GAS MALAYSIA

A Member of MMC Group

ANNUAL REPORT 2020

PERSEVERING UNDER
A NEW BUSINESS LANDSCAPE

PERSEVERING UNDER A NEW BUSINESS LANDSCAPE

The front cover represents Gas Malaysia Berhad's focus and determination to stay on course as well as strengthen our presence throughout Peninsular Malaysia. In facing the new business landscape, we will remain resolute to leverage and reinforce our role as an energy solutions provider for the nation and position ourselves on a growth trajectory.

As the industry undergoes reform, we have transitioned our business operations to suit the new business landscape. With foresight, complemented by a strong foundation built over almost 30 years, we remain steadfast in our commitment to persevere and emerge stronger as an innovative value-added energy solutions provider.

Having invested time and resources to prepare the groundwork that will help us navigate our journey in the new environment, we are fully committed to persevering with our business strategies that will continue to create value for the nation and our stakeholders.

INSIDE THIS REPORT

HOW WE HAVE STRUCTURED OUR REPORT

REPORTING STRUCTURE AND FRAMEWORKS

Gas Malaysia Berhad's Annual Report for the financial year ended 31 December 2020 presents to stakeholders a comprehensive and balanced assessment of our business performance, the progress of our strategies, as well as our efforts to embed sustainability into our operations. We have also endeavoured to report about our activities in accordance with the best reporting practices.

SCOPE AND BOUNDARY

The Report details our financial and non-financial performance for the period from 1 January 2020 to 31 December 2020. In terms of reporting boundaries, we have considered all business operations of the Group and this comprises fully controlled operations, subsidiaries as well as joint-ventures. The scope of reporting aims to cover the impact on business from both internal and external sources, material developments, opportunities and risks that could significantly impact the Group's business.

FORWARD-LOOKING STATEMENTS

Gas Malaysia Berhad has used forward-looking statements in this report which contain forecast information regarding our plans, strategies, objectives and performance. These statements should not be construed as a guarantee of future operating, financial or other results due to various risks and uncertainties. It is therefore important to note that the statements here do not provide a guarantee that potential results will be achieved.

FEEDBACK

Gas Malaysia Berhad truly values feedback and comments about this report. Please contact our Investor Relations team at: investor@gasmalaysia.com

NAVIGATION ICONS

Tells you where you can find more information within this report.

Tells you where you can find more information online.

01

OVERVIEW OF GAS MALAYSIA

ENERGY SOLUTIONS PROVIDER FOR THE NATION

Gas Malaysia Berhad ("Gas Malaysia") was established on 16 May 1992 to sell, market and distribute natural gas as well as to develop, operate and maintain the Natural Gas Distribution System ("NGDS") within Peninsular Malaysia. We are licensed under the Gas Supply Act 1993 to supply and sell reticulated natural gas in Peninsular Malaysia.

With the transition towards the liberalisation of the market set to take place in 2020 through the implementation of the Third Party Access ("TPA"), Gas Malaysia began efforts in 2019 to meet the TPA's regulatory framework. By 31 December 2019, Gas Malaysia had successfully unbundled its business operations into two separate entities via the awarding of a distribution license and a shipping license from Suruhanjaya Tenaga.

These two entities, which are both wholly owned by Gas Malaysia, are Gas Malaysia Distribution Sdn Bhd ("GMD") and Gas Malaysia Energy and Services Sdn Bhd ("GMES"). GMD was granted a 20-year distribution license which allows it to take up the role as a gas distributor through its 2,600 kilometres of NGDS throughout Peninsular Malaysia. GMD will also develop, operate and maintain the NGDS to ensure the safe and reliable delivery of gas to customers across Peninsular Malaysia.

GMES, meanwhile, was granted a 10-year shipping license and will conduct its role as a gas shipper as the license enables GMES to procure gas from a supplier and arrange the delivery of gas in accordance with the customer's requirements. This allows GMES to make arrangements with a regasification, transportation or distribution licensee for gas to be processed or delivered via their facilities to consumers' premises.

In addition, Gas Malaysia through Gas Malaysia Retail Services Sdn Bhd also supplies Liquefied Petroleum Gas ("LPG") to 1,213 commercial customers and 14,160 residential customers. In total, our customer base stands at 28,632. Our industrial customers contribute 99.56% of the total gas volume sold.

Further to this, Gas Malaysia has diversified into the non-regulated sphere of the gas distribution business via subsidiary and joint venture companies. These include Gas Malaysia Virtual Pipeline Sdn Bhd, Gas Malaysia Energy Advance Sdn Bhd, Gas Malaysia Synergy Drive Sdn Bhd and Sime Darby Gas Malaysia BioCNG Sdn Bhd. We remain focused on creating new demand for natural gas and fulfilling customers' energy requirements, ultimately expanding our customer base to ensure sustainable growth.

OUR BUSINESSES

INDUSTRIAL CUSTOMERS

Our industrial customers are engaged in the manufacture of rubber gloves, consumer products & tobacco or chemical products, glass, pulp & papers, steel or aluminium copper products, among others.

965 Industrial Customers

COMMERCIAL CUSTOMERS

Our commercial customers include hotels, shopping malls and hospitals throughout Peninsular Malaysia as well as commercial businesses.

2,159 Commercial Customers

RESIDENTIAL CUSTOMERS

Our residential customers depict the homes that utilise piped gas, offering them convenience and a modern lifestyle.

25,508 Residential Customers

For more information, please visit https://www.gasmalaysia.com.

VISION

"To be an Innovative Value-Added Energy Solutions Provider"

MISSION

"To provide the Cleanest, Safest, Cost-Effective and Reliable Energy Solutions to the Nation"

Our Presence

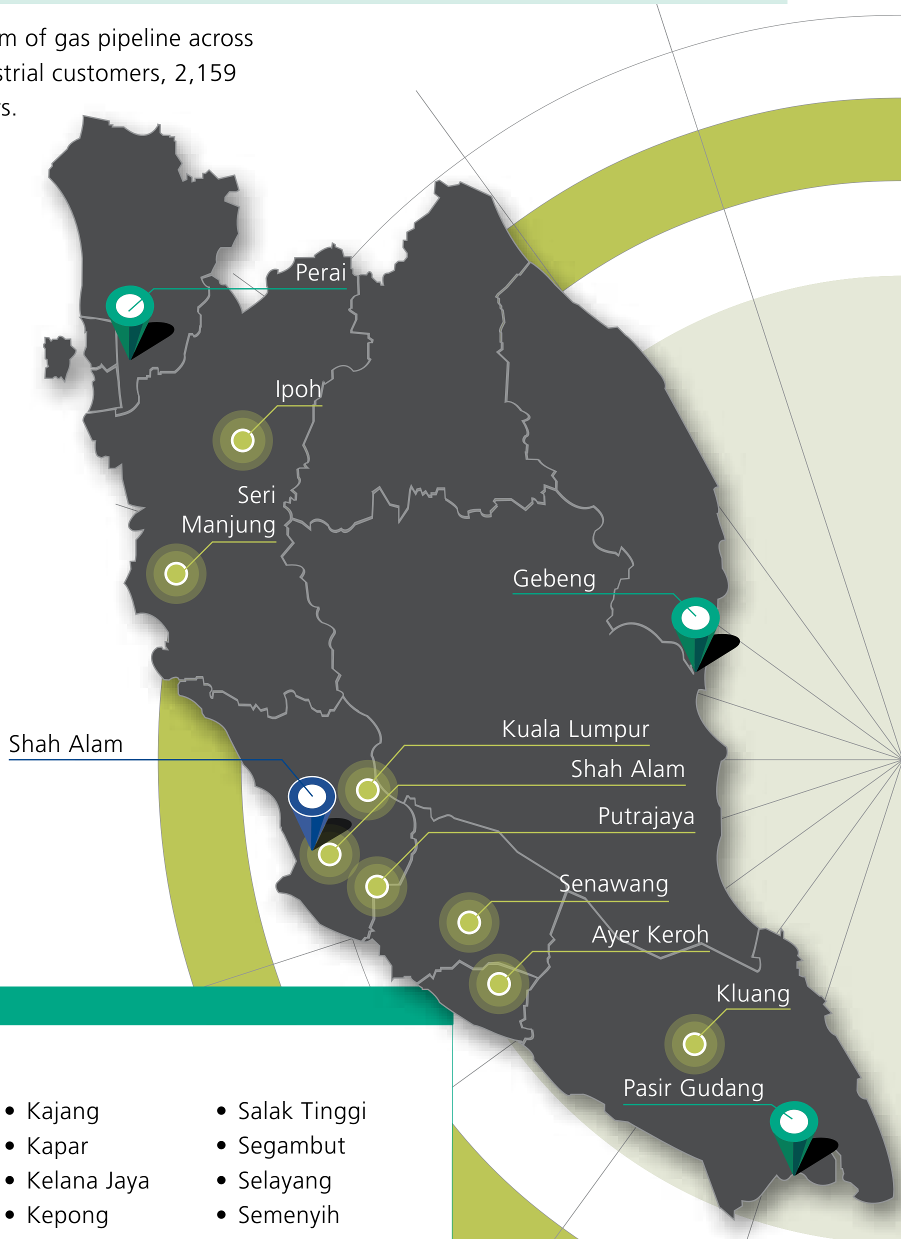
WHERE WE OPERATE

At Gas Malaysia, we have developed a total of 2,600 km of gas pipeline across Peninsular Malaysia, supplying natural gas to 965 industrial customers, 2,159 commercial customers and 25,508 residential customers.

Head Office

No.5, Jalan Serendah 26/17,
Seksyen 26,
40732 Shah Alam,
Selangor Darul Ehsan

Tel : +603 5192 3000
Fax : +603 5192 6766 / 6749



Central Region

NEGERI SEMBILAN
- Bandar Enstek
- Nilai
- Senawang
- Sendayan
- Seremban 2

FEDERAL TERRITORY OF KUALA LUMPUR

FEDERAL TERRITORY OF PUTRAJAYA

SELANGOR
- Balakong
- Bandar Sultan Sulaiman
- Bangi
- Batu Caves
- Banting
- Beranang
- Bestari Jaya
- Bukit Raja
- Cyberjaya
- Damansara
- Dengkil
- Ijok
- Jeram
- Kajang
- Kapar
- Kelana Jaya
- Kepong
- Klang
- KLIA
- Kundang
- Meru
- North Port
- Pandamaran
- Petaling Jaya
- Puchong
- Pulau Indah
- Rawang
- Salak Tinggi
- Segambut
- Selayang
- Semenyih
- Sepang
- Serdang
- Seri Kembangan
- Shah Alam
- Subang
- Sungai Buloh
- Teluk Panglima Garang

Northern Region

PERLIS
- Arau
- Chuping
- Kangar

KEDAH
- Kulim
- Kuala Ketil
- Padang Terap
- Sungai Petani
- Pokok Sena

PULAU PINANG
- Bukit Minyak
- Mak Mandin
- Nibong Tebal
- Perai
- Simpang Ampat

PERAK
- Bemban
- Kamunting
- Lahat
- Lumut
- Meru
- Parit Buntar
- Pengkalan
- Sitiawan
- Teluk Intan
- Tronoh

No. 12, Jalan Laguna 1,
Laguna Commercial Centre,
13700 Prai, Pulau Pinang

Tel : +604-384 2120 / 2133
Fax : +604-384 2182

Eastern Region

PAHANG
- Gebeng
- Kuantan Port
- Gambang

TERENGGANU
- Kerteh
- Teluk Kalong

Lot 104, Gebeng Industrial Area,
26080 Kuantan,
Pahang Darul Makmur

Tel : +609-583 6340
Fax : +609-583 6339

LEGEND

- Head Office
- Regional Offices
- Branch Offices

Southern Region

MELAKA
- Alor Gajah
- Ayer Keroh
- Batu Berendam
- Bukit Rambai
- Cheng
- Lipat Kajang
- Pegoh
- Tangga Batu

JOHOR
- Ayer Hitam
- Kluang
- Kulai
- Larkin
- Masai
- Pasir Gudang
- Permas Jaya
- Plentong
- Senai
- Tampoi
- Tanjung Langsat
- Tebrau
- Yong Peng
- Kempas
- Tongkang Pechah
- Sri Gading
- Parit Raja

PLO343, Jalan Emas Tiga,
Kawasan Perindustrian Pasir Gudang,
81700 Pasir Gudang,
Johor Darul Takzim

Tel : +607-252 2314
Fax : +607-252 2561

Our Key Milestones

A JOURNEY OF ACHIEVEMENT

1992

30 MARCH
Signed the Joint Venture Agreement ("JVA") between MMC-Shapadu (Holdings) Sdn Bhd, Tokyo Gas – Mitsui & Co Holdings Sdn Bhd and Petroliam Nasional Berhad ("PETRONAS").

16 MAY
Incorporated as a private company.

1997

18 AUGUST
Signed the Gas Supply Agreement between PETRONAS as the seller and Gas Malaysia as the buyer for the supply of gas.

1998

1 SEPTEMBER
Obtained the Gas Utility License.

2000

15 DECEMBER
Gas Malaysia was granted the license to supply and sell the reticulated LPG.

2003

1 FEBRUARY
Awarded the certificate for implementing Environmental Management Systems which complies with ISO 14001:1997 (upgraded to ISO 14001:2015).

1 JUNE
Achieved two million man hours without lost time injury.

2007

28 FEBRUARY
Signed the Supplemental Agreement to the JVA entered into, following the transfer of PETRONAS legal and beneficial ownership of all of its 8,559 ordinary shares of RM1,000.00 each in Gas Malaysia to its subsidiary, PETRONAS Gas Berhad, save for the Special Share retained by PETRONAS.

24 OCTOBER
Awarded the certificate for implementing an Occupational Health and Safety Management Systems which complies with OHSAS 18001:1999 (upgraded to ISO 45001:2018).

2009

1 NOVEMBER
Signed the first Supplemental Agreement to the existing Gas Supply Agreement between PETRONAS as the seller and Gas Malaysia as the buyer for the increase of gas supply from 150 MMscfd to 300 MMscfd.

2010

12 JULY
Signed the second Supplemental Agreement to the existing Gas Supply Agreement between PETRONAS as the seller and Gas Malaysia as the buyer for the increase of gas supply from 300 MMscfd to 382 MMscfd.

19 AUGUST
Converted into a public company.

23 FEBRUARY
Signed the new Gas Supply Agreement with PETRONAS.

11 JUNE
Listed on the Main Board of Bursa Malaysia Securities Berhad.

26 NOVEMBER
Signed the first Pipeline Construction and Operating Agreement with a developer, BSS Development Sdn Bhd, to supply natural gas to the designated zone for the Sendayan Tech Valley Project.

Our Key Milestones

GAS MALAYSIA
A Member of MMC Group

2020

6 AUGUST 2020
Gas Malaysia Distribution Sdn Bhd (a wholly owned subsidiary of Gas Malaysia Berhad) has established an Islamic Medium Term Notes ("IMTN") Programme of up to RM1 billion in nominal value and an Islamic Commercial Papers ("ICP") Programme of up to RM1 billion in nominal value. Both Programmes have a combined issuance limit of up to RM1 billion in nominal value under the Shariah principle of Murabahah. The IMTN Programme and ICP Programme have a tenure of 15 years and 7 years respectively.

9 OCTOBER 2020
Gas Malaysia Berhad sustained the following four Management Systems Certifications and extended the scope of certification to include Gas Malaysia Energy and Services Sdn Bhd, Gas Malaysia Distribution Sdn Bhd and Gas Malaysia Retail Services Sdn Bhd.

- ISO 9001:2015 (Quality Management Systems)
- ISO 14001:2015 (Environmental Management Systems)
- ISO 45001:2018 (Occupational Health & Safety Management Systems)
- ISO/IEC 27001:2013 (Information Security Management Systems)

2019

8 OCTOBER
Gas Malaysia Virtual Pipeline Sdn Bhd ("GMVP") signed a Gas Purchase Agreements ("GPA") with Kulim Green Energy Ventures Sdn Bhd in 2019 for the sourcing of biomethane to be injected into Gas Malaysia's NGDS network.

26 DECEMBER
Granted the Shipping Licence to Gas Malaysia Energy and Services Sdn Bhd, valid for a period of 10 years. The licence has been granted under the Gas Supply Act 1993 [as amended by the Gas Supply (Amendment) Act 2016].

26 DECEMBER
Granted the Distribution Licence to Gas Malaysia Distribution Sdn Bhd, valid for a period of 20 years. The licence has been granted under the Gas Supply Act 1993 [as amended by the Gas Supply (Amendment) Act 2016].

31 DECEMBER
GMVP signed another GPA with Kian Hoe Plantations Berhad jointly with BioCNG Sdn Bhd. Both these business venture (GPA signed in 8 October & 31 December) is part of Gas Malaysia's long-term sustainable strategy, which is to provide an alternative, renewable and sustainable gas supply.

2018

22 FEBRUARY
Entered into a Pipeline Development Agreement with the Perak State Government for Gas Malaysia to develop, operate and own the NGDS network measuring approximately 140 kilometres in the Kinta Valley region.

12 JULY
Signed the MoU with Tokyo Gas Co. Ltd. to establish a mutual-beneficial cooperation and collaboration between both parties in relation to any new investment in the development of natural gas value chain in the entire South East Asia, except Vietnam.

4 DECEMBER
The incorporation of Gas Malaysia Synergy Drive Sdn Bhd ("GMSD"). GMSD is part of a business venture which began in the last quarter of 2017, where we entered into a JVA with our business partner Sime Darby Energy Solutions Sdn Bhd (previously known as Sime Darby Offshore Engineering Sdn Bhd).

2017

20 JANUARY
GMEA commenced operations supplying to its first customer in Perai.

21 NOVEMBER
The incorporation of Gas Malaysia Distribution Sdn Bhd and Gas Malaysia Energy and Services Sdn Bhd.

7 DECEMBER
Signed a JVA between Gas Malaysia Venture 1 Sdn Bhd and Sime Darby Offshore Engineering Sdn Bhd to undertake another business of Combined Heat and Power system to industries in Malaysia.

2016

10 JULY
SDGMBioCNG started supplying BioCNG to its first customer.

24 OCTOBER
GMIEV started supplying Compressed Natural Gas to its first customer.

2015

25 AUGUST
Teamed up with Sime Darby Offshore Engineering Sdn Bhd to set up a joint venture company, Sime Darby Gas Malaysia BioCNG Sdn Bhd ("SDGMBioCNG").

7 DECEMBER
Signed the Memorandum of Understanding ("MoU") with Sabah Energy Corporation to explore the opportunities in harnessing and distributing Bio Compressed Natural Gas ("BioCNG") in Sabah.

2014

24 FEBRUARY
Signed the JVA with Tokyo Gas Engineering Solutions Corporations and IEV Energy Sdn Bhd to set up Gas Malaysia Energy Advance Sdn Bhd ("GMEA") and Gas Malaysia IEV Sdn Bhd ("GMIEV"), respectively.

8 MAY
Awarded the certificate for implementing Information Security Management Systems by SIRIM which comply with ISO/IEC 27001:2007 and ISO/IEC 27001:2013.

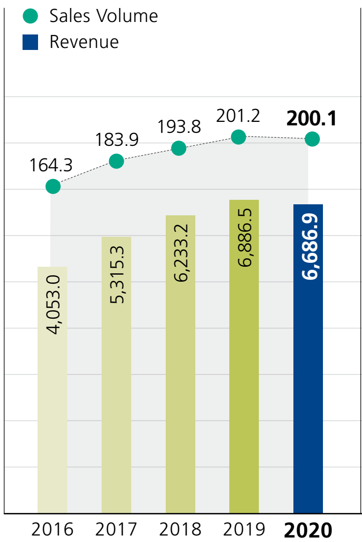
2012

2011

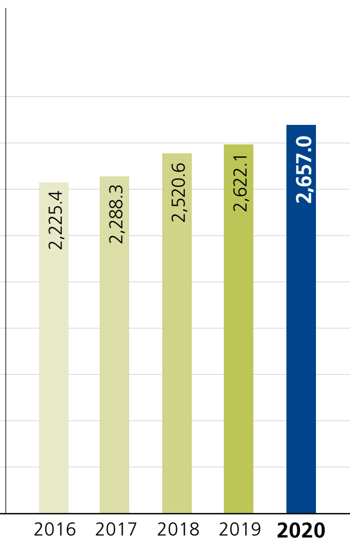
Five-Year Financial Summary

PERFORMANCE HIGHLIGHTS OF THE YEAR

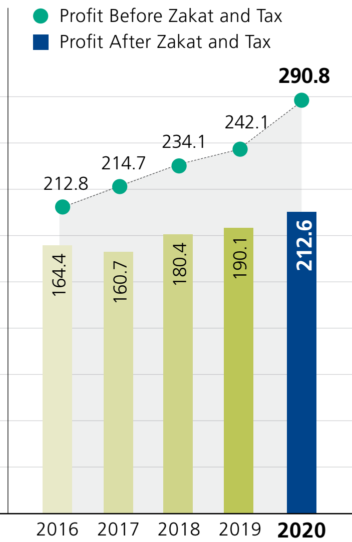
SALES VOLUME (MMBtu Million)
REVENUE (RM Million)



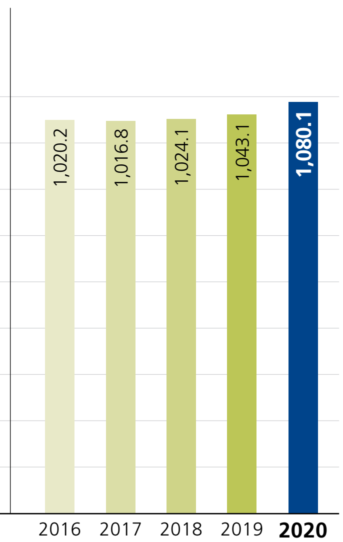
TOTAL ASSETS
(RM Million)



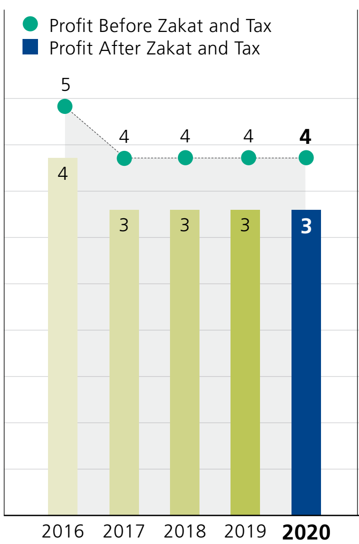
PROFIT
(RM Million)



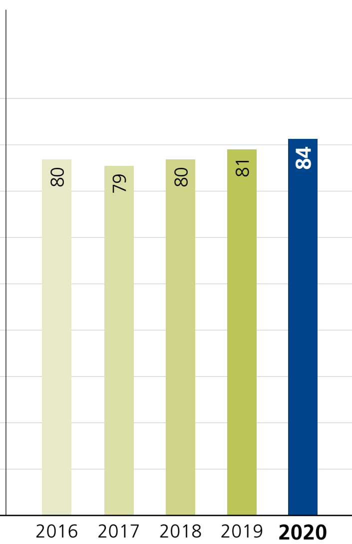
SHAREHOLDERS' FUNDS
(RM Million)



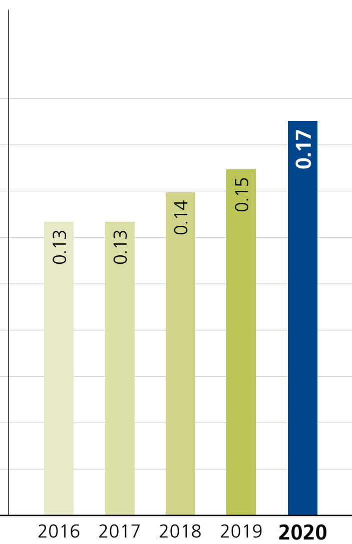
PROFIT AS % OF REVENUE
(%)



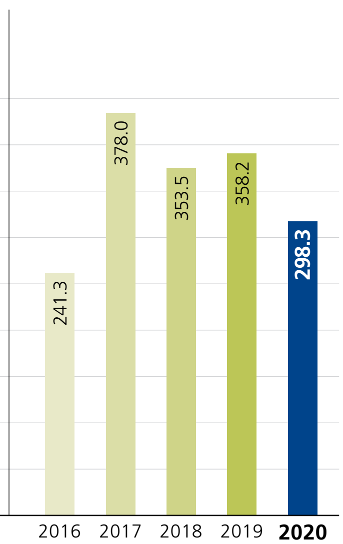
NET TANGIBLE ASSETS PER SHARE (Sen)



EARNINGS PER SHARE
(RM)



LONG TERM LIABILITIES
(RM Million)



Five-Year Financial Summary

	2016	2017 Restated	2018	2019	2020
Sales Volume (MMBtu Million)	164.3	183.9	193.8	201.2	**200.1**
KEY OPERATING RESULTS (RM Million)					
Revenue	4,053.0	5,315.3	6,233.2	6,886.5	**6,686.9**
Profit Before Zakat and Tax ("PBZT")	212.8	214.7	234.1	242.1	**290.8**
Profit After Zakat and Tax ("PAZT")	164.4	160.7	180.4	190.1	**212.6**
Profit After Zakat, Tax and Minority Interests	165.1	161.1	180.4	190.1	**212.6**
PROFIT AS % OF REVENUE					
PBZT	5%	4%	4%	4%	**4%**
PAZT	4%	3%	3%	3%	**3%**
KEY FINANCIAL POSITION DATA (RM Million)					
Total Assets	2,225.4	2,288.3	2,520.6	2,622.1	**2,657.0**
Shareholders' Funds	1,020.2	1,016.8	1,024.1	1,043.1	**1,080.1**
Total Liabilities	1,204.8	1,271.5	1,496.4	1,579.0	**1,576.9**
Paid-up Capital	642.0	642.0	642.0	642.0	**642.0**
KEY FINANCIAL RATIOS					
Revenue per Employee (RM Million)	8.773	10.914	12.367	12.993	**12.269**
PBZT per Employee (RM Million)	0.461	0.441	0.464	0.457	**0.534**
PAZT per Employee (RM Million)	0.356	0.330	0.358	0.359	**0.390**
Earnings per Share (Sen)	12.9	12.5	14.0	14.8	**16.6**
Dividend per Share (Sen)	12.9	13.0	13.5	14.1	**15.05**
Net Tangible Assets per Share (Sen)	79.5	79.2	79.8	81.2	**84.1**
HUMAN RESOURCE					
Number of Employees	462	487	504	530	**545**

Note: The 2017 financials have been restated following the adoption of MFRS 15.

