New York Life Group;
- (iv) Norges Bank;
- (v) Oversea Chinese Banking Corporation Ltd; and
- (vi) Victory Capital Management Inc.



- (6) We refer to the Five-Year Financial Summary on page 14 of the Annual Report and noted that certain data which would be useful to the existing shareholders and potential investors were not disclosed in the Summary.

To enhance the usefulness of the Summary, we would like to recommend the following additional data be disclosed:

- (i) Dividend per share and dividend payout ratio;
- (ii) Share price as at end of each financial year;
- (iii) Total cash balances;
- (iv) Total borrowings; and
- (v) Net gearing ratio.

**Answer:**

The Board takes note on MSWG's recommendation on improving the usefulness of the Five-Year Financial Summary of the Annual Report.

For quick reference, appended below is the information suggested:

	2012	2013	2014	2015	2016
Dividend per share (sen)	12.69	13.36	13.06	8.27	12.86*
Dividend payout (%)	100	100	100	100	100
Share price (RM)	2.57	3.87	3.22	2.40	2.47
Cash balances (RM mil)	345.1	294.2	430.5	362.0	585.1
Total borrowings (RM mil)	-	-	70.0	130.0	111.0
Net gearing ratios	0%	0%	7%	13%	11%

\* Final dividend of 4.86 sen per share is subject to shareholders' approval at the AGM.

We hope we have sufficiently addressed your queries. We look forward to meeting your representative(s) at our AGM and will be pleased to address any further questions you may have.

Thank you.

Yours faithfully,  
**GAS MALAYSIA BERHAD**

**AHMAD HASHIMI ABDUL MANAP**  
Chief Executive Officer

## Polling Results

GAS MALAYSIA BERHAD  
26TH ANNUAL GENERAL MEETING  
Date/Time: 9/05/2017 3:00:00 PM

MAHKOTA II, HOTEL ISTANA, 73, JALAN RAJA CHULAN, 50200 KUALA LUMPUR, MALAYSIA

Date Printed: 9/05/2017 4:30:49 PM

	FOR			AGAINST			TOTAL		
	NO. OF			NO. OF			NO. OF		
Ordinary Resolution	REC	SHARES	%	REC	SHARES	%	REC	SHARES	%
RESOLUTION 1 : DECLARATION OF DIVIDEND	206	956,884,441	100	1	100	0	207	956,884,541	100
RESOLUTION 2 : RE-ELECTION OF DIRECTOR - DATO' SRI CHE KHALIB BIN MOHAMAD NOH	201	954,044,367	99.9611	6	370,874	0.0389	207	954,415,241	100
RESOLUTION 3 : RE-ELECTION OF DIRECTOR - ENCIK SHIGERU MURAKI	203	954,335,741	99.9917	3	79,500	0.0083	206	954,415,241	100
RESOLUTION 4 : RE-ELECTION OF DIRECTOR - ENCIK YUSA ' BIN HASSAN	204	954,342,741	99.9924	2	72,500	0.0076	206	954,415,241	100
RESOLUTION 5 : PAYMENT OF DIRECTORS' FEES FOR FINANCIAL YEAR ENDED 31 DECEMBER 2016	202	956,745,241	99.993	4	66,900	0.007	206	956,812,141	100
RESOLUTION 6 : PAYMENT OF DIRECTORS' FEES AND ANY BENEFITS PAYABLE TO THE DIRECTORS FROM 1 JANUARY 2017 TO THE NEXT AGM	201	956,744,741	99.993	5	67,400	0.007	206	956,812,141	100
RESOLUTION 7 : RE-APPOINTMENT OF AUDITORS	204	956,811,541	99.9924	3	73,000	0.0076	207	956,884,541	100
RESOLUTION 8 : PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR THE COMPANY AND/OR ITS SUBSIDIARIES TO ENTER INTO RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH RELATED PARTIES	203	369,695,401	100	1	100	0	204	369,695,501	100

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Criteria: ''='Required'