Investor Relations

COMMITTED TO DELIVERING LONG-TERM VALUE

Amid the volatility and disruption caused by the Covid-19 pandemic, Gas Malaysia Berhad ("Gas Malaysia" or "the Group") remains resolute and committed to delivering value to our shareholders and fulfilling the nation's needs as a leading natural gas supplier.

We remain confident in our strong fundamentals, and we will continue to focus on delivering growth while managing the risks present in our volatile external environment.

FINANCIAL CALENDAR

FINANCIAL YEAR ENDED 31 DECEMBER 2020 : ANNOUNCEMENT OF RESULTS			
1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
14 May 2020	13 Aug 2020	12 Nov 2020	26 Feb 2021

	FY2018	FY2019	FY2020
Earnings per Share (sen)	14.0	14.8	**16.6**
Dividend per Share (sen)	13.5	14.1	**15.05**
Year-End Closing Price (RM)	2.83	2.75	**2.72**
Market Capitalisation (RM billion)	3.6	3.5	**3.5**

COMMUNICATION WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

Gas Malaysia recognises the importance of regular periodic communication to ensure that its valued shareholders and stakeholders are kept abreast of its business strategies, the progress of its strategic initiatives and latest financial performance.

These regular periodic updates are driven through multiple channels of communication and engagement that allow Gas Malaysia to gauge the feedback from both its valued shareholders and the investment community. Our Investor Relations ("IR") team is available for any enquiries from our valued shareholders and stakeholders. The objective is to ensure and maintain effective communication with our valued shareholders and investors to enable them to make informed investment decisions and provide feedback on their concerns.

To comply with the Main Market Listing Requirements and the Corporate Disclosure Guide, Gas Malaysia will issue timely financial statements and conduct regular engagements and briefings with investment analysts and valued shareholders.

CHANNELS OF COMMUNICATION AND IR ENGAGEMENT

The unprecedented circumstances of the Movement Control Order ("MCO") arising from the Covid-19 pandemic required us to adapt to the available technologies.

Our ability to persevere in the face of such adversity was severely tested. With physical meetings to be avoided unless absolutely necessary, we had to conduct all our meetings either virtually or via conference calls using the latest technologies at our disposal.

NUMBER OF ENGAGEMENTS CONDUCTED IN 2020

One-to-One Meetings (prior to MCO)	10
Conference Calls	20
Virtual Group Meetings	66
Quarterly Results Briefings	4

The above engagements were conducted with investment analysts, portfolio managers and institutional investors to improve awareness of our latest developments and financial performance. They also kept our valued investors informed of Gas Malaysia's business operations, strategic directions and latest performance.

ANALYSTS' RESEARCH COVERAGE

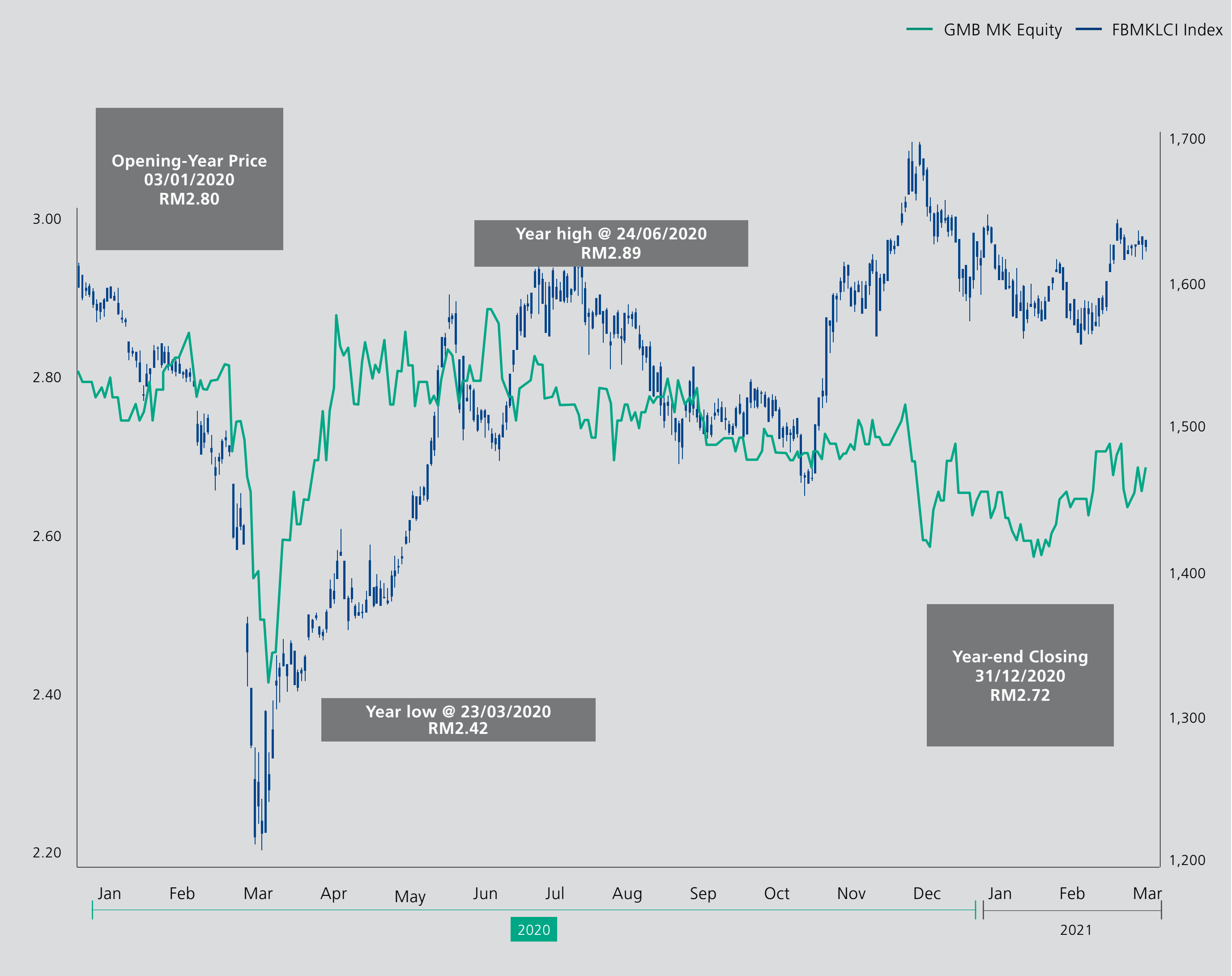
As at 31 December 2020, active research coverage on Gas Malaysia are provided by the following:

NO.	BROKER/ANALYST	RECOMMENDATION	TARGET PRICE
1.	CGS CIMB Securities	ADD	2.85
2.	CLSA Securities Malaysia	BUY	3.30
3.	Macquarie Capital Securities (M)	OUT-PERFORM	3.50
4.	MIDF Amanah Investment Bank	BUY	3.22
5.	AllianceDBS Research	BUY	3.00
6.	Kenanga Investment Bank	OUT-PERFORM	2.91
7.	Affin Hwang Capital Research	BUY	3.18
8.	BIMB Securities	BUY	3.05
9.	Maybank Investment Bank	BUY	3.00
10.	UOB Kay Hian Securities (M)	HOLD	2.90

Our IR team will continue its efforts to engage with investment analysts and the portfolio managers, to showcase our investment strategies.

SHARE PRICE PERFORMANCE

Gas Malaysia Berhad vs. FBMKLCI Index



Source: Bloomberg

2020 AVERAGE MONTHLY VOLUME AND HIGHEST & LOWEST SHARE PRICE

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Avg Vol ('000)	199,106	93,814	401,018	106,214	212,288	119,675	445,740	141,042	127,458	8,258	136,252	308,232
Highest (RM)	2.82	2.86	2.82	2.88	2.86	2.89	2.83	2.79	2.80	2.74	2.75	2.77
Lowest (RM)	2.75	2.75	2.42	2.62	2.77	2.77	2.74	2.70	2.72	2.70	2.69	2.59

Source: Bloomberg

SIGNIFICANT EVENTS THROUGHOUT 2020

DATE	SIGNIFICANT EVENTS
13 Feb 2020	4Q FY2019 Consolidated Results Announcement
	2019 2nd Interim Dividend Declaration
18 Mar 2020	Issuance of Import into Regasification Terminal License to GMES
3 April 2020	Notice to all GMB Group of Companies’ Suppliers and Contractors on Covid-19 Outbreak
7 April 2020	2019 Final Dividend Declaration
8 April 2020	Covid-19 Relief Measures
14 May 2020	1Q FY2020 Consolidated Results Announcement
26 June 2020	29th Annual General Meeting
30 June 2020	Access Arrangement for NGDS Published on Website
6 Aug 2020	Sukuk Murabahah Programme of RM1 Billion in Nominal Value
13 Aug 2020	2Q FY2020 Consolidated Results Announcement
	2020 1st Interim Dividend Declaration
12 Nov 2020	3Q FY2020 Consolidated Results Announcement
18 Dec 2020	The Implementation of Natural Gas Selling Price Determination at the Distribution Segment for GMES

Economic Talk by BIMB Chief Economist

On 16 February, we organised a dialogue session for the management of Gas Malaysia at our head office in Shah Alam. The talk was given by Dr. Mohd Afzanizam Abdul Rashid, Chief Economist from Bank Islam. The Senior Management of Gas Malaysia were invited to gain insight on the international and local economic condition. The aim was to equip the Senior Management with the necessary economic insight in navigating the Company towards business recovery through the challenging business environment due to Covid-19.

In The News

A RECORD OF OUR VALUE CREATION JOURNEY

Gas Malaysia posts RM6.9b in revenue

Improved volume helps Gas Malaysia score in Q3

Better margin also mitigates higher overheads

Gas Malaysia remains committed to fuelling the nation with clean energy

Fixing the right gas tariff

GAS MALAYSIA RELIEF

Gas Malaysia is offering relief measures to its customers at low-cost flats by giving a rebate of RM100 per customer for six months for gas consumption from April to September. Gas Malaysia will temporarily halt meter reading and issuance of bills from April to June for customers in the retail commercial and hotels category. For details, call 1-300-88-4276.

Gas Malaysia looks to reduce opex by 10%

Firm's cost management helps cushion MCO impact

CORPORATE

More companies stepping up to help combat Covid-19

GAS MALAYSIA ESTABLISHES SUKUK PROGRAMMES

GAS MALAYSIA PERUNTUK RM500,000 BAGI PROGRAM CSR 2020

Organisation Chart

OUR DIVERSE TEAM FOR A STRONG FUTURE

Corporate Highlights

ENGAGING OUR STAKEHOLDERS AND ENERGISING OUR COMMUNITIES

Go-Kart Racing Competition

On 4 January, we organised a go-kart racing competition at Sepang International Kart Circuit, Selangor. About 62 employees participated in this competition.

Fabric Recycling

On 10 January, we launched a fabric recycling initiative at our head office in Shah Alam. This effort was targeted at reducing the increasing amount of unwanted fabric in landfills. In total, we adopted five fabric recycling bins.

2020 CORPORATE HIGHLIGHTS

Visit to Hospital Shah Alam

On 6 February, we visited children warded at Hospital Shah Alam's Paediatric Ward. This initiative was organised in conjunction with the Chinese New Year celebrations to spread cheer among the warded children and also to show appreciation to the doctors and nurses for their commitment in caring for the sick children.

Information Meeting & Long Service Award Ceremony

On 14 February, we held our annual Information Meeting & Long Service Award ceremony at Holiday Inn Kuala Lumpur Glenmarie. The main objective of this annual event is to give the Management of Gas Malaysia a platform to engage with employees and keep them updated on the Group's performance, business direction and future plans.

Fardhu Ain Class

On 24 January, we held a Fardhu Ain class at Gas Malaysia's surau. The class was intended to guide our employees (Muslimah) towards a better, more holistic understanding of Islam and their responsibilities as Muslims in performing their daily obligatory acts as decreed by the Holy Qur'an and Al-Sunnah.

Majlis Ramah Mesra with the Ministry of Rural Development

As a strategic partner for the Ministry of Rural Development ("KPLB"), on 30 January, we attended a Majlis Ramah Mesra organised by KPLB at Pusat Konvensyen Antarabangsa Putrajaya ("PICC"). The event saw the participation of various strategic partners of KPLB. Over the years, we have been collaborating with Yayasan Pelajaran MARA (an agency under KPLB), to assist underprivileged school students who are from the lower economic background predominantly in rural areas.

Visit to Quran Complex

On 15 February, we organised a trip to the second-largest integrated Quranic printing centre in the Southeast Asian region. About 40 employees visited the Nasyrul Quran centre based at Presint 14, Putrajaya.

White-Water Rafting & Glamping

We organised a white-water rafting challenge at Gopeng Glamping Park, Perak over two days (15 and 16 February). The adventurous challenge saw the participation of about 50 employees.

Corporate Highlights

Archery Lesson

On 22 February, we organised a beginner's level archery lesson for employees at our head office in Shah Alam. About 40 employees benefitted from this lesson.

Fiesta Cooking Class

On 29 February, we organised a 'Fiesta Cooking Class' at our head office cafeteria in Shah Alam. About 20 employees participated in this learning session. The main dishes taught were chocolate mud cake, quiche tart and peanut butter cookies.

Virtual Yassin Recital

In conjunction with the holy month of Ramadhan, on 15 May, we conducted a virtual Yassin recital session. The session was broadcasted from the head office and the congregation included employees from our regional and branch offices.

GCEO Video Clip Challenge

On 19 June, we organised a GCEO Video Clip Challenge Award Ceremony at our head office in conjunction with Hari Raya Aidilfitri. In line with new normal practices, we held a simple award ceremony incorporating new safety measures to avoid large gatherings. Prior to the event, employees were divided into groups and tasked with producing a short video based on the theme 'The New Norm of Hari Raya Aidilfitri Celebration'.

29th Annual General Meeting

As part of our initiative to curb the spread of Covid-19, on 26 June, we held our 29th Annual General Meeting ("AGM") virtually. The inaugural virtual AGM was broadcasted from Gas Malaysia's Resource and Training Centre based in Shah Alam, Selangor.

Donated Digital Handheld Pulse Oximeter to Government Hospitals

In an effort to appreciate committed frontliners who are working hard to curb the spread of Covid-19, we contributed several Digital Handheld Pulse Oximeters to four Government hospitals on 21 April. The Digital Handheld Pulse Oximeters is an important medical device used by frontliners to monitor blood oxygen levels of Covid-19 patients.

Bubur Lambuk Distribution

In conjunction with the holy month of Ramadhan, we organised a 'bubur lambuk' distribution event for our employees for Iftar on 6 May. Due to the Covid-19 pandemic, we strictly observed the necessary safety requirements and introduced a drive-through concept for employees to collect their packed bubur lambuk to maintain physical distancing.

28th Anniversary Celebration & Majlis Berbuka Puasa

On 15 May, we celebrated Gas Malaysia's 28th anniversary at our head office in Shah Alam. Gas Malaysia was officially incorporated as a private company on 16 May 1992. Alongside the 28th anniversary celebration, we distributed packed food sets to employees for Iftar.

Extraordinary General Meeting - Sukukholders of GMB Sukuk Murabahah Programme

The existing sukukholders of GMB's Sukuk Programme approved the exchange of the outstanding IMTN of RM281.0 million on 7 July under the existing programme with the new IMTN to be issued by GMB's wholly owned subsidiary, GMD, under GMD's New Sukuk Programme. The Sukuk exchange will be implemented through the first issuance of IMTN under the GMD Sukuk Programme in accordance with the Shariah principle of Hiwalah with identical maturity dates, profit rates and profit payment dates.

Fabric Recycling - Partnering with UOW Malaysia KDU

In a bid to inculcate a recycling culture at educational institutions, we launched our second fabric recycling bin at UOW Malaysia KDU on 16 July. The support received from students and employees of UOW Malaysia KDU was encouraging and they are now able to organise their unwanted fabrics in the most environment-friendly manner.

Corporate Highlights

Rukun Negara 50th Anniversary Celebration – In Partnership with the Malaysian National News Agency (BERNAMA)

In appreciation of the Rukun Negara as the mainstay of unity in the nation, we collaborated with BERNAMA for the 50th anniversary celebration of our National Principles. In support of this initiative, the Group Chief Executive Officer, Encik Ahmad Hashimi Abdul Manap recited the Rukun Negara pledge at Wisma BERNAMA and it was broadcasted by the Malaysian National News Agency.

Qurban Programme

As part of our community engagement programme, on 30 July, we distributed nine cattles for Ibadah Qurban. The cattles were segregated and distributed to various mosques throughout Peninsular Malaysia. This inaugural initiative saw the active involvement and support from our employees as well as mosque committee members.

Golf with Business Partners

On 26 September, we organised a golf session with our business partners at Staffield Country Resort Berhad at Mantin, Negeri Sembilan. This initiative is our effort to strengthen acquaintance with key stakeholders.

BERNAMA TV Interview

On 6 October, both the Chief Executive Officers of Gas Malaysia Energy and Services Sdn Bhd ("GMES") and Gas Malaysia Distribution Sdn Bhd ("GMD") were invited to be featured in Ruang Bicara (TV talk show) at BERNAMA's head office. The programme provided a platform to discuss and explore current issues with respect to the gas industry, market liberalistion and highlight pertinent matters with regards to Gas Malaysia's business operations.

Mangrove Tree Planting

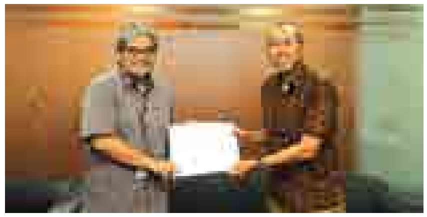
As part of our efforts to conserve the environment, on 8 October, we held a mangrove tree planting programme at Kuala Selangor Nature Park. Led by the Group Chief Executive Officer, Encik Ahmad Hashimi Abdul Manap, the programme saw the participation of about 50 employees. In total, we managed to plant about 300 mangrove seedlings along a designated area in Kuala Selangor Nature Park.

Perak Sultan Accepts Zakat Contribution from Gas Malaysia

On 26 August, the Sultan of Perak, Duli Yang Maha Mulia Sultan Nazrin Muizzuddin Shah Ibni Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-Lah, received RM200,000 in business zakat on behalf of Majlis Agama Islam & 'Adat Melayu Perak ("MAIPk") from Gas Malaysia. The zakat was handed over to the Sultan by Gas Malaysia's Group Chief Executive Officer, Encik Ahmad Hashimi Abdul Manap at Kompleks Islam Darul Ridzuan.

Anugerah Pelajar Cemerlang 2020

On 25 September, we held our Majlis Anugerah Pelajar Cemerlang at our head office in Shah Alam. This event is organised to honour our employees' children for achieving outstanding results in their Ujian Pencapaian Sekolah Rendah ("UPSR"), Pentaksiran Tingkatan Tiga ("PT3") and Sijil Pelajaran Malaysia ("SPM") examinations.



Signing of MoU between Gas Malaysia Berhad and ML GAS (CAMBODGE) Co. Ltd.

We entered into a Memorandum of Understanding ("MoU") with ML GAS (CAMBODGE) Co. Ltd on 21 October, to collaborate and work together in evaluating and possibly implementing investment opportunities in the oil and gas, power and related property development sectors in the Kingdom of Cambodia.

The Edge Billion Ringgit Club Corporate Awards 2020

On 30 November, we were conferred with one prestigious award under the Utilities Sector at The Edge Billion Ringgit Club Corporate Awards 2020 ceremony. The award received was for the Highest Return on Equity over Three Years. The Edge Awards celebrate the achievements of best performing Malaysian companies with a market value of at least RM1.0 billion. We are pleased to receive this recognition for the second consecutive year, under the same category.

Corporate Highlights

Fabric Recycling – Shah Alam Branch Office

As part of our effort to encourage the surrounding community to inculcate the healthy habit of recycling their unwanted fabrics, on 8 December, we installed the third fabric recycling bin at our Shah Alam branch office. As a responsible business entity, we aim to instill a greater sense of awareness and responsibility to the surrounding community by cultivating the habit of recycling.

Golf Get Together with Authority

As part of our engagement initiative with key stakeholders, on 19 December, we organised a golf game with the Department of Occupational Safety and Health ("DOSH") at Staffield Country Resort Berhad at Mantin, Negeri Sembilan.

Selangor Sultan Accepts Zakat Contribution from Gas Malaysia

On 22 December, the Sultan of Selangor, Duli Yang Maha Mulia Sultan Sharafuddin Idris Shah Al-Haj Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Al-Haj, received RM3.5 million in business zakat from Gas Malaysia. The zakat was handed over to the Sultan by Gas Malaysia's Group Chief Executive Officer, Encik Ahmad Hashimi Abdul Manap at Istana Bukit Kayangan, Shah Alam.

Light & Easy with GCEO

The "Light & Easy with GCEO" session is held quarterly to strengthen the relationship between the GCEO and employees. Serves as a bilateral communication platform, the informal engagement session provides an avenue for employees to exchange views and share their learning experiences with the GCEO.

02

MESSAGE FROM THE LEADERSHIPS

Message from Chairman

DEMONSTRATING RESILIENCE THROUGH STRONG FUNDAMENTALS

DATUK HAJI HASNI BIN HARUN
Chairman

Dear Valued Shareholders,

The year 2020 was an unprecedented one for the industry, our nation and the world. The advent of the Covid-19 pandemic disrupted livelihoods, businesses and economies. Despite the headwinds and uncertainties, Gas Malaysia Berhad ("Gas Malaysia" or "the Group") was able to sustain its performance, demonstrating resilience and fortitude in delivering clean, safe and uninterrupted energy supply to our customers.

It is in this context that I am honoured to present Gas Malaysia's Annual Report 2020 for the period from 1 January to 31 December 2020 ("FY2020"), detailing our efforts in creating sustainable value for all our valued shareholders through an unrelenting focus on operational excellence and the fulfillment of customer needs.

OUR OPERATING ENVIRONMENT

The year presented a unique set of challenges as the Covid-19 pandemic prompted governments worldwide to lock down their economic activities and restrict movement in an effort to prevent the spread of the virus. For Malaysia, the most immediate effects were slower economic demand and weaker business sentiment, resulting in a contraction of domestic economic growth and triggering a massive RM340 billion Government stimulus package to help soften the blow to the domestic economy.

Despite this immense effort, Malaysia's economic growth in 2020 contracted by 5.6%, as reported by Bank Negara Malaysia, much in line with global gross domestic product, which shrank by 4.9% in 2020.

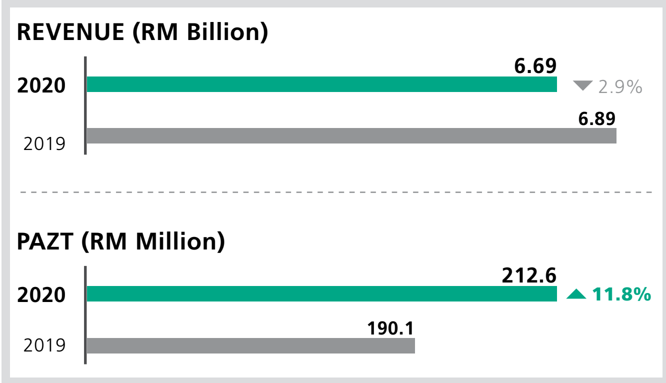
The reduction in economic activity, especially during the implementation of the first Movement Control Order ("MCO") for six weeks from 18 March to April 2020, affected Gas Malaysia's business, given our essential role as the primary energy supplier to a variety of industries throughout the country. Most business activities were either completely shut or slowed down during this period, leading to lower gas sales.

Nonetheless, having posted its lowest monthly gas sales in the month of April, the Group was able to stage a recovery in terms of higher gas sales from May 2020 onwards, in line with the gradual resumption of the economy.

FINANCIAL HIGHLIGHTS

Revenue of the Group for the current financial year under review was lower at RM6.69 billion compared to RM6.89 billion in 2019. This was mainly due to lower average natural gas selling price, coupled with a slight decrease in the volume of natural gas sold in 2020 compared to the previous year, and mitigated by recognition of revenue cap adjustment in the current financial year.

The Group's Profit After Zakat and Tax ("PAZT") recorded an improvement of 11.8% to RM212.6 million in 2020 compared to RM190.1 million in 2019. This was in line with higher Earnings Before Interest Income, Zakat, Taxes, Depreciation and Amortisation ("EBIZTDA") recorded during the current financial year and lower finance cost, mitigated by higher depreciation and amortisation, and taxation.



NAVIGATING THE COVID-19 CHALLENGE

As an essential service provider, Gas Malaysia continued to operate during the MCO to ensure a stable energy supply to our customers, especially those in the essential services category such as the pharmaceutical industry and government hospitals. We acknowledge and appreciate the Government's role in ensuring our industry continued operations as we strived to meet the needs of our various customers even during those challenging times.

Our response to the Covid-19 pandemic was immediate and purposeful. The Group was quick to implement the necessary precautionary measures and Health Ministry mandated Standard Operating Procedures to ensure business continuity and sustainability. To safeguard our overall operations, employees were tested twice for the Covid-19 virus and our office premises were regularly sanitised. We also remained vigilant and ready at a moment's notice to activate our Crisis Management Committee.

In support of the Government's Covid-19 initiatives, the Group announced relief measures for our customers in low-cost residential, retail commercial, government hospital and hotel services, underscoring our customer-centric approach at all times.

In addition to the above measures, the Group lent support to the medical frontliners working tirelessly to ensure the safety of all Malaysians by donating six handheld pulse oximeters to four government hospitals in Perak, Johor and Pulau Pinang. We also provided meals to the medical staff at the Hospital Besar Melaka.

CATEGORY	BILLING	RELIEF MEASURE
Low-Cost Residential Customers *(DBKL, Wangsa Maju and Putra Harmoni @ Presint 9, Putrajaya)*	Temporarily halted meter reading and issuance of bills.	Total rebate of RM100 per customer for usage of gas from April to September 2020. This rebate was reconciled in the October 2020 monthly billing.
Retail Commercial Sector *(Excluding Government Buildings and Hotels)*	Temporarily halted meter reading and issuance of bills for three months from April to June 2020.	Deferment of bills.
Government Hospitals	Temporarily halted meter reading and issuance of bills.	100% waiver of gas consumption from April to December 2020.
Hotels *(Using Natural Gas)*	Temporarily halted meter reading and issuance of bills for three months from April to June 2020.	Waiver on minimal charges and deferment of bills.

SUSTAINED VALUE CREATION AND AWARD

In line with our target of delivering sustainable value creation, we continued preparing ourselves to transition to a new business landscape with the implementation of the Third Party Access ("TPA") introduced by the Government to liberalise the natural gas market. The Group is fully supportive of this change as it is envisioned to level the playing field and enable greater competitiveness in both the upstream and downstream sectors of the gas industry.

In a move taken to realign the Group to face the new industry landscape, the Group divided its operations into two distinct entities: the distribution arm (Gas Malaysia Distribution Sdn Bhd) and the shipment arm (Gas Malaysia Energy and Services Sdn Bhd), with the former being responsible for the gas distribution business and the latter for the retailing part of the gas business. Both entities have obtained the necessary operating licences from Suruhanjaya Tenaga.

The Group is optimistic about the future and continues to make strategic preparations to carve out as much value as possible from the full liberalisation of market prices expected to come into effect by 2022. The successful renewal of all gas supply agreements with our existing industrial customers strengthened our position in this regard and delivered a clear testament to our customers' appreciation of the value that we bring to their businesses.

Our efforts in the area of infrastructure development continued in earnest, with further expansion of the Natural Gas Distribution System ("NGDS") network, mainly in the Kinta Valley project in the state of Perak, which is now 98% completed, and in other areas. This also marks our contribution to nation-building as the additional gas pipeline will go a long way towards improving the investment prospects of Perak. Finally, our gas supply reliability remains near perfect at approximately 99%, while our emergency response team has improved on its average response time.

As a result of all our positive efforts throughout the year, I am pleased to report that the Group achieved recognition once again for our sustained focus on creating long-term value for our valued shareholders. Gas Malaysia was bestowed the 'Highest Return on Equity Over Three Years' award under the Utilities Sector at the prestigious The Edge Billion Ringgit Club Corporate Awards 2020, which are presented annually to honour the best-performing companies in Malaysia with a market capitalisation of at least RM1 billion.

DIVIDENDS

Despite facing challenging times, the Group has always remained committed to returning value for its shareholders. In respect of financial year ended 2020, the Board had declared a first interim dividend payment of 4.25 sen per share on 13 August 2020. The second interim dividend of 5.4 sen per share was declared on 26 February 2021.

Together with the final dividend of 5.4 sen declared on 30 March 2021, the total dividend per share is 15.05 sen. This is equivalent to a total dividend amount of RM193.4 million, which is approximately 90.9% of the Group's PAZT. The Group is pleased to announce that this is higher than our stated dividend payout policy of 75% of PAZT.

DIVIDEND PAYOUT PER SHARE

15.05 sen

2019 : 14.10 sen

TOTAL DIVIDEND PAYOUT

RM193.4 million

2019 : RM181.0 million

CONTRIBUTING TO OUR COMMUNITIES

The Group recognises the importance of assisting the surrounding communities and achieves this through our four main corporate social responsibility pillars of Community, Environment, Education and Sports. I am proud to announce that despite all the restrictions on movement necessitated to contain the pandemic, we managed to make headway with our efforts in these areas.

In 2020, we visited the children at Shah Alam Hospital's Paediatric Ward in conjunction with Chinese New Year as we sought to bring the festive mood and spirit to them and those nursing them. In addition, financial assistance was forwarded to the Bursary Assistance Programme under the National Cancer Council of Malaysia ("MAKNA"), which assists cancer patients facing financial difficulties.

In the area of education, contributions in the form of refurbished computers were donated to underprivileged students in the B40 category to help them with the transition to remote e-learning as schools remained closed throughout most of 2020.

Regarding our efforts in preserving the environment, the Group launched a fabric recycling initiative at its headquarters together with Kloth Cares, a social enterprise, with the aim of minimising the amount of fabric ending up in landfills by reusing, repurposing or recycling donated fabrics. The Group also participated in a mangrove tree-planting programme involving around 50 employees at the Kuala Selangor Nature Park and planted about 300 mangrove seedlings in a designated area within the park.

STRENGTHENING CORPORATE GOVERNANCE

While maximising value to our shareholders remains the ultimate goal, it is also imperative to ensure that this maxim is sustainable in the long term. This objective can only be achieved through a strong commitment to upholding good governance practices such as transparency and accountability, which must be embedded in our thinking and all our business processes.

Thus, our governance approach is executed through a systematic governance framework that recognises that good corporate governance is vital in the successful implementation of our business strategies.

Over the past three years, the Group has focused particular attention on ensuring that all the necessary policies are in place to instil a culture of strong governance and integrity. The Whistleblowing Policy which was established in 2018, is to provide directors, employees and third parties, a process of managing disclosures of improper conduct that is transparent without compromising the confidentiality of persons involved. There was no whistleblowing disclosure reported due to improper conduct in 2020.

The Board has approved the establishment of an Integrity and Governance Department. This body is expected to manage integrity-related matters in relation to complaints management, detection and verification, besides integrity enhancement and governance. This will help to inculcate a strong culture of morality, ethics and integrity among our employees.

In addition, we are aiming to be SIRIM-certified for ISO 37001 Anti-Bribery Management Systems and will be conducting workshops for all our business units as we seek to build a strong anti-bribery culture that has zero tolerance for corruption. The certification will enable us to prevent, detect and respond appropriately to incidences of bribery while also ensuring compliance with the relevant laws and regulations.

PROSPECTS

The Group is hopeful that the global economy will be better and more stable in FY2021, in tandem with the global and Malaysian roll-out of vaccines, which will reduce the negative impact of the pandemic. Our optimism is also premised on projections by the World Bank that Malaysia's economy will expand by 6% in the year ahead. Consequently, the demand for gas is projected to increase as consumption and manufacturing

activities return to pre-pandemic levels and increase further over the longer term.

For Gas Malaysia, FY2021 will see us moving further ahead into the new regime as a result of market liberalisation, which will create more competition in our industry. To mitigate this impact, the Group will be focused on strengthening our presence in the gas industry value chain, enhancing efficiencies through cost savings and the optimisation of our operations, and fostering sustainable growth by embracing new businesses that can add further value to the Group.

ACKNOWLEDGEMENTS

On behalf of the Board, we wish to record our deepest appreciation to our valued shareholders and stakeholders, especially Government and regulatory authorities, for their sustained support and trust in the Group. The above achievements would not have been possible without the dedicated support from all the shareholders and stakeholders.

I would also like to record my sincere appreciation to my fellow Board members for their continued commitment to steering Gas Malaysia forward by sharing their valuable insights and perspectives. To all Warga Gas Malaysia, we thank you for your perseverance and dedication to your jobs, especially during the challenging FY2020.

I look forward to our continued good working relationship as we continue with our value creation journey to become an innovative and value-added premier energy solutions provider with the mission of providing the cleanest, safest, cost-effective and reliable energy solutions to our customers.

Thank you and Wassalam.

DATUK HAJI HASNI BIN HARUN
Chairman

Message from Group Chief Executive Officer: Management Discussion & Analysis

CREATING VALUE AND DELIVERING RESULTS

AHMAD HASHIMI BIN ABDUL MANAP
Group Chief Executive Officer

Dear Valued Shareholders,

Gas Malaysia Berhad ("Gas Malaysia" or "the Group") endured a particularly challenging year in 2020, caused by the effects of the Covid-19 pandemic. Nevertheless, we persevered and delivered commendable results, demonstrating that we have built a business with strong foundations and organisational resilience.

In FY2020, we quickly adapted our business to suit the new norms and remained focused on driving growth in anticipation of the liberalisation of the natural gas market that is now underway.

It gives me great pleasure to report that the Group was able to sustain its revenue and we returned commendable profits to our stakeholders compared to the preceding year despite the challenges brought about by the pandemic's impact on the Malaysian economy. The Group continued to prioritise the needs and expectations of our customers, striving to provide safe and reliable gas supply, and quality service at all times.

THE IMPACT OF COVID-19

The Covid-19 pandemic and its impact on the global and Malaysian economy has left a lasting impression, affecting business expectations, causing delayed investments and disrupting livelihoods.

Even as an essential service company supplying an important source of energy, Gas Malaysia was not spared from the effects of the various Movement Control Orders ("MCOs") implemented by the Government.

The impact on our business was most acute during the first MCO that began on 18 March 2020 and lasted for a period of six weeks. As all businesses nationwide were either ordered closed or were limited to operating at limited capacity, demand for natural gas fell, which was reflected in lower revenue and profits for the Group in the second quarter of FY2020.

There was, however, a silver lining during these difficult times in the form of increased natural gas demand from our customers in the rubber gloves sector as they sought to meet the surge in global demand for Personal Protective Equipment ("PPE") and rubber gloves.

With Malaysia being the world's biggest rubber gloves manufacturer and the gradual resumption of economic activity in May 2020, the Group experienced an increase in net profit of 14.1% for the third quarter against second quarter of FY2020. This positive momentum carried on into the fourth quarter with a higher volume of natural gas sold.

PROGRESSING OUR STRATEGIES

Despite the challenges faced during the year under review, the Group pushed ahead with its business strategies to continue building long-term sustainable value for our stakeholders.

Through our various businesses, we procure, market and distribute reticulated natural gas and Liquefied Petroleum Gas ("LPG"). We also develop, operate and maintain the Natural Gas Distribution System ("NGDS") network in Peninsular Malaysia.

While supplying natural gas and LPG to industrial, commercial and residential sectors remains our core business, the Group has added new businesses in order to mitigate the impact of a more liberalised market.

As a result, our business portfolio now includes a non-regulated gas distribution business comprising projects such as the Combined Heat and Power ("CHP") system and virtual pipelines. These non-regulated business ventures will meet customer energy requirements, expand our customer base and drive new demand for natural gas.

The Group acknowledges that we are impacted by evolving external market conditions and new regulatory requirements. Therefore, we will continue to adapt our business portfolio to make it more resilient, find new opportunities and address challenges head-on to further improve our value creation abilities, thus ensuring sustainable growth for the Group.

FINANCIAL HIGHLIGHTS

Revenue

Revenue for the year was lower at RM6.69 billion compared to RM6.89 billion in 2019. This was mainly due to lower average natural gas selling price in 2020 compared to 2019, coupled with a slight decrease in the volume of natural gas sold in 2020, as compared to 2019.

This was mitigated by the recognition of revenue cap adjustment in 2020 to address the under-recovery of revenues arising from the variances between actual and estimate firm capacity reservations used in the determination of tariff rates for the utilisation of the NGDS owned by Gas Malaysia Distribution Sdn Bhd ("GMD").

Cost and Expenses

Total cost and expenses incurred by the Group declined to RM6.40 billion in 2020 compared to RM6.66 billion the year before, mainly attributed to the lower average gas purchase price and lower volume of natural gas sold.

a) Cost of Sales
   - Gas costs amounted to RM6.18 billion, which constituted approximately 98% of the total RM6.33 billion cost of sales.
   - The remaining 2% was primarily the result of depreciation and amortisation, which amounted to RM81.6 million, and overheads for carrying out core business operations that totalled RM67.0 million.

b) Operating Expenses
   - Operating expenses consisted mainly of human resource expenses and office expenditure. The total operating expenses for the year under review was RM69.4 million.

Earnings Before Interest Income, Zakat, Taxes, Depreciation and Amortisation ("EBIZTDA")

EBIZTDA increased to RM365.6 million in 2020 compared with the RM317.1 million recorded the previous year, mainly attributed to higher gross profit in line with the recognition of the revenue cap adjustment, despite the lower volume of natural gas sold and higher overheads. This was partially offset by higher operating expenses and lower contributions from the Group's joint ventures.

Finance Costs

Finance costs amounted to RM14.5 million. These costs were primarily payments for Islamic Medium-Term Notes ("IMTN") and Islamic Commercial Papers ("ICP"). These Sukuk instruments were aimed at financing our Capital Expenditure ("CAPEX") projects and working capital.

REVENUE
RM6.69 Billion
2019: RM6.89 billion

COST AND EXPENSES
RM6.40 Billion
2019: RM6.66 billion

EARNINGS BEFORE INTEREST INCOME, ZAKAT, TAXES, DEPRECIATION AND AMORTISATION
RM365.6 Million
2019: RM317.1 million

Taxation

The Group registered an effective tax rate of 26.0%, which was higher than both the 2019 effective tax rate and the statutory income tax rate in Malaysia. This was attributed to underprovisions in the preceding year's taxation and the effect of items not deductible for tax purpose.

In tandem with the higher effective tax rate and higher pre-tax profit generated during the financial year, the Group's tax expenses amounted to RM74.7 million in 2020 was higher compared to RM48.5 million in 2019.

Profit After Zakat and Tax ("PAZT")

Net profit attributable to equity holders of the Group increased by 11.8% to RM212.6 million in 2020 compared to RM190.1 million in 2019, in line with the higher EBIZTDA recorded during the current financial year and lower finance costs, mitigated by higher depreciation and amortisation, and taxation.

Liquidity & Gearing Ratio

As of 31 December 2020, our cash and cash equivalents (including investment funds with licensed financial institutions) amounted to RM309.8 million. This was higher than the RM292.4 million in the previous year, mainly due to the higher cash amount generated from operations, consistent with the higher EBIZTDA recorded during the current financial year.

For the year under review, the gross gearing ratio stood at 27%, which was the same as recorded in the previous year, despite the Group's continuous commitment to expanding our NGDS network. This was largely due to the higher cash amount generated from operations which reduced the overall net issuance of the Sukuk programme to partly finance working capital and capital expenditure.

Capital Expenditure

CAPEX for FY2020 was RM148.1 million. This was primarily contributed by construction projects awarded in relation to the NGDS network and non-NGDS projects. Projects under the NGDS network development are specifically related to the construction of gas pipelines and metering stations, while non-NGDS projects include, among others, the purchase of gas and office equipment, and motor vehicles.

Future Commitment

A future financial commitment of approximately RM450 million to RM550 million will be spent during the remaining period of the first regulatory period ("RP1") in 2021 and 2022. The sum will be utilised for the development of the Group's NGDS network and non-NGDS activities.

BUSINESS PERFORMANCE REVIEW

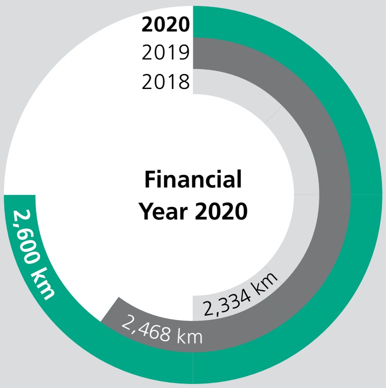
Operationally, the Group recognised the challenges that unfolded as the year progressed and the Covid-19 outbreak quickly developed into a pandemic. We stayed the course in our quest to deliver long-term value by meeting our NGDS development targets, improving operational excellence, obtaining new customers and optimising our costs where possible. We were also successful in renewing all gas supply agreements with our existing industrial customers.

The gas industry remained resilient even through the economic crisis, demonstrated by the fact that there was a strong underlying demand for natural gas within Peninsular Malaysia. We continued to build on this by ensuring a balanced geographical spread of our customers and a diverse set of customer segments, as this enabled us to sustain our financial performance even during the challenging times.

ENHANCING THE GAS NETWORK INFRASTRUCTURE

The Group is focused on expanding the nation's NGDS network to reach underserved areas that will provide future sustainable growth. This strategy to grow our core business is based on in-depth assessments of future gas demand and is further aligned with our supply-driven model that determines our gas infrastructure expansion programme across Peninsular Malaysia.

In addition, fresh domestic and foreign investments for new manufacturing plants within designated gas-intensive industrial clusters will contribute to further growth. In 2021, areas such as Kedah Rubber City, Chuping Valley Industrial Area, Kedah Science and Technology Park, Padang Meha, Serendah, Lukut and Bidor have been identified as potential industrial gas clusters in the country.



Gas Distribution Infrastructure

To support our expansion, in 2020 we awarded new gas pipeline expansion projects, equivalent to about 126 kilometres of gas pipeline, to be constructed in both new and existing industrial areas. By the end of 2020, we had extended the gas distribution infrastructure to 2,600 kilometres.

Over the years, the expansion of our NGDS network has enabled the Group to achieve healthier economies of scale. During the year under review, we successfully completed the commissioning of an accumulated 132 kilometres of pipeline.

CUSTOMER BASE

The Group continues to grow its customer base and in the year under review, gas supply was commissioned to 52 new industrial customers, 400 new commercial customers and 1,488 new residential customers. Our marketing efforts prevailed despite the pandemic and resulted in an increase in customers in the industrial segment.

CUSTOMER SEGMENTATION	NATURAL GAS (NUMBER OF CUSTOMERS)	LPG (NUMBER OF CUSTOMERS)	SECTOR TOTAL
Industrial	965	0	965
Commercial	946	1,213	2,159
Residential	11,348	14,160	25,508
Total	**13,259**	**15,373**	**28,632**

* number of customers as at 31 December 2020

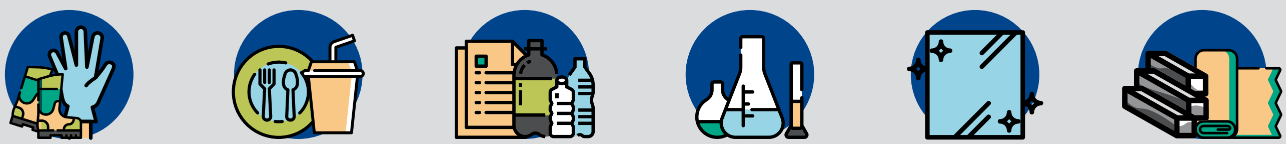
In terms of the volume of gas sold, the industrial segment accounted for over 99% of total gas volume sales.

CUSTOMER SEGMENTATION	NATURAL GAS (MMBTU)	LPG (MMBTU)	SECTOR TOTAL
Industrial	199,216,710	0	199,216,710
Commercial	606,643	188,997	795,640
Residential	30,204	52,776	82,980
Total	**199,853,557**	**241,773**	**200,095,330**

A majority of our industrial customers are located in the central region of Peninsular Malaysia, followed by the southern, northern and eastern regions. In terms of gas volume sold, the regions contributed 46.3%, 23.9%, 21.1% and 8.7%, respectively.

Our industrial customers also represent a diverse range of industries as illustrated on the following page, with rubber products seeing a significant increase in total gas volume consumed compared to 2019 because of a sharp rise in demand for rubber gloves as a result of the pandemic.

Summary of Gas Volume Sold Based on Industry for FY2020



Rubber Products	37%	2019: 32%
Food, Beverage & Tobacco	21%	2019: 21%
Others*	14%	2019: 16%
Chemical Products	13%	2019: 13%
Glass Products	9%	2019: 11%
Fabricated & Basic Metal	6%	2019: 7%

* *Including Automotive, Ceramics, Electrical & Electronics, Machinery & Equipment, Paper Products, Printing & Publishing, Plastic, Textiles, etc.*

OPERATIONAL EXCELLENCE & OPERATIONAL RISK MANAGEMENT

The Group prides itself on the safe and reliable delivery of gas to local industries, commercial businesses and residences. We ensure that gas supply reliability is never compromised, as it is crucial to sustaining our business.

In 2020, the Group recorded a System Average Interruption Duration Index ("SAIDI") of 0.3286 minutes of interruption per customer. The results achieved by Gas Malaysia were still below SAIDI standards and our benchmark of under 1.5 minutes of interruption per customer. SAIDI is commonly known as a performance metric or simply identified as a reliability indicator and is used by utility companies worldwide to measure the duration of interruption per customer.

The Group also recorded a further improvement in the response time of our emergency response team in 2020 — 22.51 minutes compared to 23.25 minutes in 2019, well below the regulatory target of 90 minutes.

PERFORMANCE INDICATOR	2018	2019	2020
SAIDI	0.3299	0.1780	0.3286
Response Time	26.82	23.25	22.51
Internal Gas Consumption ("IGC")	< 1%	< 1%	< 1%

In addition, the Group is pleased to highlight that the IGC level remained below 1%, a reflection of our determination to efficiently manage and ensure reliable gas delivery from the Entry Point through the NGDS to the Exit Point. Previously, IGC was known as unaccounted-for gas.

Ensuring uninterrupted gas supply is part of the Group's operational risk management. Our focus in this area is unrelenting, as such disruptions will undoubtedly affect our business sustainability. We therefore have a comprehensive preventive maintenance programme to ensure the integrity of our NGDS network. This programme entails daily pipeline inspections, periodic preventive maintenance and systematic troubleshooting, while also having dedicated on-call emergency response teams in place.

The Group also closely monitors our infrastructure for any irregularities or unauthorised work carried out by third parties near our facilities. This is important to ensure the delivery of gas remains stable and uninterrupted.

Public safety is our top priority and something we will never compromise on under any circumstance. As part of this responsibility, we implement comprehensive safety measures across our operations by putting in place stringent policies and procedures to ensure safe and reliable delivery of natural gas to our customers.

At Gas Malaysia, we always put our customers first. From the moment we onboard new customers, we seek to enhance our customer service to address their needs and respond to their feedback.

For more information about our public safety and customer excellence measures, please refer to page 52 and 53 of our Sustainability Statement.

SAFEGUARDING AND NURTURING OUR EMPLOYEES

Our employees are our most valuable asset, and we continue to nurture their abilities while actively engaging with them to understand their aspirations and ensure their well-being is taken care of. We provide numerous opportunities for learning and development and career progression as we strive to improve overall productivity.

The Group is particularly interested in succession planning, and we continue to groom selected employees to prepare them for future leadership roles. Our ongoing training programmes, conducted internally and externally, equip these employees with the latest knowledge and skills available in the market, contributing to their growth and abilities.

Health, Safety & Environment

We are committed to safeguarding the health and safety of our employees, business partners and the public. To achieve this, we are guided by three goals that also help us to prevent and eliminate risks of occupational injury or illness among employees while mitigating any damage to the environment.

These goals include maintaining zero non-compliance with regulations such as the Occupational Safety & Health Act 1994, striving for zero lost workdays and the effective implementation, and continuous improvement of our various ISO certifications. In support of these initiatives, in 2020 we conducted 74 inspections on contractors working at our pipeline construction sites and fabrication yard.

Our ISO certifications include:

- ISO 9001:2015 (Quality Management Systems);
- ISO 14001:2015 (Environmental Management Systems); and
- ISO 45001:2018 (Occupational Health & Safety Management Systems).

For more information on our approach to employees' safety, please refer to *page 53 and 54 of our Sustainability Statement.*

NON-REGULATED BUSINESS VENTURES

As part of our business sustainability strategies, the Group continues to progress with its non-regulated business ventures, which at the same time, has a positive impact on society and the environment. For example, through Gas Malaysia Virtual Pipeline Sdn Bhd ("GMVP"), we provide Compressed Natural Gas ("CNG") to customers in remote locations who do not have access to our NGDS network.

While it was a challenging year in FY2020, GMVP continues to expand the business to Klang Valley. As a result, in FY2020 GMVP supplied 124,094 MMBtu, triple the volume of CNG supplied in FY2019.

Moving forward, GMVP has secured additional customers with volume of 200,000 MMBtu in various locations which will be supplied starting from the first quarter of 2021.

In terms of cleaner and greener energy, the Group, through Sime Darby Gas Malaysia BioCNG Sdn Bhd ("SDGMBioCNG"), converts organic waste into biogas or BioCNG. For the period under review, SDGMBioCNG experienced a major setback due to the MCO. Thus, our efforts to purchase bio-methane or develop bio-methane with two more palm oil mills were deferred to 2021.

The Group has also made progress in producing energy more efficiently through cogeneration plants. This venture is managed through Gas Malaysia Synergy Drive Sdn Bhd ("GMSD") and Gas Malaysia Energy Advance Sdn Bhd ("GMEA"). For GMSD, the year under review was challenging with the postponement of the completion of its first CHP plant in Selangor, due to a delay in obtaining approvals from the authorities and restrictions imposed on activities during the MCO. Meanwhile, GMEA will continue to acquire additional clients for its cogeneration plants.

ADAPTING TO THE LIBERALISATION OF THE NATURAL GAS MARKET

The year 2020 saw our operating environment transitioning to one that is increasingly dynamic, as a result of the Government's gas market liberalisation initiative under the Third Party Access ("TPA"). The liberalisation of the Malaysian gas market is expected to pose challenges. However, we are confident that we will be able to overcome all challenges given our 28-year track record that has been built on competent talent, reliability and good customer relationships.

In complying with the new regulatory framework under the TPA, we have unbundled our business operations as follows:

Gas Malaysia Distribution Sdn Bhd (GMD)

- A wholly-owned subsidiary of Gas Malaysia Berhad
- Awarded with a 20-year distribution licence
- Will take on the role of a gas distributor
- Will develop, operate and maintain the NGDS network (commonly known as the gas distribution pipeline network) and ensure the safe and reliable delivery of gas to end users
- Will charge a tolling fee (regulated)

Gas Malaysia Energy and Services Sdn Bhd (GMES)

- A wholly-owned subsidiary of Gas Malaysia Berhad
- Awarded with a 10-year shipping license and a 10-year LNG Importation License
- Will take on the role of a shipper and LNG importer

Preparing for a more liberalised market requires strategies that involve elements of competitive pricing, better value, digitalisation, strong outreach and engagement efforts with our customers.

We anticipate that the liberalisation will bring about a more competitive environment and we must be well prepared to service new customers while enhancing our services to the existing customers.

The new liberalised landscape also opens up opportunities in the area of natural gas supply, which will help Gas Malaysia improve its resilience. Just as we strive to diversify our customer base to ensure overall business stability, it is equally important to secure gas supply from different sources to ensure cost-effectiveness and supply sustainability.

In this context, Gas Malaysia is currently exploring new sources such as importing from various suppliers or introducing more biogas supplies to the market to further raise the organisation's sustainability.

OUTLOOK & PROSPECTS

As we move ahead, Gas Malaysia anticipates that 2021 will be a better year for the Group. From a macro perspective, the Malaysian economy is expected to recover with the World Bank projecting gross domestic product in 2021 to grow by 6%. Growth will likely be driven by the positive spillover effects from the various economic stimulus packages introduced in 2020, and the initiatives under the Budget 2021 announced by the Government. Positive business and consumer sentiment are also expected to return due to the roll out of the vaccination programme which should be completed by the middle of 2022.

For Gas Malaysia, our firm foundations have enabled us to navigate the past year's challenges with fortitude and they will continue to help us face new challenges. We are optimistic that we will be able to sustain our strategies which will also see our initial steps into digitalisation in the areas of billing and our customer database, thereby increasing our efficiency further. The Group is looking at rolling out a mobile application as well as online billing and payment services to better serve our customers. In addition, we are also looking into introducing E-Agreement for new customers to increase our service efficiency.

To continue creating value within our industry, we have also looked within ourselves to prepare the necessary strategies that will guide both the short- and medium-term as well as long-term business direction of the Group. Thus, we have introduced a strategy that will align our Vision and Mission with our core values in order to put a well-defined and sustainable path to business success. The successful execution of this strategy will bring clear benefits to all stakeholders.

Natural gas is poised to continue to be one of the more important fuels compared to other competitive alternatives in the coming years. Further to this, we anticipate that the expansion of the NGDS network to Perak, Kedah, Perlis, Selangor and Negeri Sembilan will add approximately 250 kilometres of natural gas pipelines within the next two years. In addition to the new areas, the expansion will also focus on enhancing our coverage in existing areas in order to garner more new customers and improve the NGDS network efficiency.

The pandemic has taught us to adapt to the new norms of doing business to our valued customers by providing them with customer-centric solutions. In this context, the Group will be enhancing its customer relationship management through improvements to its Call-Centre and segmentation of customers for an effective response.

With our commitment in creating better customer relationships and enhancing services, we expect a positive outcome for our stakeholders in the year 2021.

ACKNOWLEDGEMENTS

All that we have accomplished in 2020 has been made possible with the guidance of the Board of Directors during this challenging period for the Group.

To our Management team and all the Group's employees, I commend you for your dedication and commitment to delivering excellent results while striving to adapt to the changes in working arrangements. I am also grateful for the unwavering support of our loyal customers.

I would also like to extend my sincere appreciation to the regulatory and Government agencies, authorities, financiers and business associates who have stood with the Group throughout the year. While the path ahead remains a challenging one, I believe that the Group will be able to advance our business together with the unwavering support of our valued stakeholders.

Thank you.

AHMAD HASHIMI BIN ABDUL MANAP
Group Chief Executive Officer,
Gas Malaysia Berhad

03

STRATEGIC CONTEXT

OUR MARKET LANDSCAPE

Gas Malaysia Berhad ("Gas Malaysia" or "the Group")'s operating environment throughout 2020 remained challenging due to various macro-economic and policy uncertainties, coupled with the effect of the Covid-19 pandemic on the global economy generally and oil and gas markets specifically.

Globally, the pandemic slowed economic activities dramatically in the earlier part of 2020, thus reducing the demand for oil and gas. The decline in demand resulted in an oversupply condition, pushing prices further down. Demand for oil remained uncertain for most of the year as countries moved in and out of movement restrictions and lockdowns and thus created price volatility within an already low oil price environment.

Malaysia is moving towards gas market liberalisation with the implementation of the Third Party Access ("TPA"). Nevertheless, the Group has transitioned its operations to suit the new regulatory regime under the TPA which is expected to produce a level playing field for the industry.

On the domestic front, the movement restrictions in 2020 resulted in slight delays in the expansion of the Natural Gas Distribution System, impacting supply to some customers. Generally, industry players have been resilient and agile in responding to the disruptions and have adapted well to what is considered the new normal. It has also accelerated technology adoption, innovation and digitalisation in the industry to face down challenges and unlock new opportunities.

MARKET OUTLOOK

The industry outlook remains challenging due to the persistence of the Covid-19 pandemic and prevailing uncertainties over OPEC+ production cuts in 2021. The industry continues to face the impact of lower demand due to the oversupply condition, which could however be mitigated by improved sentiment following the mass roll out of vaccines. With the global low-price environment and ongoing regional gas market liberalisation, the Liquefied Natural Gas ("LNG") market is shifting towards more oil benchmark pricing of LNG. Most best-case scenarios see oil prices recovering in 2021 or 2022 to pre Covid levels of above USD60 per barrel.

TRENDS DRIVING THE INDUSTRY

1 Global Drivers

Gas is the cleanest fossil fuel available and is fast growing to be the fossil fuel of choice, with robust demand driven by the energy transition away from coal into low carbon/low GHG alternatives. It is estimated that global gas demand will peak in the late 2030s as electrification of heating and development of renewables may erode long-term demand.

2 Regional Drivers

Renewable energy is becoming more cost competitive in Asia as both solar and wind energy are starting to compete with coal and gas in Asia, taking a greater share of the overall energy mix. Green stimulus and policies on energy transition is driving the increased adoption of electric vehicles in the region and will eventually impact the future growth of oil and gas demand from 2030 and beyond.

3 Domestic Drivers

With an evolving and changing domestic market landscape, the Group is of the view that the three trends listed below will continue to play an important role in driving the industry forward.

1. **Evolution of regulatory environment**
    - Development of TPA regulations
    - Unbundling infrastructure companies from suppliers/ retailers
    - Power sector liberalisation
2. **Infrastructure development**
    - Continuous development of regulated infrastructure to encourage TPA and foster competition
3. **Increased access to new sources of supply**
    - Domestic supply
    - New pipeline routes

Engaging with Our Stakeholders

LISTENING TO OUR STAKEHOLDERS

	1 Regulatory Bodies & Government Agencies	2 Board of Directors (BOD)	3 Shareholders	4 Customers
METHOD & FREQUENCY OF ENGAGEMENT	Engagement Methods • Engagements and dialogue sessions • Reporting and consultation on regulatory or industry-related matters • Formal meetings • Familiarisation visits Engagement Frequency • Regular & ad-hoc	Engagement Methods • Periodic Board and Board Committees meetings • Formal correspondence Engagement Frequency • Scheduled & ad-hoc	Engagement Methods • Quarterly analyst briefings • Open dialogues sessions (scheduled & unscheduled) • Conference calls • Annual General Meeting ("AGM") • Annual Reports • Familiarisation visits • Media releases & Bursa announcements Engagement Frequency • Scheduled, regular & ad-hoc	Engagement Methods • Dialogue sessions • Customer relationship-building programme • Formal meetings • Customer feedback platforms • Roadshows Engagement Frequency • Regular & ad-hoc
EXPECTATIONS & CONCERNS	Regulatory bodies and policy makers such as Suruhanjaya Tenaga and the Economic Planning Unit expect the Group to comply with the relevant laws and regulations.	The Board expects the Group to uphold the highest principles of transparency and accountability in full compliance with all applicable laws.	Shareholders expect the Group to sustain its earnings potential and market presence for the investment community. They are also concerned about matters such as material business development, liquidity and fair ratings of Gas Malaysia shares, shareholders' confidence and the enhancement of shareholders' value.	Our Industrial, Commercial, Retail and Residential customers expect the Group to deliver reliable and quality service that meets the required standards at competitive pricing.
OUR RESPONSE	• We have cooperated effectively with Suruhanjaya Tenaga to ensure that our business operations remain well-prepared and properly equipped to fully comply with Third Party Access ("TPA") requirements. • We have been in close consultations with Suruhanjaya Tenaga on gas tariff revisions.	Management has ensured that the Board is always updated about the Group's latest business and governance developments.	We have designed an investor relations engagement programme that focuses on guided disclosures about the Group's business focus, financial performance, new businesses and market liberalisation.	• We have focused on increasing engagement with our customers and have organised outreach programmes. • We have enhanced our customer service by conducting after-sales and value-added services. • We have taken constructive feedback from customers into consideration to further improve our services.
IMPACT ON THE GROUP	Not adhering to the relevant laws and regulations can lead to a revocation of our licence to operate, penalties and a loss of reputation.	A strong working relationship with the Board will ensure business continuity through good and ethical governance practices.	Maintaining good engagement with our shareholders is beneficial to our business as it increases the interaction with the capital market and fosters a positive perception among the investment community, which can also improve positive analyst coverage of the Group.	Our strong customer-centric approach will strengthen our customer base and market share, in addition to improving customer experience and brand loyalty, which will turn our customers into brand ambassadors.

Gas Malaysia Berhad ("Gas Malaysia" or "the Group") engages with our key stakeholders in a consistent and comprehensive manner, believing that close engagement builds reputational trust and improves our capacity to advance the industry sustainably.

We actively engage with stakeholders across eight distinct groups, each with its own expectations and ability to impact the Group. Our frequent engagements cover, but are not limited to, macro-policy issues, tariffs, safety, customer experience, technical requirements and business performance to ensure that we address all stakeholders' concerns with well-considered responses to achieve win-win outcomes.

5 Authorities	6 Business Partners	7 Employees	8 Local Communities
Engagement Methods • Dialogue sessions • Formal meetings • Familiarisation visits to our gas facilities Engagement Frequency • Regular & ad-hoc	Engagement Methods • Formal meetings • Dialogue sessions Engagement Frequency • Regular & ad-hoc	Engagement Methods • Employee Engagement Survey • Internal communications • Employee engagement initiatives • Leadership engagement sessions • Sports and recreational activities Engagement Frequency • Regular & ad-hoc	Engagement Methods • Periodic meetings • Dialogue sessions • CSR initiatives Engagement Frequency • Regular & ad-hoc
Federal, state and local Government and safety and health authorities expect the Group to comply with the related legal and regulatory requirements under their jurisdiction.	Suppliers and vendors of the Group expect fair opportunities and the transparent conduct of procurement and payment processes.	Our employees are concerned about fair employment practices, career opportunities and safety and health.	The communities in areas where we operate are concerned about the Group's activities and how they may affect the surrounding areas.
The Group continues to ensure that all relevant and applicable laws are strictly followed and complied with.	• The Group has established a procurement policy and in the process of establishing a Vendors Code of Conduct. • We have also strictly observed fair procurement and pricing evaluation practices while monitoring any process irregularities.	• The Group provides ample opportunities for learning and development and is committed to nurturing future potential talent to ensure career progression. • The Group also upholds good safety and health practices to ensure our employees remain safe at all times.	• We take great care in ensuring public safety standards are upheld and closely monitor the pipelines we have built. • Through our Corporate Social Responsibility ("CSR") initiatives, we closely collaborate with welfare associations and conduct community outreach programmes while providing financial support for community development and environmental preservation programmes.
• Non-compliance with relevant laws and regulations can result in our licence being revoked and will also cause a loss of reputation. • Work permits must be obtained from local authorities before we can commence pipeline construction.	The fair and transparent treatment of our vendors and suppliers will have a positive impact on the quality and timeliness of the deliverables, leading to better project outcomes.	Good employment practices will improve overall productivity and employee loyalty and result in a low attrition rate.	• Nurturing good relationships with local communities will enable positive outcomes in community concerns. • Environmental protection and biodiversity preservation ensure more sustainable business outcomes.

Materiality Matters

RESPONDING TO WHAT MATTERS TO US

Material matters have the ability to impact the Gas Malaysia Berhad ("Gas Malaysia" or "the Group")'s performance and long-term sustainability. With our extensive coverage across the country, it is vital to be aware of the issues material to us in the environmental, economic and social contexts. By taking into consideration the perspectives and expectations of our stakeholders, we can also manage our material matters more effectively.

In 2020, we undertook a revalidation of our material matters, which were identified in 2016, to ensure we remained focused on relevant and meaningful topics. The Group reviewed its eight material matters against local, regional and global industry peers, and benchmarked them against the Sustainability Accounting Standards Board as well as the International Petroleum Environmental Conservation Association.

Based on the materiality validation, we added one more material issue to our list of material matters by breaking down Greenhouse Gas and Climate Change into two separate matters, renamed as GHG Emissions and Energy Management, respectively. This will enable us to produce more specific reporting and better environmental disclosures.

Bribery and Corruption was also renamed as Ethics and Integrity to reflect the Group's commitment to governance that goes beyond just curbing bribery and corruption. Although Customer Satisfaction was not aligned with the matters for most of the entities, the Group will retain the matter, as it is material to both the Group and Suruhanjaya Tenaga, which regulates our industry. We discuss the relevance of the material matters to the Group below and the actions taken to manage or mitigate the effects of the issue.

MATERIAL ISSUE	IMPACT ON THE GROUP	HOW WE MANAGE THE ISSUE	STAKEHOLDER GROUPS IMPACTED
Public Safety	The Group complies with the relevant policies and procedures to ensure timely and safe natural gas delivery.	We are strongly dedicated to the maintenance of our pipeline network by ensuring emergency response teams are on standby, clear aboveground markers to indicate the location of our underground pipelines to third-party workers, daily inspections and odourising the gas to enable easy detection of leaked gas. During construction, we organise safety forums and closely monitor our contractors to ensure compliance with all safety requirements and procedures.	• Authorities • Business Partners • Employees • Local Communities
Occupational Safety and Health	The Group is committed to complying with all applicable occupational safety and health legislative requirements.	Besides the continuous and ongoing occupational safety and health training, we utilise our internal communications platform to embed a safety culture. We also monitor safe man-hours for all employees and contractors, enabling us to determine our safety & health performance.	• Employees • Public • Authorities • Business Partners
Economic & Business Performance	Initiatives to support the Group's business performance help improve the value of the Company and the sustainability of the business.	The Group is focused on managing all aspects of the business through consistent engagements with shareholders, regulators, business partners and customers, to ensure that we continue to create value in a responsible and effective manner.	• Shareholders • Regulator • Business Partners • Customers • Policy Makers

MATERIAL ISSUE	IMPACT ON THE GROUP	HOW WE MANAGE THE ISSUE	STAKEHOLDER GROUPS IMPACTED
Economic & Business Performance	Initiatives to support the Group's business performance help improve the value of the Company and the sustainability of the business.	The Group is focused on managing all aspects of the business through consistent engagements with shareholders, regulators, business partners and customers, to ensure that we continue to create value in a responsible and effective manner.	• Shareholders • Regulator • Business Partners • Customers • Policy Makers
Stakeholder Engagement	The Group is cognisant of the importance of engaging with our stakeholders in meaningful ways to further advance the business.	The Group engages with stakeholders frequently in various ways to understand their needs and expectations, aiding us in building trust and confidence among the different stakeholder groups.	• All Stakeholder Groups
Greenhouse Gas & Emissions	The Group is committed to ensuring it delivers clean energy while mitigating our impact on the environment.	The Group has long advocated the usage of natural gas, considering it is a cleaner form of energy. More recently, we have been involved in efficiently generating energy through combined heat and power while investing in biogas initiatives. The Group is also fully supportive of Government efforts that are focused on efforts to mitigate climate change.	• Shareholders • Local Communities
Energy Management	The Group is dedicated to reducing its energy usage and strives for the optimal use of natural resources.	The Group has implemented energy-saving initiatives and has started reporting on its usage statistics as the basis for formulating more energy-management initiatives.	• Shareholders • Local Communities
Customer Satisfaction	The Group endeavours to provide excellent service and ensure it will meet demand while also increasing natural gas availability to boost customer satisfaction.	The Group organises outreach and marketing programmes to both retain customers and attract new ones. In terms of service delivery, we pay close attention to customers' feedback and have enhanced our services by creating our E-Services portal.	• Customers • Shareholders • Local Communities
Energy/ Supply Reliability	The Group is committed to ensuring robust operational performance with a target of 100% supply reliability rate.	To achieve our target, the Group ensures that regularly scheduled maintenance is carried out at all our facilities. We also implement a work permit system as required by law and monitor third parties that operate in close proximity to our gas facilities to mitigate the risk of any potential damage. In addition, our Operations Control Centre continuously monitors the gas distribution system in real-time and acts as the nerve centre of our emergency response efforts.	• Contractors • Customers • Shareholders
Ethics & Integrity	The Group upholds the highest standards of good governance, integrity and ethical practices, which are critical and crucial to the sustainability of our business.	The Group has established an Anti-Bribery and Anti-Corruption Policy and Framework, a Whistleblowing Policy and has had all employees undertake a Corruption-Free Pledge.	• Directors • Employees • Business Partners

Risks & Opportunities

MANAGING OUR RISKS AND OPPORTUNITIES

A summary of our key priorities and mitigating measures are tabled below:

RISK	CAUSE(S) OF THE RISK
REGULATORY RISK	
This risk describes the various regulatory risks that can impact the Group's operations. This includes the potential loss of licenses needed to purchase and operate or changes to government or regulatory policies.	• Non-compliance to or breach of license conditions. • Changes to the base tariff by Suruhanjaya Tenaga. • Government intervention in retail gas pricing.
OPERATIONAL RISK	
This describes the risk of workplace accidents that could cause injury, loss of life, damage to properties and the environment. This risk is also concerned with unauthorised entry or access to gas facilities with an intention to provoke and/or create a state of terror.	• Not conducting hazard identification, risk assessment and risk control. • Lack of compliance to health, safety, and environment guidelines and rules. • Lack of information, awareness, and knowledge. • Procedures not being updated to reflect current work practices. • Inadequate or poor maintenance of security measures at gas facilities. • Potential existence of terror groups in the supply area.
BUSINESS & STRATEGIC RISK	
This risk describes the potential loss of key talent and personnel that could impact the Group's business operations.	• Employees moving to peer companies for a more lucrative remuneration package and career path.

Gas Malaysia Berhad ("Gas Malaysia" or "the Group") recognises the importance of sound risk management practices and internal controls to safeguard shareholders' investments and our assets.

We constantly undertake risk assessments as it is vital for the Group to manage its risk management process. Therefore, the respective risk owners are responsible for developing and reviewing the appropriate response strategies to mitigate all key risks within the Group.

CONSEQUENCE(S) OF THE RISK	MITIGATION STRATEGIES
• The loss of our licenses would mean the inability to continue business operations as well as reputational loss. • Adverse changes to policies or regulations will negatively impact the profitability of the Group.	• Ensure conditions of the Distribution and Shipping License are always complied with. • Maintaining a good relationship with the Government and stakeholders enables the Group to anticipate changes and to manage and minimise the impact of such changes.
• Bodily injury or loss of life that can lead to a payout of compensation and medical bills. • Legal action such as summons, penalties or imprisonment and stop-work orders. • Reputational impact with damage and loss of revenue. • Supply interruption with damage to gas facilities. • Incur cost overrun to restore supply.	• Ensure approved Hazard Identification, Risk Assessment and Risk Control ("HIRARC") / Job Safety Analysis ("JSA") is available at site. • Competent personnel, e.g. SHO / SSS to conduct site safety and toolbox briefing on daily basis. • Conduct continuous education programme for all site personnel. • Approved procedures to be made available at worksite. • Installation of appropriate security measures, i.e., installation of CCTV and anti-climb fencing. • Periodic facilities inspection to detect any abnormalities at the facilities.
• Disruption to daily business operations and incurring investment loss with regards to its human capital development.	• Ensuring that the Group's remuneration package is competitive in comparison with industry standards. • Establishing a competent talent pool with appropriate succession planning programmes to develop successors for key positions within the Group. • Ensuring a healthy, harmonious, and conducive working environment that promotes work-life balance which incorporates elements of professionalism, recreation, and team spirit.

04

DRIVING SUSTAINABLE BUSINESS

OUR APPROACH TO SUSTAINABILITY

Gas Malaysia Berhad ("Gas Malaysia" or "the Group") is committed to upholding sustainable practices in its operations as we seek to produce long-term value while limiting our impact on the environment and enhancing the livelihoods of the communities around us. Guided by the Economic, Environment and Social ("EES") pillars, the Group continues to contribute to nation-building, environmental conservation and community development.

SCOPE & BOUNDARY

In preparing this statement, we have aligned our reporting with Bursa Malaysia's Sustainability Reporting Guide. The statement covers our sustainability-related activities for the period from 1 January 2020 to 31 December 2020 for the Group, its subsidiaries and joint venture companies.

SUSTAINABILITY GOVERNANCE

The Board of Directors has oversight of the Group's sustainability matters. The Group's sustainability efforts are largely governed by a Sustainability Reporting Committee ("SRC") that comprises the heads of departments, subsidiaries and joint venture companies who review and discuss the Group's sustainability initiatives and goals, and communicate them to the respective departments within the Company.

THE OVERSIGHT STRUCTURE

RISK & COMPLIANCE COMMITTEE

- Approvals
- Oversight of sustainability initiatives/strategy
- Evaluates sustainability performance

↑

GROUP CHIEF EXECUTIVE OFFICER

- Provides insights to the SRC to ensure the Group's sustainability strategies and goals are aligned
- Provides counsel and guidance on EES matters within the Group

↑

SUSTAINABILITY REPORTING COMMITTEE

- The SRC reports to the Group Chief Executive Officer ("GCEO")
- Reviews and discusses the Group's sustainability initiatives and goals and communicates them to the respective departments within the Company
- Works closely with the respective departments to develop related reports

OUR THREE KEY PILLARS

1 Economic

Our role in ensuring the sustainable growth of our business is in line with developing the local economy.

Page 46 to 47

2 Environment

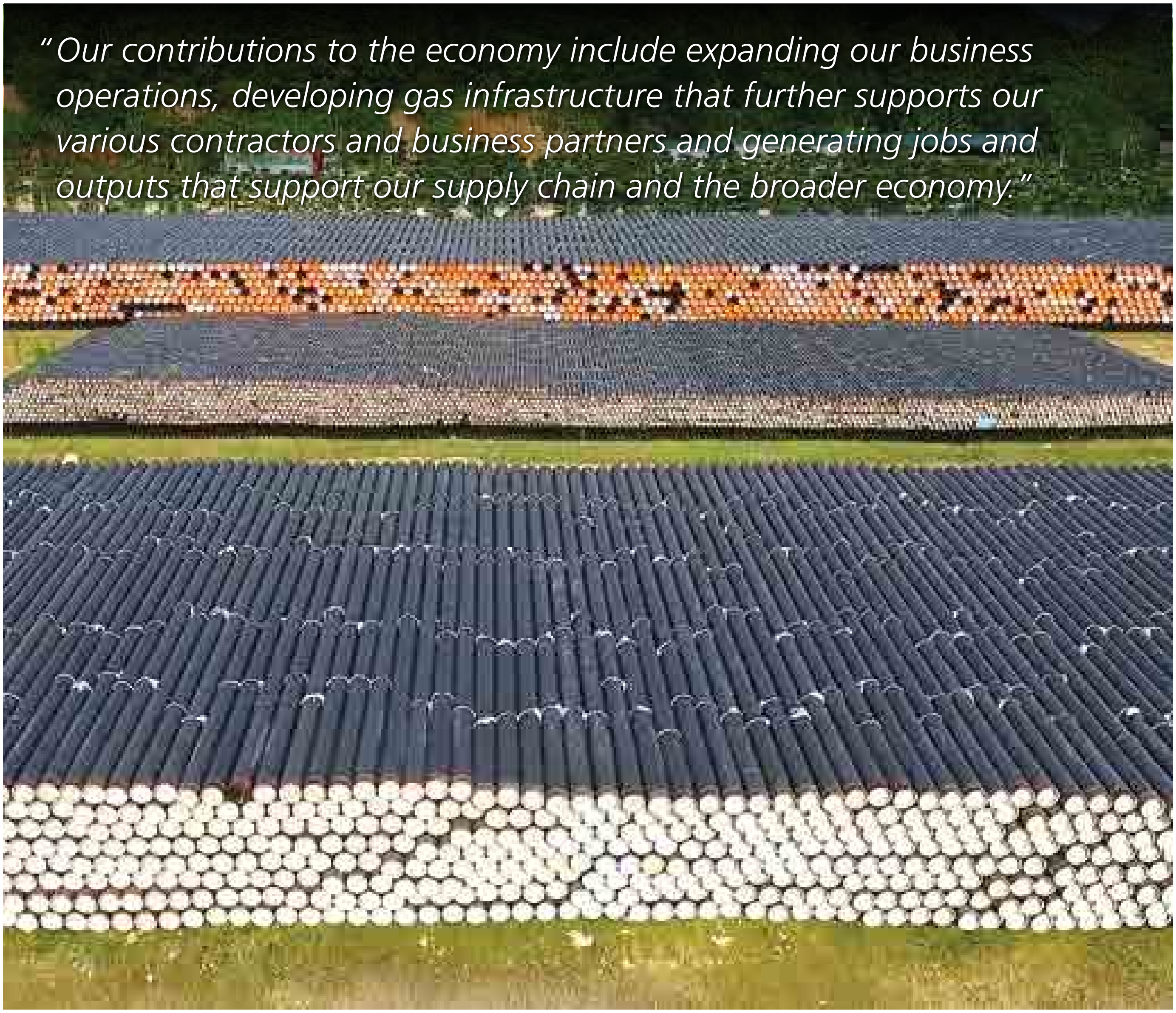
The impact of our business operations on the environment and the efforts to embrace eco-friendly practices and minimise our environmental footprint.

Page 48 to 50

3 Social

Our interaction with the social system with a particular focus on reaching out to the surrounding communities and our stakeholders in order to strengthen our reputation as a responsible corporate entity.

Page 51 to 56



ECONOMIC

Our role in ensuring the sustainable growth of our business is in line with developing the local economy.

Gas Malaysia, through its business activities, plays a vital role in supporting nation-building as we provide clean, safe and reliable energy solutions to power the nation's economic growth.

Our contributions to the economy include expanding our business operations, developing gas infrastructure that further supports our various contractors and business partners and generating jobs and outputs that support our supply chain and the broader economy. In addition, we constantly add value to the industry through our active engagement with all major industry stakeholders to further advance the industry and its interests.

OUR CONTRIBUTION TO NATION-BUILDING

For the year under review, Gas Malaysia expanded the NGDS network by approximately 132 kilometres, bringing the total length of gas pipelines to 2,600 kilometres. While this was slightly less than the 134 kilometres constructed in 2019, it was still significant given the challenges posed by the pandemic.

	2017	2018	2019	2020
Gas Pipeline *(kilometres)*	2,243	2,334	2,468	2,600
No. of Customers				
Industrial	853	888	933	965
Commercial	2,310	2,331	2,328	2,159
Residential	35,720	34,703	32,909	25,508
Total	**38,883**	**37,922**	**36,170**	**28,632**
Volume Sold for NG & LPG *(mil MMBtu)*	183.9	193.8	201.2	200.1

The expansion of gas infrastructure not only adds value to the nation and the industry but also enables the Group to garner additional customers, together with customers seeking to expand. In 2020, the expansion of the Kinta Valley network allowed us to identify 48 prospective customers. The Kinta Valley project, which started in 2018 as a collaboration between the Ministry of International Trade and Industry and the Perak State Government, is now nearing completion with 98% of the planned pipeline constructed.

Looking ahead, Gas Malaysia plans to construct an additional 138 kilometres of NGDS in 2021 in areas such as Bidor in Perak, Sedenak in Johor and Lukut in Negeri Sembilan. This will ensure that we will be able to continue supplying gas reliably and as extensively as possible to enable greater access to this cleaner energy source.

TRANSPARENT AND FAIR PROCUREMENT PRACTICES

As we progress in our sustainability journey, we practise transparent and fair procurement practices to promote a sustainable supply chain that contributes to our business partners' growth while also improving efficiencies in the execution of our projects.

In the context of responsible procurement, the Group offers fair opportunities to all vendors during the tendering process by confirming their interest to participate before they are officially invited to tender for a project. Negotiations are conducted transparently, and we are genuinely keen to help and support business partners to grow with us. The Group also engages with suppliers or potential suppliers when necessary, and we are in the process of establishing a Vendors Code of Conduct.

In addition, we provide training to our suppliers and business partners on specific matters, especially in relation to enhancements of our safety procedures. In terms of compliance and risk, the Group takes a serious view of corruption risk, and we have included this as part of the Group's risk management approach.

ENVIRONMENT

The impact of our business operations on the environment and the efforts to embrace eco-friendly practices and minimise our environmental footprint.

Concerns about the impact that corporations have on the environment continue to grow as both citizens and investors call on companies to be more environmentally responsible. In response, companies are embedding good environmental practices into their business strategies as they strive to mitigate their impact on the environment and the communities in which they operate.

Gas Malaysia is cognisant of the important role it can play in supporting environmental conservation initiatives while advocating the use of cleaner energy.

The Group also fully supports the Government's efforts towards drafting a Climate Change Act as recently declared by the Ministry of Environment and Water. Such legislation will help boost the use of clean and low-emission energy sources, an objective which is aligned to what Gas Malaysia has advocated since its inception.

GREEN ENERGY IS THE FUTURE

As a responsible corporate citizen, Gas Malaysia is committed to playing its role in reducing negative impacts on the environment, and as a gas company, we can achieve this by strongly advocating the use of natural gas. Natural gas is among the cleanest forms of fossil fuels, emitting up to 50% less carbon dioxide ("CO_2") than coal.

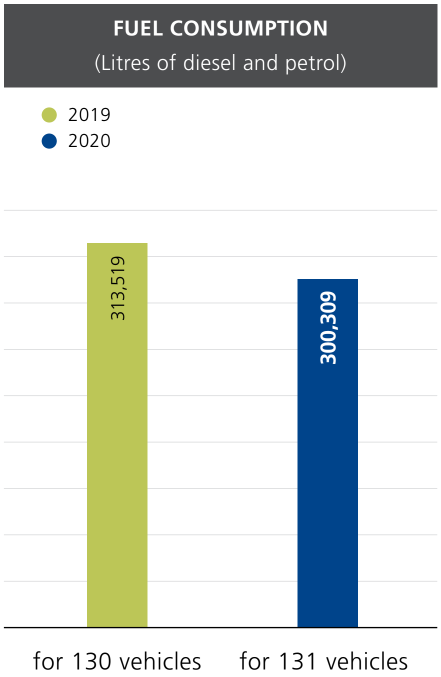
To augment our efforts, the Group has created a virtual pipeline to undertake gas distribution via land transportation to customers who cannot be supplied through the NGDS network.

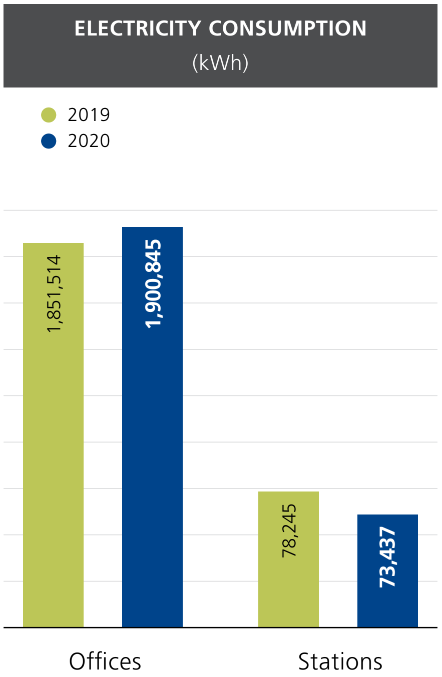
Palm Oil Mill Effluent ("POME"), the organic liquid waste generated during palm oil production, represents a major untapped source of energy. Biomethane is a green gas generated from POME, which is a substitute for natural gas. The Group is exploring the potential of offtaking biomethane from palm oil mills and landfills owners.

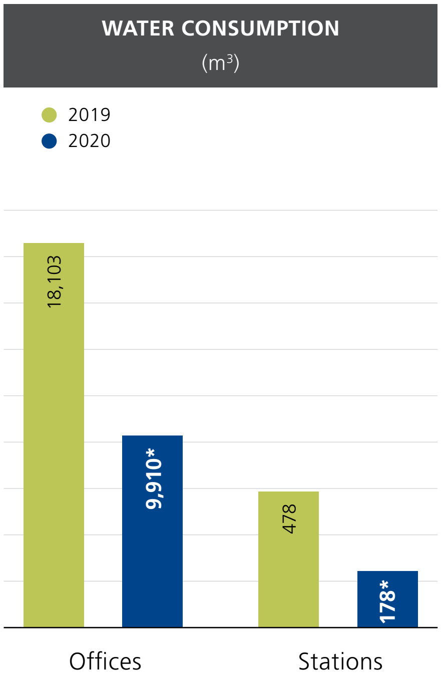
The Group also promotes energy efficiency through the use of Combined Heat and Power ("CHP") systems. On average, compared to conventional electricity generation, CHP systems use 32% less fuel and have 50% less annual carbon emissions than coal. Therefore, a CHP system can boost operational efficiency by approximately 85% through the simultaneous production of electricity and steam.

Beyond our emission-avoidance initiatives, we have become more energy-efficient by replacing existing light bulbs with energy-saving LEDs. In doing so, we have focused especially on areas that need lighting 24 hours a day. This is an ongoing initiative, and we expect to see results in the form of lower electricity usage in the coming years.

In further boosting the quality of our reporting, the Group is disclosing its fuel, electricity and water consumption data for the first time. We hope to use these statistics as a baseline to help us formulate cost-saving initiatives in the future.







* *The considerable reduction in water usage was due to employees not being in the office during the Movement Control Order period.*

FOCUSING ON ENVIRONMENTAL CONSERVATION EFFORTS

Part of our focus on the Environment pillar centres on conservation efforts as we want to ensure we contribute to preserving a healthy, biodiverse and clean environment. For instance, Gas Malaysia has supported the conservation of river terrapins in collaboration with the Department of Wildlife and National Parks for several years now. We have also donated an egg-hatching incubator to the River Terrapin Conservation Centre in Bota Kanan, Parit, Perak to help with population recovery efforts.

For the year under review, we enabled the centre to upgrade its facilities by helping with the installation of grills and door locks around the river, the provision of several water pumps and filtering machines to improve water clarity and the supply of paint to repair signages. Our progress over the years in this important initiative is detailed below.

	NATURAL SOIL		USING INCUBATOR MACHINE			
YEAR	TOTAL INCUBATED	TOTAL HATCHLINGS	TOTAL INCUBATED	TOTAL HATCHLINGS	TOTAL HATCHLINGS	SUCCESS RATE OF HATCHLINGS
2016/2017	499	155	-	-	155	31%
2017/2018	-	-	230	187	187	81%
2018/2019	-	-	180	144	144	80%
2019/2020			**150**	**100**	**100**	**67%**

We continued to build on our efforts to protect biodiversity in Malaysia through the planting of mangrove trees at the Kuala Selangor Nature Park ("KSNP"). This initiative, launched in October 2020, involved 50 employees, and we planted about 300 mangrove seedlings within the designated area. Studies have shown that mangroves play an important role as a natural barrier against erosive coastlines and as essential breeding grounds for a variety of marine life. The Group will be kept updated on the growth of the seedlings, as they will be monitored by KSNP supervisors to ensure their survival.

In addition to this, we are planning to make tree planting a regular event to ensure a more focused approach to our environmental conservation efforts.

In January 2020, the Group went one step further in its environmental conservation efforts by organising a fabric recycling initiative in collaboration with Kloth Cares, a social enterprise. The objective of the initiative was to reduce the amount of discarded fabric headed to landfills. Gas Malaysia thus adopted five fabric-recycling bins provided by Kloth Cares where anyone could drop off items containing fabric, such as shoes, bags, soft toys, carpets, curtains and clothes.

The first bin was placed at our headquarters in Shah Alam, while the second one was placed at University of Wollongong Australia ("UOW") Malaysia KDU. The third bin was installed at our Shah Alam branch office in December, and the fourth was placed at Universiti Putra Malaysia's Faculty of Ecology. In total, we managed to save 1,490 kg of fabric from landfills in 2020.

"At Gas Malaysia, we constantly enrich and positively impact our stakeholders in the social sphere."

SOCIAL

Our interaction with the social system with a particular focus on reaching out to the surrounding communities and our stakeholders in order to strengthen our reputation as a responsible corporate entity.

At Gas Malaysia, we constantly enrich and positively impact our stakeholders in the social sphere. These stakeholders include our employees, our customers and the communities where our operations are located. Over the past 28 years, we have made gradual progress, and it was no different in 2020 as we pursued the enhancement of community development efforts and ensured that the public remained safe while building trust with our customers and safeguarding our employees.

PRODUCT RESPONSIBILITY

Public Safety

Public safety is our top priority and something we will never compromise under any circumstances. As part of this responsibility, we implement comprehensive safety measures across our operations by putting in place stringent policies and procedures to ensure safe and reliable delivery of natural gas to our customers. Further to this, we adhere to strict quality control and safety measures at all stages of our business, from the planning and construction of our NGDS pipelines to operations and maintenance.

(i) Safety Measures at Gas Networks Infrastructure

During planning, strategic pipeline routes and locations of isolation valves are carefully selected with future infrastructure expansion in mind.

At the engineering stage, design and material specifications are made in accordance with local regulations and internationally accepted codes and standards to mitigate against potential failures of equipment.

At the construction stage, we appoint competent contractors to design, engineer, procure, construct and commission the gas pipelines. Our steel pipes are sourced from manufacturers licensed by the American Petroleum Institute ("API"), who produce pipes according to verified specifications that are further inspected by a third-party agency to assure us of their quality.

(ii) Safety Measures at Operations & Maintenance

To ensure gas facilities are well-maintained, periodic preventive maintenance and systematic troubleshooting are performed, including gas station inspection, monitoring of underground steel gas pipeline conditions via cathodic protection inspection, valve inspection, pipeline leakage survey, pipeline integrity inspection and odorant intensity level check.

Daily pipeline inspections are also carried out to detect abnormalities and monitor unauthorised third-party work within the vicinity of our gas facilities. All third-party work in our gas facilities' immediate area requires permits and is supervised by our Operations & Maintenance team to prevent any damage to the facilities.

There are also dedicated on-call emergency response teams on standby to physically respond to emergencies within 90 minutes of notification to minimise the risk to the public and limit the potential damage to property and the environment.

PERFORMANCE INDICATOR	2017	2018	2019	2020
SAIDI (Average Minutes of Interruption per Customer)	0.1067	0.3299	0.1780	**0.3286**
Response Time (Average Minutes Taken to Respond at Site)	23.93	26.82	23.25	**22.51**

Enhancing Customer Satisfaction

At Gas Malaysia, we always put our customers first, and from the moment we onboard new customers, we seek to enhance our customer service to address their needs and respond to their feedback. To achieve this, we established a Customer Care Unit ("CCU"), operating Monday to Friday from 8.30 am to 5.30 pm, to help customers resolve issues related to billing, account registration and service activation.

In addition, we have an E-Services portal that serves our industrial customers and an E-Portal that serves our residential customers. These portals are secured websites that enable customers to view account details, billing and payment information and gas consumption, besides allowing them to receive the latest notifications and leave enquiries with our sales personnel. We plan to enhance the portals' functionality and extend their availability to mobile applications.

Customer Care Unit

In 2020, our CCU team addressed 85.5% of all customer complaints within the three-day threshold target. This was a 14.5% reduction compared to 2019 and was due to our technical team being unable to access customer sites, i.e. residences, for inspections due to Covid-19 restrictions.

Moving forward, we are working on resolving this gap with our technical services team who are currently restructuring and implementing new strategies to improve our service delivery, and to better address customers' complaints or enquiries.

E-Services

As of 31 December 2020, about 99.80% of our industrial and large commercial customers had registered on our E-Services portal, denoting a 1.25% improvement compared with the previous year of 98.55%.

Safeguarding and Upskilling our Employees

Gas Malaysia is strongly committed to developing our employees to unlock their full potential while at the same time paying close attention to their health and safety. We believe that we can shape a more efficient, competitive and engaged workforce through our carefully considered and planned talent and career development programmes, which will help retain employees and motivate them to be more productive. Our employees are key to the Group's success.

The Group is particularly interested in succession planning, and we continue to groom selected employees to prepare them for future leadership roles. Our ongoing training programmes, conducted internally and externally, equip these employees with the latest knowledge and skills in the market, contributing to their growth and capabilities. In the year under review, the training programmes were conducted virtually due to the Covid-19 pandemic.

HEALTH, SAFETY & ENVIRONMENT (HSE)

As outlined by our Health, Safety, Environment and Quality ("HSEQ") Policy, we continuously strive to prevent and eliminate any risk of occupational injury and illness to personnel and mitigate any environmental damage, thereby allowing us to collectively enhance the quality of our services.

In this context, we have three goals that guide us: a zero-tolerance towards non-compliance with regulations such as the Occupational Safety & Health Act 1994, striving for zero lost workdays and the effective implementation and continual improvement of our HSEQ management systems.

We embed our safety culture via consistent internal communications to all our stakeholders and ongoing occupational safety and health-related training for employees and contractors. Our activities in 2020 are detailed below:

- Defensive driving and riding training for personnel who are required to frequently drive or ride for work purposes;
- First aid training for contractors;
- Authorised Entrant & Standby Person ("AESP") training for contractors in collaboration with the National Institute for Occupational Safety and Health; and
- Contractor Site Safety Supervisor, Team Leader and Site Supervisor development training and assessment.

In line with best practices, we monitor, on a monthly basis, the man-hours of all our employees and contractors that may directly contribute to lost workday cases. Our statistics for 2020 are presented below:

- Lost Time Incident Frequency Rate of 0.51 with one Lost Time Incident for the year.
- As of 31 December 2020, a total of 127,888 safe man-hours worked without lost workday cases was achieved.

OUR EMPLOYEES

	Employees	Male	Female	Attrition Rate
FY2020	545	386	159	3.74%
FY2019	530	376	154	3.48%

To further support our efforts, the Group adheres to internationally recognised management system standards in improving our operational efficiency and in complying with statutory and regulatory requirements relevant to our services.

For the period under review, we are pleased to announce that the Group was audited by SIRIM, Malaysia's leading certification body. SIRIM auditors recommended that Gas Malaysia retain the following certifications:

- ISO 9001:2015 (Quality Management Systems);
- ISO 14001:2015 (Environmental Management Systems); and
- ISO 45001:2018 (Occupational Health & Safety Management Systems).

In relation to the above-mentioned key objectives, we conducted 74 inspections on the contractors working at our pipeline construction sites and fabrication yard during the year under review.

YEAR	2018	2019	2020
No. of Inspections Conducted	71	111	**74***

* The lower number of inspections in 2020 was due to movement restrictions as a result of the pandemic

OUR COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY ("CSR")

Gas Malaysia continues to contribute to society as we believe that business outcomes should not be the only result that defines our organisation. We believe in giving back to the community with many of our programmes being aimed at empowering and enriching communities, much in line with our CSR theme of 'Energising the Community'.

Our efforts are carried out through the four pillars of Community, Environment, Education and Sports which enables our programmes to have the greatest possible positive impact on the community.

Despite the pandemic, we managed to carry out a number of meaningful initiatives to preserve the environment, help the communities we serve and support the frontliners involved in the fight against the pandemic.

ONGOING INITIATIVES CONTINUED FROM PRECEDING YEARS	
AN-NUR DIALYSIS CENTRE **Focus Area:** Health - Renal Disease	**Results** In 2016, a dialysis machine was purchased to help the centre cope with the increasing number of patients with renal disease. Since then, the centre has been able to accommodate more patients. The year 2020 saw 864 dialysis sessions, benefitting about 93 patients.
DEPARTMENT OF WILDLIFE AND NATIONAL PARKS, PENINSULAR MALAYSIA ("PERHILITAN") **Focus Area:** River Terrapin Conservation	**Results** We assisted the centre in upgrading its facilities by helping in the installation of grills and door locks around the river, the provision of several water pumps and filtering machines to improve water clarity and the supply of paint to repair signages.
GEOGLOCAL SOCIETAL SDN BHD **Focus Area:** Tiger Conservation	**Results** Financial assistance was provided to conserve the declining population of the Malayan Tiger.
MARA EDUCATION FOUNDATION **Focus Area:** Education	**Results** Financial assistance was provided to benefit up to 1,010 school students from ten MARA learning centres throughout the nation sitting for their Sijil Pelajaran Malaysia ("SPM") examinations. In preparation for their exams, the students were tutored by professional teachers from Maktab Rendah Sains MARA via online learning.

The year 2020 also saw the introduction of several new initiatives to further expand our CSR efforts. These included the following initiatives:

NEW INITIATIVES FOR THE YEAR 2020	
FABRIC RECYCLING INITIATIVE **Focus Area:** Environment	**Results** Gas Malaysia launched a fabric recycling initiative at its head office in Shah Alam in collaboration with social enterprise Kloth Cares. This effort was aimed at reducing the amount of fabric ending up in landfills.
VISIT TO PAEDIATRIC WARD IN HOSPITAL SHAH ALAM **Focus Area:** Community	**Results** Gas Malaysia staff visited children warded at Hospital Shah Alam's paediatric ward during the Chinese New Year celebrations to spread cheer among the children and to show appreciation to the doctors and nurses for their commitment and care.
DONATION OF HANDHELD PULSE OXIMETERS TO GOVERNMENT HOSPITALS **Focus Area:** Community	**Results** The Group donated digital handheld pulse oximeters to four Government hospitals to be used to treat Covid-19 patients: i. Hospital Raja Permaisuri Bainun, Perak ii. Hospital Teluk Intan, Perak iii. Hospital Tengku Ampuan Afzan, Pahang iv. Hospital Sultanah Aminah, Johor
DONATION OF UNUSED WORKABLE COMPUTERS TO UNDERPRIVILEGED STUDENTS **Focus Area:** Education	**Results** This CSR initiative originated from MMC and was in line with the Group's community spirit. Gas Malaysia contributed ten unused workable computers (refurbished computers) to this noble cause. In total, 81 computers were distributed (between November and December 2020) to underprivileged students from the B40 segment from five different schools and one public university. The institutions involved were: • SMK Pandamaran Jaya • SMK Jalan Kebun • SK Bandar Rinching • SMK Sultan Abdul Aziz Shah • SMK Seri Kundang • UiTM Shah Alam The objective of this CSR initiative was to promote e-learning among underprivileged students and to enable them to continue studying online without any interruption to their education.
QURBAN PROGRAMME **Focus Area:** Community and Staff Engagement	**Results** To mark the year's Hari Raya Qurban, Gas Malaysia donated nine cattles for 'ibadah Qurban' (ritual sacrifice) throughout Gas Malaysia's gas distribution areas in Peninsular Malaysia. The cattles were distributed to the mosques near Gas Malaysia branch offices, especially in areas where Gas Malaysia has its business operations.
MANGROVE TREE-PLANTING **Focus Area:** Environment	**Results** Gas Malaysia held a mangrove tree-planting programme involving about 50 employees at Kuala Selangor Nature Park. We managed to plant about 300 mangrove seedlings in a designated area within the park.

NEW INITIATIVES FOR THE YEAR 2020 (CONTINUED)

NATIONAL CANCER COUNCIL MALAYSIA (“MAKNA”) **Focus Area:** Community - Welfare	**Results** We provided financial aid to MAKNA to support their Bursary Assistance Programme. This programme assists financially challenged cancer patients with monthly allowances, medical equipment, medication and supplementary items to enable them to cope with their illness.
FOOTBALL ASSOCIATION OF SELANGOR (FAS) ‘LOCAL GIANTS PROGRAMME’ **Focus Area:** Sports	**Results** In line with our commitment to supporting local football talent development, we provided sponsorship to the FAS under their ‘Local Giants Programme’.
TAHFIZ SCHOOLS/ MOSQUES/ ISLAMIC ESTABLISHMENTS **Focus Area:** Community - Welfare	**Results** Financial assistance was channelled to building upgrades, expansion work and welfare programmes.
UNIONS SUCH AS: • **PENINSULAR MALAYSIA FIRE AND RESCUE SERVICES WORKERS UNION** • **POLICE ADMINISTRATIVE AND CIVILIAN STAFF UNION** **Focus Area:** Welfare of Union	**Results** Financial assistance was provided for the various initiatives undertaken by the uniformed bodies’ unions. Our contributions were channelled to their awareness and welfare programmes, educational funds and other similar initiatives.
UNDERPRIVILEGED INDIVIDUALS **Focus Area:** Medical Assistance	**Results** Financial assistance was provided to ease the burden of underprivileged individuals with medical conditions.

MOVING FORWARD

Looking ahead, the Group remains resolute in improving its sustainability efforts as we seek to create value responsibly. We will continue to pursue initiatives that will benefit all our stakeholders with a strong focus on economic, environmental and social considerations, as we are committed to achieving sustainable growth and development.

In tandem with this, we are also taking steps to improve our reporting, as evidenced by this Sustainability Statement in which we have discussed our employee numbers, health and safety statistics and energy usage statistics.

05

THE WAY WE ARE GOVERNED

ANNUAL REPORT 2020

Board of Directors

TRUSTED, COMMITTED AND

DATUK OOI TEIK HUAT

KAMALBAHRIN BIN AHMAD

DATUK PUTEH RUKIAH BINTI ABD. MAJID

DATO' SRI CHE KHALIB BIN MOHAMAD NOH

FOCUSED LEADERSHIP

DATUK HAJI HASNI BIN HARUN
Chairman

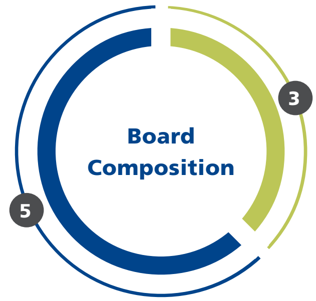
DATUK SYED ABU BAKAR BIN S MOHSIN ALMOHDZAR

TAN LYE CHONG

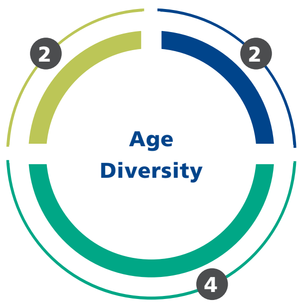
NOBUHISA KOBAYASHI

Our Board Composition at A Glance

Our Board composition fairly reflects the interest of its shareholders to provide effective leadership, strategic direction and necessary governance to the Group at optimum level.



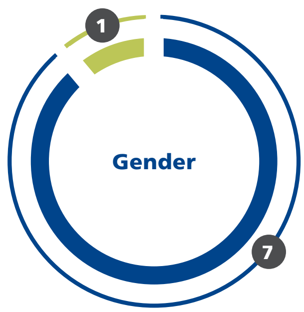
Independent Non-Executive Directors
Non-Independent Non-Executive Directors



66-70
61-65
56-60

Malaysian
Japanese

Five years & above
Below five years



Male
Female

Board of Directors' Profile

DATUK HAJI HASNI BIN HARUN

Chairman

Independent Non-Executive Director

Malaysian / Age: 63 / Male

- Chairman of Nomination & Remuneration Committee
- Chairman of Gas Procurement & Tariff Setting Committee

DATE OF APPOINTMENT

Director – 11 April 2008

Chairman – 15 May 2013

Board Attendance in 2020: **4/4**

QUALIFICATION

- Member of the Malaysian Institute of Accountants
- Masters Degree in Business Administration, United States International University San Diego, California
- Bachelor of Accounting (Honours) Degree, University of Malaya

RELEVANT EXPERIENCE

Held several senior positions in the Accountant General's Office from 1980 to 1994. He was the Senior General Manager of the Investment Department at the Employees Provident Fund from 1994 to 2001, and the Managing Director of RHB Asset Management Sdn Bhd from 2001 until 2006. He then joined DRB-HICOM Berhad as Group Chief Financial Officer until December 2006. In January 2007, he joined MMC Corporation Berhad ("MMC") as the Group Chief Operating Officer. In March 2008, he was appointed as the Chief Executive Officer Malaysia, prior to his appointment as the Group Managing Director of MMC in May 2010 until June 2013.

OTHER PRESENT DIRECTORSHIPS

- Listed Issuer: Malakoff Corporation Berhad
- Other Public Companies: None

DECLARATION

He has no family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not been convicted for any offences within the past five years. There was no public sanction or penalty imposed on him by any regulatory bodies during the financial year.

Board of Directors' Profile

DATO' SRI CHE KHALIB BIN MOHAMAD NOH

Non-Independent Non-Executive Director

Malaysian / Age: 56 / Male

Member of Gas Procurement & Tariff Setting Committee

DATE OF APPOINTMENT

Director – 1 July 2013

Board Attendance in 2020: **3/4**

QUALIFICATION

- Member of the Malaysian Institute of Accountants
- Fellow Member of the Association of Chartered Certified Accountants, United Kingdom

RELEVANT EXPERIENCE

Began his career with Messrs. Ernst & Young in 1989 and later joined Bumiputra Merchant Bankers Berhad. Between 1992 and 1999, he served in several companies within the Renong Group. In June 1999, Dato' Sri Che Khalib joined Ranhill Utilities Berhad as Chief Executive Officer. He then assumed the position of Managing Director and Chief Executive Officer of KUB Malaysia Berhad. Dato' Sri Che Khalib was then appointed as the President/Chief Executive Officer of Tenaga Nasional Berhad ("TNB") on 1 July 2004 where he served TNB for eight years until the completion of his contract on 30 June 2012. He later joined DRB-HICOM Berhad as the Chief Operating Officer of Finance, Strategy and Planning in July 2012. Dato' Sri Che Khalib was previously a member of the Board and the Executive Committee of Khazanah Nasional Berhad from year 2000 to 2004. He also served as a Board member within the United Engineers Malaysia Group of companies and Bank Industri & Teknologi Malaysia Berhad.

Dato' Sri Che Khalib is currently the Group Managing Director of MMC Corporation Berhad.

OTHER PRESENT DIRECTORSHIPS

- Listed Issuers: MMC Corporation Berhad and Malakoff Corporation Berhad
- Other Public Companies: Aliran Ihsan Resources Berhad, Bank Muamalat Malaysia Berhad, Johor Port Berhad, Kontena Nasional Berhad, MMC Engineering Group Berhad, NCB Holdings Berhad and Northport (Malaysia) Bhd

DECLARATION

He has no family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not been convicted for any offences within the past five years. There was no public sanction or penalty imposed on him by any regulatory bodies during the financial year.

NOBUHISA KOBAYASHI

Non-Independent Non-Executive Director

Japanese / Age: 63 / Male

- Chairman of Risk & Compliance Committee
- Member of Gas Procurement & Tariff Setting Committee

DATE OF APPOINTMENT

Director – 1 April 2019

Board Attendance in 2020: **4/4**

QUALIFICATION

- Bachelor of Commerce and Management, Hitotsubashi University

RELEVANT EXPERIENCE

Nobuhisa Kobayashi is currently an Advisor of Tokyo Gas Co., Ltd ("Tokyo Gas") and Chairman of Tokyo Gas Asia.

He joined Tokyo Gas in 1981 and was appointed as the Deputy Chief Representative, Kuala Lumpur Office in 1992 and Deputy Chief Representative, Singapore Office in 1995, respectively. In 1996, he was appointed as General Manager, Seibu Office, Commercial Sales Department and subsequently in 1999 was appointed as General Manager, Section 2, Commercial Sales Department. In 2004, he assumed the role of General Manager, Strategy Planning Section, Home Service Planning Department. Subsequently, in 2006 he was appointed as Senior General Manager, Home Service Planning Department and in 2007 was appointed as Senior General Manager, Living Planning Department.

In 2009, he assumed the role of General Manager, General Administration Department, Japan Gas Association and in 2012 he was appointed as Senior General Manager, Energy Planning Department. Then in 2014, he was appointed as Managing Director, Tokyo Gas Asia and subsequently in 2015 was appointed as Executive Officer, Asia Region, Tokyo Gas/Managing Director, Tokyo Gas Asia. In 2019, he was appointed to his current position in Tokyo Gas.

OTHER PRESENT DIRECTORSHIPS

- Listed Issuers: None
- Other Public Companies: None

DECLARATION

He has no family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not been convicted for any offences within the past five years. There was no public sanction or penalty imposed on him by any regulatory bodies during the financial year.

Board of Directors' Profile

KAMALBAHRIN BIN AHMAD

Non-Independent Non-Executive Director

Malaysian / Age: 57 / Male

Member of Risk & Compliance Committee

DATE OF APPOINTMENT

Director – 19 July 2017

Board Attendance in 2020: **4/4**

QUALIFICATION

- Bachelor's Degree in Chemical Engineering, University of Texas at Austin, USA
- Advanced Management Program, Harvard Business School

RELEVANT EXPERIENCE

He joined PETRONAS in 1987 as a Project Engineer for PETRONAS Penapisan Terengganu expansion project. In 1990, Kamalbahrin moved to PETRONAS Penapisan Melaka for commissioning and operation of the 100% PETRONAS owned Phase 1 assets of the refinery, and a Joint Venture Phase 2 asset later. He spent his career in Melaka for almost 10 years with his last position as the General Manager (Production) before mobilized to PETRONAS Gas Berhad ("PGB") as the Senior General Manager, Plant Operation Division.

During his stint in PGB, Kamalbahrin led the "Plant Operational Performance Improvement Program" and also successful implementation of the Gas Processing Plant new business model from Tolling to Performance Based Business Model.

In 2009, Kamalbahrin moved to upstream business, being appointed as the Senior General Manager, Development Division PETRONAS Carigali where he managed drilling activities and projects for both domestic and internationally. In 2011, Kamalbahrin was seconded to Durban, South Africa to spearhead a transformation program of PETRONAS subsidiary Engen Refinery.

With his 15 years of experience running all three PETRONAS refineries – Terengganu, Melaka and Durban, he went on to become MD/CEO of PETRONAS Penapisan Melaka Sdn Bhd in 2014. Kamalbahrin steered a smooth transition of the refinery operation post full acquisition of the asset from a joint venture with Philips66 to PETRONAS wholly-owned. Kamalbahrin was previously the Vice President, Gas & Power and MD/CEO of PETRONAS Gas Berhad from year 2017 to 2020.

Kamalbahrin is currently the Senior Vice President and Chief Executive Officer of PETRONAS Refinery and Petrochemical Corporation Sdn Bhd. Apart from disclosed below, he is also a Board Member for various companies in PETRONAS.

OTHER PRESENT DIRECTORSHIPS

- Listed Issuers: None
- Other Public Companies: None

DECLARATION

He has no family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not been convicted for any offences within the past five years. There was no public sanction or penalty imposed on him by any regulatory bodies during the financial year.

DATUK PUTEH RUKIAH BINTI ABD. MAJID

Independent Non-Executive Director

Malaysian / Age: 68 / Female

- Member of Audit Committee
- Member of Nomination & Remuneration Committee

DATE OF APPOINTMENT

Director – 16 August 2011

Board Attendance in 2020: **4/4**

QUALIFICATION

- Master of Economics from Western Michigan University, United States of America
- Bachelor of Economics (Honours) Degree, University of Malaya

RELEVANT EXPERIENCE

Began her career in the civil service in 1976 as an Assistant Director in the Economic Planning Unit, Prime Minister's Department. She continued to serve the Government of Malaysia in the Ministry of Finance from 1992 and held various posts in the Ministry. Her various appointments included being the Principal Director of the Budget Division and as Undersecretary, Investment, Privatisation and Minister of Finance Incorporated Division. From 2006 until March 2011, she was the Deputy Secretary General (Systems and Controls), at the Ministry of Finance. Apart from disclosed below, Datuk Puteh Rukiah is currently the Chairman of Mudharabah Innovation Fund (MIF) Investment Ltd.

OTHER PRESENT DIRECTORSHIPS

- Listed Issuers: Zelan Berhad and Pos Malaysia Berhad
- Other Public Companies: Pelaburan Hartanah Berhad

DECLARATION

She has no family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. She has not been convicted for any offences within the past five years. There was no public sanction or penalty imposed on her by any regulatory bodies during the financial year.

Board of Directors' Profile

DATUK SYED ABU BAKAR BIN S MOHSIN ALMOHDZAR

Independent Non-Executive Director

Malaysian / Age: 70 / Male

- Member of Nomination & Remuneration Committee
- Member of Risk & Compliance Committee

DATE OF APPOINTMENT

Director – 16 August 2011

Board Attendance in 2020: **4/4**

QUALIFICATION

- Fellow Member of the Association of Chartered Certified Accountants, United Kingdom
- Member of the Malaysian Institute of Accountants

RELEVANT EXPERIENCE

Held various senior positions in public listed companies in Malaysia. He was formerly the Managing Director of Tradewinds (M) Berhad and Executive Vice President of Tradewinds Corporation Berhad. He is currently the Managing Director of the World Islamic Economic Forum Foundation, Independent Non-Executive Director of the Allied Hotels and Properties (Inc) (Canada) and King George Financial Corp. (Inc) (Canada).

OTHER PRESENT DIRECTORSHIPS

- Listed Issuers: None
- Other Public Companies: None

DECLARATION

He has no family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not been convicted for any offences within the past five years. There was no public sanction or penalty imposed on him by any regulatory bodies during the financial year.

TAN LYE CHONG

Independent Non-Executive Director

Malaysian / Age: 65 / Male

- Chairman of Audit Committee
- Member of Gas Procurement & Tariff Setting Committee

DATE OF APPOINTMENT

Director – 16 August 2011

Board Attendance in 2020: **4/4**

QUALIFICATION

- Fellow Member of the Association of Chartered Certified Accountants, United Kingdom
- Member of the Malaysian Institute of Accountants

RELEVANT EXPERIENCE

He is formerly a member of the Public Practice Committee of Malaysian Institute of Accountants from 2001 to 2008 and a former member of the Audit/Liquidator Licensing Interview Panel from 2006 to 2008. For several years up to 29 February 2012, he had been a member of the Investigating Tribunal Panel of the Bar Council and on 29 February 2012, he was appointed as a member of the Disciplinary Committee Panel of the Bar Council.

He is currently practicing as an Approved Company Auditor. Prior to that, he had served as a Partner and the Head of the Audit Division of an international accounting firm, BDO; and was with the firm for over 22 years until October 2010. He has more than 33 years of working experience; primarily in the accounting profession and has extensive experience in auditing, financial reporting and corporate finance.

OTHER PRESENT DIRECTORSHIPS

- Listed Issuers: None
- Other Public Companies: None

DECLARATION

He has no family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not been convicted for any offences within the past five years. There was no public sanction or penalty imposed on him by any regulatory bodies during the financial year.

DATUK OOI TEIK HUAT

Independent Non-Executive Director

Malaysian / Age: 61 / Male

Member of Audit Committee

DATE OF APPOINTMENT

Director – 16 May 2013

Board Attendance in 2020: **4/4**

QUALIFICATION

- Member of the Malaysian Institute of Accountants and CPA Australia
- Bachelor's Degree in Economics, Monash University, Australia

RELEVANT EXPERIENCE

Began his career with Messrs. Hew & Co., Chartered Accountants, before joining Malaysian International Merchant Bankers Berhad. He subsequently joined Pengkalen Securities Sdn. Bhd. as Head of Corporate Finance, before leaving to set up Meridian Solutions Sdn Bhd where he is presently a Director.

OTHER PRESENT DIRECTORSHIPS

- Listed Issuers: MMC Corporation Berhad, DRB-HICOM Berhad, Zelan Berhad and Malakoff Corporation Berhad
- Other Public Companies: Johor Port Berhad and Tradewinds (M) Berhad

DECLARATION

He has no family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not been convicted for any offences within the past five years. There was no public sanction or penalty imposed on him by any regulatory bodies during the financial year.

SHARIZA SHARIS BINTI MOHD YUSOF

Non-Independent Non-Executive Director

Malaysian / Age: 46 / Female

DATE OF APPOINTMENT

Director – 9 November 2017
(Alternate Director to Kamalbahrin bin Ahmad)

Board Attendance in 2020:
n/a

QUALIFICATION

- Fellow of the Institute of Chartered Accountants in England and Wales
- Member of the Malaysian Institute of Accountants
- Bachelor of Science Degree in Economics & Accounting from University of Bristol, United Kingdom

RELEVANT EXPERIENCE

Started her career with PETRONAS in 2001 as an Executive in PETRONAS Corporate Finance. A year later, she was assigned to PETRONAS President/CEO's Office as an analyst before joining PETRONAS Dagangan Berhad as Financial Accounting Manager in 2005.

In 2007, she was seconded overseas to Dragon LNG, then a PETRONAS joint venture in United Kingdom, as Head of Finance & Administration. Upon her return to Malaysia in 2008, she was appointed as Senior Manager for Strategic Planning (Corporate and Americas) at PETRONAS Group Strategic Planning. In 2011, she joined PETRONAS Chemicals Group Berhad as Head of Group Accounts and Performance Planning and assumed the position of Financial Controller the following year.

With close to 20 years of experience in finance and planning across PETRONAS's businesses, she was appointed as Chief Financial Officer of PETRONAS Gas Berhad ("PGB") on 1 September 2017.

She is presently responsible for the overall fiscal and financial management as well as investor relations for PGB Group of Companies. She also sits on the Boards of several PETRONAS subsidiaries and joint venture companies.

OTHER PRESENT DIRECTORSHIPS

- Listed Issuers: None
- Other Public Companies: None

DECLARATION

She has no family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. She has not been convicted for any offences within the past five years. There was no public sanction or penalty imposed on her by any regulatory bodies during the financial year.

Management Team

OUR DIVERSE AND DYNAMIC MANAGEMENT TEAM

ZAFIAN BIN SUPIAT
Chief Financial Officer

MOHD NISHARUDDIN BIN MOHD NOOR
Director of Technical & Operations

SHAHRIR BIN SHARIFF
Director of Commercial

AHMAD HASHIMI BIN ABDUL MANAP
Group Chief Executive Officer

SHAHARUDDIN BIN MOHD NOOR
Acting Head, Human Resource & Administration

KAMARUL ARIFFIN BIN IBRAHIM
Head, Corporate Affairs

NORAISHAH BINTI MOHD RADZI
Head, Legal & Compliance

YANTI IRWANI BINTI ABU HASSAN
Company Secretary (Head of Corporate Secretarial)

AZWIN BINTI NOH
Head of Internal Audit

Management Team's Profile

AHMAD HASHIMI BIN ABDUL MANAP

Group Chief Executive Officer

Malaysian / Age: 57 / Male

DATE OF APPOINTMENT TO PRESENT POSITION:
12 February 2015

PRESENT DIRECTORSHIP IN LISTED ISSUERS:
Nil

PRESENT DIRECTORSHIP IN PUBLIC COMPANIES:
Nil

SHARES HELD

Ahmad Hashimi holds 21,500 ordinary shares in the Company as at 31 December 2020.

QUALIFICATION

- He holds a Bachelor of Science in Civil Engineering from Oklahoma State University, USA.
- In 2004, he attended the Advanced Management Program at Wharton Business School, USA.
- He is currently a Council Member of Malaysian Gas Association and a member of the Institution of Engineers Malaysia.

WORKING EXPERIENCE

- Ahmad Hashimi is currently the Group Chief Executive Officer and provides strategic direction with full oversight of the overall business which includes but is not limited to business, financial, operational, regulatory, stakeholders, crisis management and administrative affairs. He has 35 years of working experience, 28 years of which are in Gas Malaysia Berhad.
- Preceding his current role, he was Chief Operating Officer, Technical, and prior to that, Senior General Manager, Operations & Maintenance Department, a position he had held since 1 January 2007. He had also held other pivotal positions in the Group. Before joining Gas Malaysia in 1992, he was part of the team that undertook the feasibility study for the implementation of the NGDS network in Peninsular Malaysia for the joint venture of MMC-Shapadu, PETRONAS and Tokyo Gas-Mitsui.
- Prior to that, Ahmad Hashimi worked with MMC Engineering Sdn Bhd as a Pipeline Engineer in 1989. He began his career in 1986 as a Structural/Civil Engineer in a local consulting firm.
- In addition to his role in Gas Malaysia, Ahmad Hashimi is the Chairman in Gas Malaysia Energy Advance Sdn Bhd, Gas Malaysia Virtual Pipeline Sdn Bhd, Gas Malaysia Retail Services Sdn Bhd and Gas Malaysia Synergy Drive Sdn Bhd.
- He is also a Director in Gas Malaysia Energy and Services Sdn Bhd, Gas Malaysia Ventures Sdn Bhd, Gas Malaysia Venture 1 Sdn Bhd, Gas Malaysia Venture 2 Sdn Bhd, Pelantar Teknik (M) Sdn Bhd and Sime Darby Gas Malaysia BioCNG Sdn Bhd.

SHAHRIR BIN SHARIFF
Director of Commercial

Malaysian / Age: 56 / Male

DATE OF APPOINTMENT TO PRESENT POSITION:
2 October 2015

PRESENT DIRECTORSHIP IN LISTED ISSUERS:
Nil

PRESENT DIRECTORSHIP IN PUBLIC COMPANIES:
Nil

SHARES HELD

Shahrir does not hold any shares in the Company as at 31 December 2020.

QUALIFICATION

- He graduated with a Bachelor of Science in Economics and Accountancy from the City University, London in 1985.
- He was subsequently admitted to the membership of the Institute of Chartered Accountants in England & Wales upon completing his articleship in London in 1990.
- He is a member of the Malaysian Institute of Accountants.
- He attended the 8th ASEAN Senior Management Development Programme by Harvard Business School Alumni Club of Malaysia in 2017.

WORKING EXPERIENCE

- Shahrir is the Director of Commercial since 2 October 2015. Prior to this role, he was Chief Operating Officer, Commercial. He strategises and leads marketing and business development plans, focusing on creating opportunities for Gas Malaysia's business growth. He is also involved in setting the scope of regulatory negotiations with respect to the commercial viability of the tariff structure, which are aimed at enhancing the Group's profitability.
- Prior to joining Gas Malaysia in October 2012, Shahrir was with MMC as a Director in the Project Development and International Business unit. His experience encompassed a wide range of project development functions.
- During his seven-year tenure in MMC, Shahrir was instrumental in the start-up and development of the Jazan Economic City Project in Saudi Arabia. His other efforts included the development project proposals to the Government on sewerage treatment complex, a few highway projects and KL-Singapore high speed rail project.
- Before MMC, he was Chief Operating Officer in GIIG Holdings Sdn Bhd from 2002 until 2006. During this tenure, he spearheaded the proposed development of an Aluminum Smelter project. He was also one of the key executives involved in the proposed takeover of the Bakun hydroelectric project in Sarawak.
- Shahrir started his career in 1985 as a Trainee Auditor in KPMG Peat Marwick, London, before progressing to the Audit Senior position with Arthur Andersen & Co in 1990. Subsequently, he joined PETRONAS in 1992 and over the next seven years was involved in the development of KLCC and later Putrajaya.
- In addition to his role in Gas Malaysia, Shahrir is the Chief Executive Officer in Gas Malaysia Energy and Services Sdn Bhd and a Director in the following companies: Gas Malaysia Energy Advance Sdn Bhd, Gas Malaysia Retail Services Sdn Bhd, Gas Malaysia Ventures Sdn Bhd, Gas Malaysia Venture 1 Sdn Bhd, Gas Malaysia Venture 2 Sdn Bhd, Gas Malaysia Virtual Pipeline Sdn Bhd, Sime Darby Gas Malaysia BioCNG Sdn Bhd and Gas Malaysia Synergy Drive Sdn Bhd.

Management Team's Profile

MOHD NISHARUDDIN BIN MOHD NOOR
Director of Technical & Operations

Malaysian / Age: 56 / Male

DATE OF APPOINTMENT TO PRESENT POSITION:
1 June 2019

PRESENT DIRECTORSHIP IN LISTED ISSUERS:
Nil

PRESENT DIRECTORSHIP IN PUBLIC COMPANIES:
Nil

SHARES HELD
Mohd Nisharuddin holds 15,000 ordinary shares in the Company as at 31 December 2020.

QUALIFICATION
- He graduated from Syracuse University, New York, USA in 1987 with a Bachelor of Science in Mechanical Engineering.
- He also holds a Certificate of Competency as the Gas Engineering Supervisor issued by Suruhanjaya Tenaga.
- In 2007, he completed the Management Development Program from Asian Institute of Management in Manila the Philippines.
- He attended the 9th ASEAN Senior Management Development Programme by Harvard Business School Alumni Club of Malaysia in 2018.

WORKING EXPERIENCE
- Mohd Nisharuddin was appointed as Director of Technical & Operations on 1 June 2019. In this capacity, he oversees all technical operations of natural gas and new energy solutions infrastructures for the Group.
- Prior to this, he was the General Manager in the Operations & Maintenance Department since 1 June 2014, responsible for managing Gas Malaysia's gas distribution system assets to ensure continued supply of natural gas and LPG to customers whilst maintaining safety, reliability and integrity of the gas distribution system.
- He joined Gas Malaysia on 6 January 1994 as an Engineer and over a span of six years, he rose through the ranks and was appointed as Manager, Engineering & Construction in the Technical Services Department. In January 2008, he was promoted to the position of Senior Manager, Technical and on 1 January 2011, he was appointed as the General Manager in the Technical Services Department, responsible for developing strategy for the overall planning, development and execution of the Natural Gas Distribution System projects.
- Before joining Gas Malaysia, Mohd Nisharuddin was an Operations Engineer in Esso Malaysia Berhad since 1988. He was primarily responsible for providing engineering and maintenance support to fuel terminals and project implementation. Prior to this, he had joined Perbadanan Kilang Felda as a Mill Engineer and assumed a role as an Assistant Mill Manager, where he primarily focused on the daily operations of palm oil mill.
- His career began at Malaysia Shipyard and Engineering Sdn Bhd as a Graduate Trainee in 1987, where he was involved in the fabrication of process piping for the offshore oil production platform project.
- In addition to his role in Gas Malaysia, Mohd Nisharuddin serves as a Chief Executive Officer in Gas Malaysia Distribution Sdn Bhd, and a Director in Gas Malaysia Energy Advance Sdn Bhd and Gas Malaysia Virtual Pipeline Sdn Bhd.

ZAFIAN BIN SUPIAT

Chief Financial Officer

Malaysian / Age: 46 / Male

DATE OF APPOINTMENT TO PRESENT POSITION:
3 January 2019

PRESENT DIRECTORSHIP IN LISTED ISSUERS:
Nil

PRESENT DIRECTORSHIP IN PUBLIC COMPANIES:
Nil

SHARES HELD

Zafian does not hold any shares in the Company as at 31 December 2020.

QUALIFICATION

- He is a member of the Institute of Chartered Accountants in England and Wales.
- He is a member of the Malaysia Institute of Accountants.
- He holds a Bachelor of Science in Accounting and Finance from London School of Economics and Political Science, United Kingdom.

WORKING EXPERIENCE

- Zafian manages and supervises a team of managers under the Accounting & Finance department which also includes Management Information System. He implements various financial plans, prompts budgetary planning and maintains suitable relations with Investors and stakeholders. His professional duties also extends to the area of corporate financial operations.
- Zafian was trained as a professional accountant where he commenced his career with Ernst & Young, Malaysia. Prior to joining Gas Malaysia, he was the General Manager of Finance in MMC Corporation Berhad, Chief Financial Officer of Johor Port Berhad and Group Accountant in Pos Malaysia Berhad.
- In addition to his role in Gas Malaysia, Zafian serves as a Director in Gas Malaysia Distribution Sdn Bhd and Pelantar Teknik (M) Sdn Bhd.

SHAHARUDDIN BIN MOHD NOOR

Acting Head, Human Resource & Administration

Malaysian / Age: 58 / Male

DATE OF APPOINTMENT TO PRESENT POSITION:
1 February 2021

PRESENT DIRECTORSHIP IN LISTED ISSUERS:
Nil

PRESENT DIRECTORSHIP IN PUBLIC COMPANIES:
Nil

SHARES HELD

Shaharuddin does not hold any shares in the Company as at 31 December 2020.

QUALIFICATION

- He holds an Executive Diploma in Human Resource Management from Universiti Malaya Centre for Continuing Education (UMCCed).
- He received a Certificate in Personnel Management from the Malaysian Institute of Personnel Management in 1994.

WORKING EXPERIENCE

- Shaharuddin is the Acting Head for the Human Resource & Administration Department and is responsible for the overall function of human resource management and administration, ranging from manpower planning to compensation and benefits, as well as training and development.
- He has over 38 years of working experience in the areas of human resource and administration. In 2020, he was assigned as the Head, Human Resource and Administration of Gas Malaysia Energy and Services.
- Shaharuddin joined Gas Malaysia in 1992 as an Executive of Human Resource. Prior to joining Gas Malaysia, he was in Pernas Charter Management which was where he began his career in 1980.

KAMARUL ARIFFIN BIN IBRAHIM

Head, Corporate Affairs

Malaysian / Age: 48 / Male

DATE OF APPOINTMENT TO PRESENT POSITION:
1 October 2019

PRESENT DIRECTORSHIP IN LISTED ISSUERS:
Nil

PRESENT DIRECTORSHIP IN PUBLIC COMPANIES:
Nil

SHARES HELD

Kamarul Ariffin does not hold any shares in the Company as at 31 December 2020.

QUALIFICATION

- He holds a Bachelor of Business Administration (specialising in Corporate Finance) from the University of Toledo, Ohio, USA.
- He also holds a Master in Business Administration (specialising in Corporate Finance) from Universiti Tenaga Nasional.

WORKING EXPERIENCE

- Kamarul Ariffin is the Head of Corporate Affairs for Gas Malaysia since October 2019. He is responsible for providing support for communication, investor relation and managing stakeholders' relationships.
- He has over 22 years of working experience mostly in major GLCs, Government agencies as well as the private sector, with broad exposure in the areas of corporate planning, business development, strategy and stakeholder management.
- Some of the companies he has held significant management roles in include Lembaga Pembiayaan Perumahan Sektor Awam ("LPPSA"), SWM Environment Sdn Bhd and Indah Water Konsortium Sdn Bhd.
- During his tenure with Indah Water Konsortium, he was appointed and was stationed in Jakarta as the Social Marketing and Human Capital Specialist by Asian Development Bank ("ADB") to advise the Government of Indonesia in Capacity Development and Technical Assistance for five cities i.e. Jambi, Makasar, Pekan Baru, Palembang and Cimahi.

Management Team's Profile

NORAISHAH BINTI MOHD RADZI

Head, Legal & Compliance

Malaysian / Age: 48 / Female

DATE OF APPOINTMENT TO PRESENT POSITION:
14 February 2017

PRESENT DIRECTORSHIP IN LISTED ISSUERS:
Nil

PRESENT DIRECTORSHIP IN PUBLIC COMPANIES:
Nil

SHARES HELD

Noraishah does not hold any shares in the Company as at 31 December 2020.

QUALIFICATION

- She holds a Bachelor of Laws (Hons), International Islamic University.
- She holds a Masters of Comparative Laws, International Islamic University.
- She was admitted as an Advocate and Solicitor in High Court of Malaya.

WORKING EXPERIENCE

- Noraishah heads the Legal & Compliance Department since 14 February 2017 and is responsible for all legal matters related to the Group and its companies.
- She is also in charge of ensuring compliance to all licences' issued by Suruhanjaya Tenaga.
- Prior to joining Gas Malaysia, she was the Head of Group Legal, DRB-Hicom Berhad ("DRB"). Her more than 16 years tenure in DRB has exposed her to various legal aspects such as corporate exercises, merger and acquisition including banking and fund raising exercises, land matters, joint ventures, commercial, technical and operational agreements, construction, disputes and litigations, for which she provided advice on various legal matters.
- Prior to this, she assumed the role of Head of Corporate Affairs for DRB subsidiaries, having purview on procurement, human resource and legal functions.

YANTI IRWANI BINTI ABU HASSAN

Company Secretary (Head of Corporate Secretarial)

Malaysian / Age: 43 / Female

DATE OF APPOINTMENT TO PRESENT POSITION:
1 October 2015

PRESENT DIRECTORSHIP IN LISTED ISSUERS:
Nil

PRESENT DIRECTORSHIP IN PUBLIC COMPANIES:
Nil

SHARES HELD

Yanti Irwani does not hold any shares in the Company as at 31 December 2020.

QUALIFICATION

- She holds a Bachelor Degree in Corporate Administration from MARA University of Technology.
- She is a member of the Malaysian Association of Company Secretaries.

WORKING EXPERIENCE

- Yanti Irwani assumed her current role as Company Secretary of Gas Malaysia Berhad on 1 October 2015. In this capacity, she is responsible for company secretarial services for the Group.
- Prior to her current role, she had joined MMC Corporation Berhad and later was appointed the Joint Company Secretary of Gas Malaysia on 20 March 2013.
- She started her career in Tenaga Nasional Berhad as an Assistant Company Secretary. In 2007, she joined Puncak Niaga Holdings Berhad before moving on to Pharmaniaga Berhad in September 2010.

Management Team's Profile

AZWIN BINTI NOH
Head of Internal Audit

Malaysian / Age: 43 / Female

DATE OF APPOINTMENT TO PRESENT POSITION:
5 January 2015

PRESENT DIRECTORSHIP IN LISTED ISSUERS:
Nil

PRESENT DIRECTORSHIP IN PUBLIC COMPANIES:
Nil

SHARES HELD
Azwin does not hold any shares in the Company as at 31 December 2020.

QUALIFICATION
- She holds a Bachelor of Accounting (Honours) from the International Islamic University, Malaysia as well as a Master in Business Administration from the University of Sunderland, United Kingdom.
- She is a Fellow of the Association of Chartered Certified Accountants ("FCCA,UK") United Kingdom, a Chartered Accountant with the Malaysian Institute of Accountants ("MIA") and a Professional Member of The Institute of Internal Auditors Malaysia ("CMIIA").

WORKING EXPERIENCE
- Azwin is the Head of Internal Audit Department, leading the independent and objective assurance activities that are designed to add value and improve the Group's operations. These activities help the Group to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and internal control processes.
- Reporting to the Audit Committee, she is committed to providing objective and independent assurance as well as value-added services to the Group in accordance with the International Professional Practices Framework on Internal Auditing.
- Prior to joining Gas Malaysia, she was the Head of Group Internal Audit Department of Amanah Raya Berhad ("ARB"). There she played a pivotal role in improving the audit practices by making it more conducive to conduct audit and implement recommendations. She had also built a professional relationship with ARB's Head of Departments, assisting them in understanding issues and identifying areas for improvements. She also provided support in adhering to regulatory requirements, kept abreast of developments in Corporate Governance practices and advised the Management accordingly.
- Azwin started her career with a public accounting firm as an Audit Assistant in 2001. In 2003, she joined Malaysia Building Society Berhad as an Internal Audit Executive.

None of the Management has:
1. *Any family relationship with any Director and/or Major Shareholder of Gas Malaysia Berhad.*
2. *Any conflict of interest with Gas Malaysia Berhad.*
3. *Any conviction for offences within the past five years other than traffic offences, public sanction or penalty imposed by its relevant regulatory bodies during the financial year under review.*

UPHOLDING GOOD GOVERNANCE FOR SUSTAINED VALUE CREATION

The Board of Directors (the "Board") acknowledges the importance of corporate governance practice in enhancing shareholders' value by implementing and maintaining high standards of corporate governance principles at all levels within the Group whilst ensuring the long-term sustainability of the Group's businesses and operations.

The Board believes that the Practices set out in the Malaysian Code on Corporate Governance released in April 2017 ("MCCG 2017") have, in all material respects, been applied to achieve their Intended Outcomes as set out in this statement and to the extent that they were found to be suitable and appropriate to the Group's circumstances.

The Corporate Governance Overview Statement is prepared in compliance with Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR") and it is to be read together with the Corporate Governance Report ("CG Report") which is made available on the Company's website. The CG Report elaborates on the Company's application of each Principle of the MCCG 2017 for the year under review.

A PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

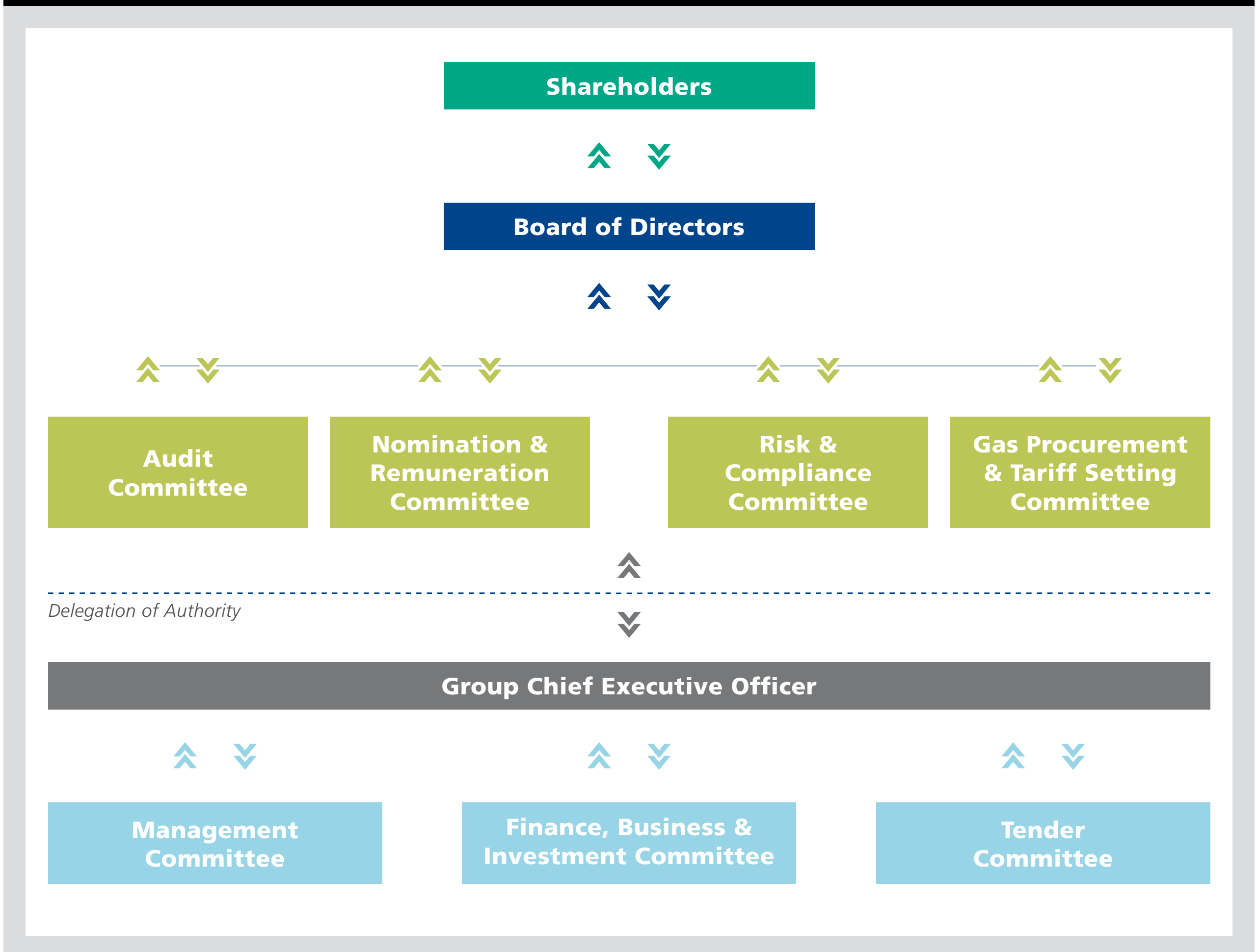
I. Board Responsibilities

The Board is responsible for the governance and conduct of the Group's strategic plans, including its implementation, and is accountable for the performance of the Company and the Group. In discharging its duties, the Board is guided by its Charter which outlines high level duties and responsibilities of the Board. The duties and responsibilities of the Board are as follows:

- Reviewing and adopting strategic plans for the Group;
- Overseeing the conduct of the Group's businesses to evaluate whether the businesses are properly managed;
- Identifying principal risks and ensuring the implementation of appropriate control systems to manage these risks with the assistance from Risk & Compliance Committee ("RCC");
- Succession planning through annual evaluation on Senior Management by its Nomination & Remuneration Committee ("NRC");
- Developing and implementing an investor relations program or shareholders' communications policy for the Company;
- Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines;
- Monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
- Ensuring that the Company's and the Group's financial statements are true and fair and conform with the accounting standards and statutory requirements;
- Monitoring and reviewing policies and procedures relating to occupational health and safety and compliance with relevant laws and regulations; and
- Ensuring that the Group adheres to high standards of ethics and corporate behaviour.

In order to ensure orderly and effective discharge of the above responsibilities of the Board, the Board has in place a Governance Structure for the Group where specific powers of the Board are delegated to the relevant Board Committees (all of which have their own terms of reference to govern their respective scopes and responsibilities) and the Group Chief Executive Officer ("GCEO"), as illustrated below:

OUR GOVERNANCE STRUCTURE



Board Charter

The Board has adopted a Board Charter which sets out the roles and responsibilities of the Board and Board Committees. Our Charter has been reviewed to encompass changes made to the Companies Act 2016 ("CA 2016"), MMLR and Principles under MCCG 2017. The Board had in March 2021 reviewed and approved the revision to the Board Charter for the inclusion of Board Diversity Policy.

The Board Charter is made available on Gas Malaysia's website at www.gasmalaysia.com.

II. Board Composition

The Board currently has eight Directors, comprising of five Independent Directors and three Non-Independent Directors, all of whom are Non-Executive Directors, with a broad range of experience and mix of skills.

In accordance with the MMLR, none of the members of the Board holds more than five directorships in listed companies.

Directors' Training

The Board acknowledges the importance of continuing education and the need to enhance knowledge and expertise to keep abreast of latest developments in the industry and meet the challenges in a dynamic and complex business environment. This will enable Directors to have more meaningful deliberations.

During the financial year under review, all Directors attended training/seminar/conference, as follows:

NAME OF DIRECTOR	TRAINING/SEMINAR/CONFERENCE ATTENDED	DATE
Datuk Haji Hasni bin Harun	1. Managing Recurrent Related Party Transactions	27 October 2020
	2. Cyber Security Awareness	16 December 2020
Dato' Sri Che Khalib bin Mohamad Noh	1. Shariah Governance & Shariah Compliant Culture in Islamic Financial Institution	30 June 2020
	2. Cyber Security Awareness and Budget 2021 Tax Proposals	16 December 2020
Nobuhisa Kobayashi	1. Cyber Security Awareness	16 December 2020
Kamalbahrin bin Ahmad	1. CGS-CIMB 12th Annual Malaysia Corporate Day	6 January 2020
	2. Presentation Day of Purpose Awareness Leadership ("PAL") Program	28 February 2020
	3. Dialogue with Finance Minister of Malaysia: Fiscal Priorities and Policy Response under a Covid-19 Economic Landscape	9 June 2020
	4. Top Leaders Dialogue 2020	2 July 2020
	5. Invest Malaysia 2020 Virtual Series 2	20 July 2020
	6. Gas & Power : eLearning Modules on 5 Critical Legal Areas for PETRONAS Employees	28 July 2020
	7. Top Leaders Dialogue ("TLD") Session 2 - Liquidity Plus	21 September 2020
	8. ASB-MGA Panelist	17 October 2020
	9. PETRONAS Board Excellence Advance 1 : Best Practices for Board Excellence	19 and 20 October 2020
	10. TLD Cascading Clinic: Moving Forward Together 50.30.0 & PETRONAS Cultural Beliefs	6 November 2020
Tan Lye Chong	1. Managing Recurrent Related Party Transactions	27 October 2020
	2. 2021 Budget Seminar	3 December 2020
	3. Financial Analysis as Strategic and Operational Management Tool	10 December 2020
	4. Technical Update on IFRS (MFRS) 2020	14 December 2020
	5. Cyber Security Awareness	16 December 2020
	6. Case Study-Based MFRS Webinar: Considerations for Preparation of Financial Statements under Covid-19 Situations	21 December 2020

NAME OF DIRECTOR	TRAINING/SEMINAR/CONFERENCE ATTENDED	DATE
Datuk Syed Abu Bakar bin S Mohsin Almohdzar	1. WIEF Idealab: Supporting Startups in the Covid-19 Era	23 June 2020
	2. WIEF Idealab: Taking Your Business Online: Starting Strong, Growing Fast	15 July 2020
	3. #IEmPOWER: Developing Content Strategy for Digital Marketing	10 to 12 August 2020
	4. WIEF Idealab: Enticing Youth to Agribusiness	29 September 2020
	5. WIEF ThinkTalk: Reinforcing Digital Business: Accelerating Growth Amid Turmoil	20 October 2020
	6. APEC CEO Dialogues Malaysia 2020	19 and 20 November 2020
	7. #iEmPOWER – Cash Flow Management During a Pandemic	26 November 2020
	8. WIEF-SIDC PowerTalk Webinar - Moving Forward: Banking & Capital Markets	8 December 2020
	9. 10th WIEF Global Discourse on Cybersecurity for Micro Small & Medium Enterprises: Risks, Adversity & Trust	15 December 2020
	10. Cyber Security Awareness	16 December 2020
Datuk Puteh Rukiah binti Abd. Majid	1. MS ISO 37001: 2016 Anti Bribery Management System Workshop	20 July 2020
	2. How to Drive, Survive and Thrive Through the Economic Crisis	28 August 2020
	3. Managing Recurrent Related Party Transactions	27 October 2020
	4. Cyber Security Awareness	16 December 2020
Datuk Ooi Teik Huat	1. The Quiet Transformation of Corporate Governance	3 December 2020
	2. Malaysia Budget 2021	9 December 2020
	3. Cyber Security Awareness and Budget 2021 Tax Proposals	16 December 2020

All Directors have attended the MAP prescribed by Bursa Securities.

Tenure of Independent Directors

As of the date of this Annual Report, three of the following Independent Non-Executive Directors ("INED") have exceeded a cumulative term of nine years in August 2020:

(i) YBhg Datuk Puteh Rukiah Abd. Majid;
(ii) YBhg Datuk Syed Abu Bakar S Mohsin Almohdzar; and
(iii) Encik Tan Lye Chong.

The Board, save for the abovementioned three INED, has determined that the Independent Directors have fulfilled the criteria under the definition of an independent director as stated in the MMLR of Bursa Securities and are able to maintain their independent and objective judgements, and contribute positively to the business strategies, operations and corporate governance of the Company and the Group.

The Board Charter has a policy limiting the tenure of Independent Directors to nine years. The policy allows exceptions, subject to the annual assessment of the NRC and the Board and annual shareholders' approval at the Annual General Meeting ("AGM").

The Board is of the view that the length of service by the Independent Directors on the Board does not impair their exercise of independent and objective judgement, and the discharge of their fiduciary duties in the best interest of the Company and the Group. In addition, the expertise, skills and knowledge of the Independent Directors enable them to facilitate effective discussion of issues during deliberation and decision making by the Board, and to contribute positively to the Company's and Group's business strategies, operations and corporate governance.

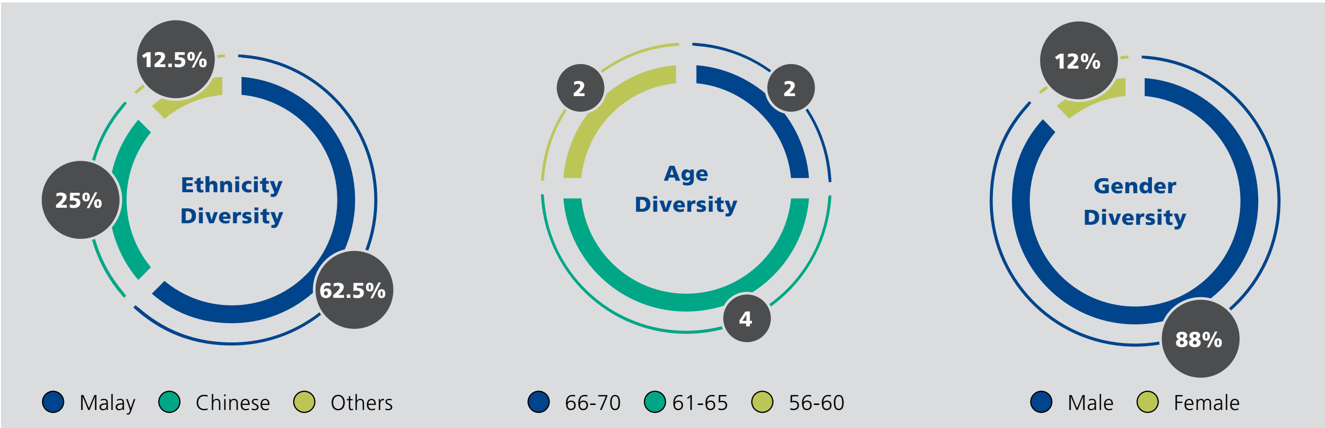
The shareholders at the AGM 2020 had approved for retention of the above mentioned Directors as INED. The Board intends to retain them beyond nine years and therefore will seek annual shareholders' approval at the forthcoming AGM 2021.

Boardroom Diversity

The Board is committed to provide fair and equal opportunities and nurturing diversity within the Group and acknowledges the importance of boardroom diversity in terms of age, gender, nationality and ethnicity. The Board also believes that the appointments of the existing Directors were guided by their skills, experience, competency, commitment and knowledge while taking into consideration gender diversity.

The skills and experience of each Director are stipulated in our Annual Report on pages 61 and 69.

The Company's boardroom diversity is illustrated below:



Attendance of Meetings

The number of Board and Committee Meetings held in FY2020 and the attendance of each member of the Board at the respective Board and Committee meetings are as follows:

Director	Designation	Board Meeting
Datuk Haji Hasni bin Harun	Independent, Non-Executive Chairman	4/4
Dato' Sri Che Khalib bin Mohamad Noh	Non-Independent, Non-Executive	3/4
Nobuhisa Kobayashi	Non-Independent, Non-Executive	4/4
Kamalbahrin bin Ahmad	Non-Independent, Non-Executive	4/4
Tan Lye Chong	Independent, Non-Executive	4/4
Datuk Syed Abu Bakar bin S Mohsin Almohdzar	Independent, Non-Executive	4/4
Datuk Puteh Rukiah binti Abd. Majid	Independent, Non-Executive	4/4
Datuk Ooi Teik Huat	Independent, Non-Executive	4/4

Board Committees

Nomination & Remuneration Committee

Datuk Haji Hasni bin Harun Chairman		2/2
Datuk Puteh Rukiah binti Abd. Majid Member		2/2
Datuk Syed Abu Bakar bin S Mohsin Almohdzar Member		2/2

Audit Committee

Tan Lye Chong Chairman		5/5
Datuk Puteh Rukiah binti Abd. Majid Member		5/5
Datuk Ooi Teik Huat Member		5/5

Risk & Compliance Committee

Nobuhisa Kobayashi Chairman		2/2
Kamalbahrin bin Ahmad Member		1/2
Datuk Syed Abu Bakar bin S Mohsin Almohdzar Member		2/2

Gas Procurement & Tariff Setting Committee

Datuk Haji Hasni bin Harun Chairman		3/3
Dato' Sri Che Khalib bin Mohamad Noh Member		3/3
Tan Lye Chong Member		3/3
Nobuhisa Kobayashi Member		3/3

Code of Conduct and Ethics

The Company's Code of Ethics for Directors and Code of Conduct and Discipline for Employees (hereinafter collectively referred to as Code of Conduct) continue to govern the standards of ethics and good conduct expected from Directors and employees. This Code of Conduct is based on the principles of sincerity, integrity, responsibility and corporate social responsibility.

Meanwhile the Board is guided by a high standard of ethical conduct in accordance with the Code of Ethics for Company Directors as issued by the Companies Commission of Malaysia, which was provided upon their appointment.

Whistleblowing Policy

The Whistleblowing Policy encourages employees and third parties dealing with the Group to report genuine concerns in relation to breach of a legal obligation; including negligence, criminal activity, breach of contract and breach of law, miscarriage of justice, danger to health and safety or to the environment and the cover-up of any of these in the workplace.

Employees are well-informed on the Whistleblowing Policy as well as the relevant procedures including the whistleblowing avenues available for them.

The Whistleblowing Policy of the Company which was established in 2018 has been revised and approved by the Board in February 2021.

The Company's Whistleblowing Policy is available on Gas Malaysia's website at www.gasmalaysia.com.

Company Secretary

The Company Secretary is to provide unhindered advice and services to the Directors, as and when the need arises, to enhance the effective functioning of the Board and to ensure statutory and regulatory compliance. The Company Secretary is suitably qualified, competent and capable of carrying out the duties required of the role.

III. Board Remuneration

The Board has established practices, policies and procedures on the remuneration for the Board and the Senior Management in its Remuneration Policy which takes into account several factors, including competitiveness to ensure long-term success of the Group.

The level of remuneration should be aligned with the business strategy and long-term objectives of the Group, complexity of the Group's activities, and reflects the experience and level of responsibilities undertaken by the Directors and Senior Management.

The Board with the assistance of NRC, reviews the overall remuneration policy of the Non-Executive Directors and Senior Management. The Company has established its Remuneration Policy which sets out the criteria to be used in recommending the remuneration package of Directors, GCEO and Senior Management.

In tandem with escalating responsibilities due to the increase in regulatory requirements, increasing shareholders' expectations, greater demand on the Board's time, the complexity and more technical issues faced by the Board, the existing Directors' Fees has been revised accordingly to ensure that the fee is comparable with the prevalent market, so that it sufficiently compensates the Non-Executive Directors.

For this purpose, a benchmarking analysis undertaken based on information on Board's Fees from other public listed companies to recommend the appropriate fees. The Board had approved the increase in fees of each Director (excluding the Chairman) from RM6,500 per month to RM8,500 per month which took effect from 1 January 2021. The increase of the Board's Fees did not exceed the total amount approved by the shareholders at the AGM 2020.

NOMINATION & REMUNERATION COMMITTEE

Name of Director	Designation
Datuk Haji Hasni bin Harun	Independent, Non-Executive (Chairman)
Datuk Puteh Rukiah binti Abd. Majid	Independent, Non-Executive
Datuk Syed Abu Bakar bin S Mohsin Almohdzar	Independent, Non-Executive

The NRC's key roles, among others are:

- To consider and recommend to the Board suitable persons for appointment as Board Members and GCEO/ Executive Director of the Company, its Committees and its Subsidiaries;
- To annually review the performance of the Board Members, its Committees and Boards of Subsidiaries;
- To annually assess the size and effectiveness of the Board as a whole, its Committees, the contribution of each individual Director, including Independent Non-Executive Directors, as well as the GCEO;
- To review and recommend to the Board the succession plan of the Group;
- To review and recommend the general remuneration policy of the Company;
- To review and recommend the appointment and promotion of Senior Management of the Company;
- To review annually the compensation of Directors; and
- To recommend suitable short and long-term incentive plans including the setting of appropriate performance targets.

During the financial year under review, the NRC met two times and carried out, among others, the following activities:

- Reviewed and assessed the size, required mix of skills, experience, diversity and other qualities, including core competencies and effectiveness of the Board, as a whole, the Board Committees and each individual Director;
- Assessed the performance of the Board and independence of each of the existing Independent Directors;
- Reviewed and recommended to the Board on matters regarding Key Performance Indicators of GCEO;
- Recommended to the Board regarding annual increment and performance bonus for employees;
- Reviewed and recommended to the Board the renewal of contract of the GCEO;
- Reviewed and recommended to the Board the promotion of Senior Management;
- Reviewed the succession planning on Management Critical Positions and recommended to the Board; and
- Reviewed and recommended to the Board the increase in the Directors' Fees.

Written terms of reference of the NRC is available on Gas Malaysia's website at www.gasmalaysia.com.

Criteria for Recruitment and Annual Assessment of Directors

For the assessment and selection of Directors, the NRC shall consider the following factors of the prospective Directors:

- Character, experience, skills, knowledge, expertise and competence;
- Professionalism;
- Commitment (including time commitment), contribution and performance;
- Integrity;
- In the case of candidates for the position of INED, the NRC will evaluate the candidates' ability to discharge such responsibilities/functions as expected from INED; and
- Boardroom diversity.

The Board assisted by NRC undertakes an annual assessment on the effectiveness of the Board as a whole, its Committees, the contribution of each individual Director, including Independent Directors, as well as the required mix of skills, experience and other qualities of the Board members, including core competencies which Non-Executive Directors should bring to the Board.

For the year under review, the Company had engaged Boardroom Corporate Services Sdn Bhd ("Boardroom") an independent expert to facilitate the conduct of the Board Effectiveness Evaluation ("BEE").

(1) The BEE was conducted by way of questionnaires which comprised assessment of Board of Directors, Board Committees and Individual Directors, including Independent Directors, and one-to-one online interview sessions with all eight Directors.

(2) The effectiveness of the Board is assessed in the following areas:
   (a) Board mix and composition;
   (b) Quality of information and decision-making;
   (c) Boardroom activities;
   (d) Board Chairman's role; and
   (e) Relationship with key stakeholders.

(3) The effectiveness of the Board Committees is assessed in terms of among others; composition and governance, skills and competencies, authority and responsibilities, meeting administration and conduct, group synergy and reporting line.

(4) The assessment of Individual Directors' contribution and performance is conducted based on the following areas:
   (a) Leadership and strategy;
   (b) Legal and regulatory requirements;
   (c) Corporate governance, risk management and internal controls;
   (d) Accounting and financial reporting;
   (e) Industry experience;
   (f) Operations and quality management; and
   (g) Information technology.

In March 2021, Boardroom presented to the NRC and thereafter to the Board the outcome of the BEE. The overall average score for the areas of assessment was 91%. The results of these assessments form the basis of the NRC's recommendations to the Board for the re-election of Directors at the forthcoming AGM of the Company. The details of the BEE are described in the CG Report.

In conclusion, based on the BEE conducted for the financial year under review, the Board is satisfied of its existing number and composition and of the view that, with the current mix of skills, knowledge, experience and strength, the Board as a whole is able to discharge its duties effectively.

Directors' Remuneration

The details of the Directors' remuneration comprising remuneration received/receivable from the Company and subsidiaries respectively for the financial year ended 31 December 2020 are as follows:

NAME OF DIRECTOR	DIRECTORS' FEES (RM'000)	OTHER ALLOWANCES [NOTE a] (RM'000)	TOTAL (RM'000)
Datuk Haji Hasni bin Harun	300	138.5	438.5
Datuk Puteh Rukiah binti Abd. Majid	78	103	181
Datuk Syed Abu Bakar bin S Mohsin Almohdzar	78	95.5	173.5
Tan Lye Chong	78	140.5	218.5
Datuk Ooi Teik Huat	78	77	155
Nobuhisa Kobayashi	78	120.5	198.5
Dato' Sri Che Khalib bin Mohamad Noh	78 (Note b)	65 (Note c)	143
Kamalbahrin bin Ahmad	78	67	145
Total	**846**	**807**	**1,653**

Notes:
(a) Other allowances comprise the meeting allowances, committee allowance, telephone allowance, annual token and annual leave passage.
(b) Dato' Sri Che Khalib bin Mohamad Noh received half of the Directors' Fees, another half amounting to RM39,000 was paid to MMC Corporation Berhad.
(c) Dato' Sri Che Khalib bin Mohamad Noh received half of the meeting allowance and committee allowance, another half amounting to RM18,500 was paid to MMC Corporation Berhad.

Remuneration of top five Senior Management

Details of top five Senior Management remuneration as at 31 December 2020 on a named basis (including benefits-in-kind) in respective band of RM50,000 are as follows:

NAME OF SENIOR MANAGEMENT	DESIGNATION	TOTAL REMUNERATION RANGE IN YEAR 2020 (RM'000)				
		750 - 800	850 - 900	1,000 - 1,500	1,500 - 2,000	2,000 - 2,500
Ahmad Hashimi bin Abdul Manap	Group Chief Executive Officer					√
Shahrir bin Shariff	Director of Commercial				√	
Mohd Nisharuddin bin Mohd Noor	Director of Technical & Operations			√		
Zafian bin Supiat	Chief Financial Officer		√			
Raja Iskandar bin Raja Mukhtaruddin	General Manager, Human Resource & Administration	√				

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee ("AC")

Name of Director	Designation
Tan Lye Chong	Independent, Non-Executive (Chairman)
Datuk Puteh Rukiah binti Abd. Majid	Independent, Non-Executive
Datuk Ooi Teik Huat	Independent, Non-Executive

The AC's key roles are:
- To assist the Board in fulfilling its statutory and fiduciary responsibilities in examining and monitoring the Company and its subsidiaries' ("the Group") management of business, financial risk processes, accounting and financial reporting practices;
- To determine the adequacy and effectiveness of the administrative, operational and internal accounting controls of the Group and to ensure that the Group is operating in accordance with the prescribed procedures, codes of conduct and applicable legal and regulatory requirements;
- To review related party transactions and recurrent related party transactions to ensure the transactions are carried out on arm's length basis, on normal commercial terms, in the best interest of the Group and are not detrimental to the minority shareholders;
- Serve as an independent and objective party from Management in the review of the financial information of the Company and Group presented by Management for the distribution to shareholders and the general public;
- Provide direction and oversight over the internal and external auditors of the Company and the Group to ensure their independence from Management;
- To evaluate the quality of audits conducted by the internal and external auditors on the Company and the Group; and
- Oversight of the whistleblowing system and review investigation reports arising from whistleblowing and ensure that appropriate actions are taken to address reports on Improper Conducts.

Details of AC activities are reported in Audit Committee Report on pages 101 to 103.

II. Risk Management and Internal Control

The Board manages and performs its risk management and internal control through the RCC. The RCC assessed, reviewed and monitored the Group's risk profile, the internal controls enforced in managing and mitigating those risks and ensuring those controls are adequate and effective by challenging management actions and control activities.

The Board had in February 2021 approved the establishment of the Integrity & Governance Department with its objective to ensure the practice of excellent work culture among employees, with strong morals, ethics and integrity.

RISK & COMPLIANCE COMMITTEE

Name of Director	Designation
Nobuhisa Kobayashi	Non-Independent, Non-Executive (Chairman)
Datuk Syed Abu Bakar bin S Mohsin Almohdzar	Independent, Non-Executive
Kamalbahrin bin Ahmad	Non-Independent, Non-Executive

The RCC's key roles, among others are:
- To oversee the establishment and implementation of the risk management system of the Group of which the effectiveness of the system is reviewed annually; and
- To review and approve the risk management framework and policies to be adopted by the Group.

During the year, RCC met two times to discuss the risk profiles and review the adequacy and effectiveness of internal controls. The RCC also discussed the financial resilience and examined the ability of the Group to respond to changing business, law, political, economy and social environment.

The Group's key risks and further information on the Group's system of risk management are outlined in the Statement on Risk Management and Internal Control on pages 93 to 98.

C PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with Stakeholders

The Company aims to ensure that the shareholders and investors are kept informed of all major corporate developments, financial performance and other relevant information by promptly disseminating such information to shareholders and investors via announcements to Bursa Securities including various engagement and dialogue with institutional shareholders, analysts and media.

The Board entrusted the Management through the Corporate Affairs Department ("CAD") to formulate and implement a long-term strategic communications plan, to outline a proactive strategic engagement plan as well as managing stakeholders' relationship.

Bound with limited movement due to Movement Control Order/ Conditional Movement Control Order amid Covid-19 in year 2020, the summary of our engagement programmes conducted virtually by the Company are as follows:

Corporate Communication

- Communication Plan
- Strengthen media relationship
- Branding
- Public Relation
- Event Management
- Annual Report

Investor Relations

- Analyst/Fund Managers briefing
- Share price tracking
- Business intelligence to shape investor perception
- Analyst Report to reflect fair market value of Gas Malaysia

Stakeholder Management

- Engagement Plan
- Benchmarking
- Liaison between Government and industry players
- Stakeholders management related activities
- Promotional information such as brochures and marketing materials

II. Conduct of General Meetings

To ensure that shareholders are able to participate, engage the Board and Senior Management effectively, and make informed voting decisions at general meetings, the Board, with the assistance of the Company Secretary, has provided shareholders with sufficient notice and time to consider the resolutions that will be discussed and decided at the AGM by issuing the notice for AGM at least 28 days before the meeting.

Notice for the 29th AGM held on 26 June 2020 was sent to shareholders on 28 May 2020. The notice includes details of the resolutions to be tabled and detailed explanations on the resolutions. Details of the resolutions proposed along with background information and reports or recommendations that are relevant were also provided with the notice for AGM.

In view of the Covid-19 pandemic and as part of the Company's precautionary measures, the 29th AGM was held virtually through live streaming and using Remote Participation & Voting ("RPV") facilities.

During the virtual AGM, shareholders were given opportunity to engage with the Board members and Senior Management via RPV facilities which had enhanced the quality of engagement with shareholders and facilitate participation by shareholders at the AGM. All resolutions were passed by the shareholders via RPV platform.

Key Focus Areas and Future Priorities

Since the release of the MCCG 2017 in April 2017, the Group has been focusing on and remained committed to apply the Principle and Practices introduced and for the disclosure of application of the Principle and Practices in the Annual Report for the financial year ended 31 December 2020. The Company has applied and adopted all the Practices under MCCG 2017, with the exceptions of Practices that are listed in the table below. Nevertheless, the Board endeavours to achieve full application and adoption in the future.

The summary of the Practices that were in departure from the Practices listed in MCCG 2017, their alternatives and action plans to address these departures are as follow:

PRINCIPLE	PRACTICE	GAP SUMMARY
A - Board Leadership and Effectiveness	**Practice 4.5** The board discloses in its Annual Report the Company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.	The percentage of women on the Board is 12.5%, lower than the 30% as prescribed in this Practice. The Board currently has one female Director. The Board is supportive of the gender diversity in the boardroom as recommended by MCCG 2017. The Board endeavours to ensure that gender, ethnicity and age diversity will be taken into account in nominating and selecting new Directors to be appointed to the Board. The Board shall source for more female candidates with suitable skills, experience, and qualifications to the Board as and when suitable candidates are identified.
C – Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders	**Practice 11.2** Large Companies are encouraged to adopt integrated reporting based on a globally recognised framework.	The Board acknowledges that integrated reporting goes beyond a mere combination of a financial statement and sustainability report into a single document. Nevertheless, there are coordinated efforts among cross-functional departments in preparing the various statements and reports in the Annual Report. The Board believes that the current reporting structure and depth of disclosures in the Annual Report is sufficient to enable stakeholders to make informed decision. The Board will look into integrated reporting based on a globally recognised framework in the future.

STATEMENT ON COMPLIANCE WITH THE REQUIREMENTS OF BURSA SECURITIES IN RELATION TO APPLICATION OF PRINCIPLES OF MCCG 2017 PURSUANT TO PARAGRAPH 15.25 (1) OF THE MMLR

The Board has reviewed, deliberated and approved this Corporate Governance Overview Statement and is pleased to report to its shareholders that to the best of its knowledge, the Company has complied with and shall remain committed to continuously apply the Principle laid down in the MCCG 2017, save as disclosed above.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 30 March 2021.

Statement on Risk Management and Internal Control

Gas Malaysia Berhad and its Group of Companies ("Group") are operating in a dynamic and challenging corporate environment. Acknowledging this, the Board of Directors ("Board") upholds its responsibility of ensuring effective and efficient administration of risk and compliance management, and internal control systems throughout the Group, via administering pertinent policies and procedures.

Constant monitoring of risks and internal controls by the Board and Management will ensure adherence to and compliance with relevant laws and regulations. It shall also ensure that various assets and investments of the Group, as well as interests of other stakeholders, are safeguarded.

The Risk & Compliance Management Committee ("RCMC") in its meeting on 19 January 2021 had reviewed and accepted the business risk presented by the Group's subsidiaries, Gas Malaysia Distribution Sdn Bhd ("GMD"), Gas Malaysia Energy and Services Sdn Bhd ("GMES"), Gas Malaysia Virtual Pipeline Sdn Bhd ("GMVP") and Gas Malaysia Retail Services Sdn Bhd ("GMRS") as well as by the jointly controlled companies, Gas Malaysia Energy Advance Sdn Bhd ("GMEA") and Gas Malaysia Synergy Drive Sdn Bhd ("GMSD"). The Management continuously monitors the Group's subsidiary and joint venture companies' risks and presents them to the Risk & Compliance Committee ("RCC") at its half-yearly meetings.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM DESCRIPTION

The Board is assisted by the Management and internal auditors in ensuring the following objectives are fulfilled:

a) Provide a policy and organisational structure for the management of risks within the Group.
b) Define risk management roles and responsibilities within the Group and outline procedures to mitigate risks.
c) Ensure consistent and acceptable risk management practices throughout the Group.
d) Define the reporting framework to ensure clear communication on all risk management activities and reporting.
e) Accommodate the changing risk management needs of the Group while maintaining control of the overall risks.
f) Details the approved methodology for risk assessment.
g) Provide centralized consolidation of risk management data and reporting.

We strive to identify and estimate the potential risks while at the same time, perform monitoring roles and continuously improve the internal control system within the Group. All the controls are designed to provide a practical and realistic assurance instead of the absolute affirmation against the risk of occurrence of material errors, fraud or losses. The description of related key elements of the Group's risk management, internal control and business continuity practices are as follows:

RISK MANAGEMENT

1) GROUP'S RISK AND COMPLIANCE MANAGEMENT POLICIES AND PROCEDURES FRAMEWORK

The Board has devised its own risk and compliance management policies and procedures framework with the purpose of managing risks and compliance in the Group. It shall act as a guiding manual and reference in identifying, evaluating, monitoring and developing processes and techniques for managing risk.

Constant supervision and reassessment are practised to ensure that the systems of internal control remain effective at all times. In addition to that, it is also designed to minimise the impact of risks rather than stifle new opportunities that come with inherent risks. Otherwise, such prevention may disrupt the Group from achieving its objectives and goals.

For efficiency, the Management formulated continual processes for identifying, evaluating and managing any major risks faced by the Group. The Management remains vigilant of any situations which may affect the well-being of the Group, its employees, assets, profits as well as stakeholders.

2) REPORTING STRUCTURE

The management of risks is considered as an integral part of the Group's management process. Accordingly, it is incorporated into the operational processes of the Group. The reporting structure can be described as follows:

NOTE 1: RISK AND COMPLIANCE MANAGEMENT COMMITTEE

The RCMC is responsible to assist the RCC in carrying out the implementation of risk management in Gas Malaysia as well as its operating companies. It is formed with a comprehensive responsibility for monitoring the risk and compliance management activities of the Group. The function includes executing appropriate risk management procedures and measurement methodologies across the Group.

The responsibilities and duties of RCMC are as follows:

a) Ensure continuous development of risk management system in the Group and supervise the implementation of risk management in compliance with the Enterprise Risk Management ("ERM") Policy and Framework.
b) Conduct RCMC meetings on a half-yearly basis.
c) Ensure that risks identified are reviewed prior to reporting to the RCC.
d) Decide on the status and further action on matters arising with regards to the identified risks.
e) Identify key risks at the Group that needs to be escalated to the RCC.
f) Review and enhance the Group's risk management structure to sustain the ERM framework and support the on-going delivery of risk management objectives.
g) Review and enhance the Group's Risk Assessment process.
h) Ensure that the ERM Policy and Framework has been adopted accordingly.

The Group Chief Executive Officer leads the RCMC as the Chairman with Heads of Companies ("HOCs") i.e., GMD, GMES, GMVP, GMRS, GMSD and all Head of Departments ("HODs") as members. The HOCs and HODs play a significant role in managing and controlling all the identified risks and compliance issues that are related to their particular departments and companies. In addition, the Management is required to assure that the risk and compliance policies, as well as procedures, are incorporated and go hand in hand with the business strategies and plans. All these risks and compliance related matters shall be reported to the RCMC twice a year. Subsequently, the reported matters would be compiled by the RCMC for submission to the RCC.

NOTE 2: RISK AND COMPLIANCE COMMITTEE

The RCC is responsible to assist the Board to oversee the establishment and implementation of an enterprise risk management system. The RCC is also responsible to review the effectiveness of the system annually.

The RCC consists of at least three Board members including the Chairman, who is a Non-Executive Director. The RCC is required to determine the Group's level of risk appetite. Furthermore, they are to assess and examine key business risks so that the shareholders' investments and the Group's assets are safeguarded.

The scope, duties and responsibilities of RCC are as follows:

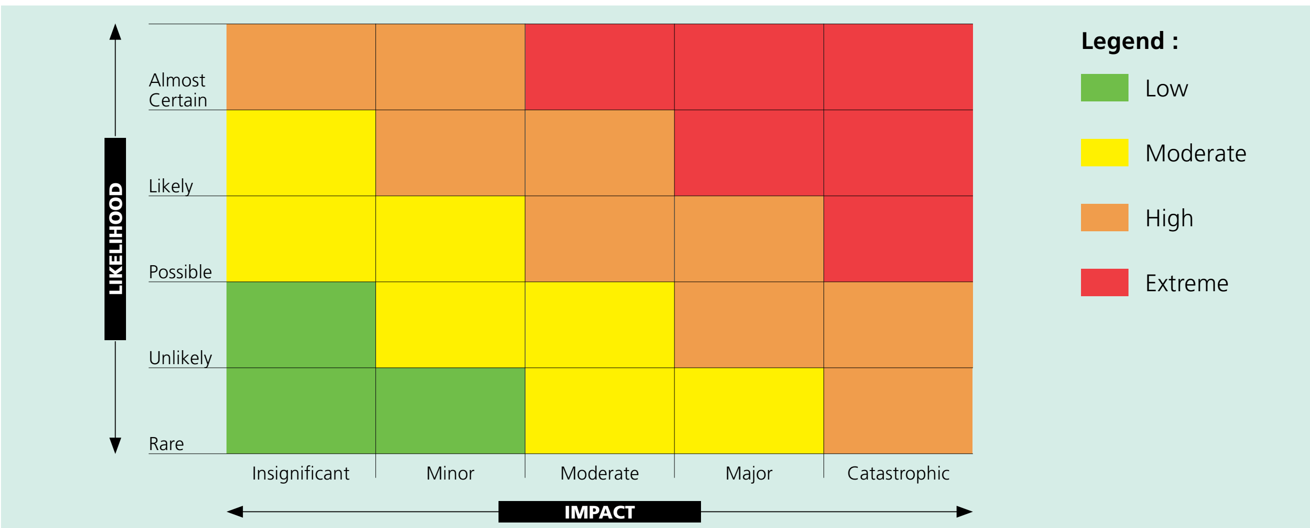
a) To review the processes for determining and communicating the Group's risk appetite.
b) To oversee the establishment and implementation of the risk management system of the Group of which the effectiveness of the system is reviewed annually.
c) To review and approve the risk management framework and policies to be adopted by the Group. The framework is constantly monitored and reviewed to ensure risks and controls are updated to reflect current situation and ensure relevance at any given time.
d) To review Management's processes for identifying, analysing, evaluating and treating risks, as well as communicating the identified risks across the Group.
e) To review periodic reports on risk management of the Group and deliberate on key risk issues highlighted by the RCMC.
f) To report to the Board on the key risks of the Group and the action plans to mitigate these risks.
g) To carry out such other assignments as may be delegated by the Board.

The RCC presents its reports to the Board twice a year. This allows the Board to keep abreast and updated on the major risks within the Group. At the same time, they will be able to ensure that timely actions are taken by the Management to alleviate the risks.

3) RISK IDENTIFICATION PROCESS AND ANALYSIS

Risk identification starts with the risk coordinators from each department. The appointed risk coordinators seek to identify risks which may in any way affect the Group's objectives. The consideration shall include economic, reputation and compliance objectives. The risks will then be measured and registered in terms of likelihood and impact of incidence.

The main objective of this process is to appropriately identify, evaluate and respond to the risks identified in order to protect the Group from loss, uncertainty and loss of opportunities.



The main responsibility of risk coordinators would be to identify risks and subsequently map them to the risk register. Next, the compiled risks will be communicated to the respective HOCs and HODs. Risks that are categorised as major will be forwarded to the RCMC for its deliberation.

4) GAS MALAYSIA RISK REGISTER ("GRR")

All risks previously identified will be recorded in the GRR. The compilation will then be reviewed by the RCMC.

After the completion of the reviewing process, the RCC will be informed about the most significant risks identified. The rating or score is determined based on the consequences, root cause and the current capability of controls the Group has to mitigate the resultant impact.

5) BUSINESS CONTINUITY MANAGEMENT MANUAL ("BCMM")

BCMM was created with the objective of achieving the Group's goal which is to minimise the effect of any incident on employees, business partners, local community and environment. It is of utmost importance that business functions will continue to function even in the event of a crisis.

BCMM covers two major elements, which are Emergency Management ("EM") and Business Continuity Management ("BCM"). EM is a programme created to control the overall culmination of a physical incident within a business unit. The programme integrates both operations response to an emergency as well as supporting staff functions such as law, insurance, public affairs and human resources.

On the other hand, BCM's main function is to protect corporate assets from an actual or potential threat caused by either a catastrophic incident, a non-physical event or series of negative developments which escalate to crisis proportions. BCMM underlines the strategies and actions to be taken during the incident. It relies on an equalised evaluation of probable impact on the Group's operations, image and liability. Through systematic management in place, BCMM strives to handle those impacts so that the business recovery can be accelerated.

In order to ensure that sufficient resources are readily accessible, the plan undergoes constant reassessment, testing and auditing process. These continuous updates and improvements are significant to ensure that it remains relevant and allows the Group to effectively and efficiently face the challenges posed by any incidents.

As a means to facilitate the above, the Group has prepared the following:

a) Emergency Response Plan ("ERP")

The creation of ERP is an embodiment of the Group's commitment towards responding effectively to all emergencies that affect the Group. The plan strives to assure that immediate and effective response can be taken during emergency situations. This is achieved by providing training as well as maintaining adequate resources in dealing with crisis. The main goal of ERP is to minimise the after-effect of an emergency by minimising the risk to the public and employees and at the same time, protecting property and limiting damages to the environment.

Generally, the ERP revolves around on-site procedures which are to be taken by related personnel when an emergency occurs. The main priority of this measure would be the safety of the employees, the protection of the public as well as the conservation of the environment wherein the damage must be kept as minimal as possible. However, it is important to note that due to the volatile and irregular nature of emergencies, most procedures are presented as general guidelines rather than inflexible rules.

b) Computer Disaster Recovery Centre ("CDRC")

CDRC is a coordinated process of restoring crucial systems, data and infrastructures that are required to sustain the key on-going business operations during a crisis. The Group has set up its own CDRC, where core and main servers for the Group's IT operations are replicated outside the main operation buildings. The centre will also host the backup Operation Control Room ("OCR") in which, it has a similar function as the main OCR located at the Head Office. All these will make it possible for the critical data to remain safely intact and uncorrupted when disaster occurs.

c) Health, Safety, Environment and Quality ("HSEQ") Policy

The HSEQ Policy outlines the strong commitment of the Group towards its employees, business partners and the general public. Each and every practical and possible step identified will be considered and monitored by the HSEQ committee. As a result, risks of occupational injury and health illness amongst personnel and damages to the environment can be managed and minimised. At the same time, the quality of services will be enhanced as well.

KEY ELEMENTS OF INTERNAL CONTROL SYSTEM (ICS)

Outlined below are the other essential components of the Group's internal control system:

1) GOVERNANCE AND CONTROL ENVIRONMENT

- Delegation of responsibilities between the Board and the Management are clearly defined. This is done via proper documentation of authorisation procedures as well as line of accountability for authorisation, approval and control procedures. In line with that, a Limits of Authority framework is prepared to establish the availability of limits to govern the functions within the scope. Significant transactions such as major tenders, acquisitions and disposals must be approved by the Board.

- The Standard Operating Procedures ("SOPs") are regularly updated parallel with the latest developments in the Group to ensure that they will remain relevant at all times. The SOPs would document the internal control procedures including how specific objectives can be achieved based on respective processes.

- ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO/IEC 27001:2013 are certifications obtained for the Group's operational processes.

2) RISK ASSESSMENT

Regular meetings will be held amongst the HOCs and HODs to discuss any recent major issues affecting the Group. These meetings allow quality decisions to be made and at the same time, promoting teamwork in problem-solving.

3) ANTI-BRIBERY AND ANTI-CORRUPTION POLICY AND FRAMEWORK

The Group is committed to conduct its business professionally, ethically and with the highest standards of integrity. The Group therefore adopted and implemented an Anti-Bribery and Anti-Corruption Policy and Framework, which was approved by the Board of Directors on 13 February 2020. The Anti-Bribery and Anti-Corruption Policy and Framework emphasises the Group's zero-tolerance approach against all forms of bribery and corruption as well as the Group's commitment to uphold all applicable laws in relation to anti-bribery and corruption.

4) CONTROL ACTIVITIES

Control activities are performed at all levels within the Group through policies and procedures to ensure that Management's directives to mitigate risks in achieving business objectives are carried out. Relevant control activities within the Group include operational controls, financial reporting controls, internal and external audits and whistleblowing policy.

5) INFORMATION AND COMMUNICATION

The implementation of an Enterprise Resource Planning system facilitates a smooth flow of information among critical business functions within the Group. In return, it increases the quality of control and efficiency of operations.

6) MONITORING

- The Internal Audit Department has been assigned the responsibility to conduct reviews on the governance, risk management and internal controls of the Group. Subsequently, recommendations will be proposed to the Management should there be any room for improvement. The findings and recommendations will then be reported to the Audit Committee. The Committee shall act as the representative of the Board to put all the notions into consideration regarding the efficiency and sufficiency of the Group's internal controls.

- Every month, the monthly performance will be analysed against the budget and the comparative preceding year's performance by Accounting and Finance Department. The findings will be tabled to the Management during the monthly Management Committee meeting. This is done prior to the data being reported to the Audit Committee and the Board on a quarterly basis. This allows constant and timely performance monitoring. As such, any issues which impede the budget achievement goal is addressed early in an effective manner.

The Board and Management acknowledge the importance of constant monitoring of the Group. This is due to the ever-changing nature of the risks faced by the Group. Hence, to ensure the process is up to date, improvement and enhancement of the internal control must be conducted on an on-going basis to ensure that all probable impact of the identified risks can be mitigated timely.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM EFFECTIVENESS

The regular assessment by the Board to ensure an effective risk management and internal control systems of the Group is conducted through the following mechanisms:

- To begin with, the Board utilises numerous data and tools to measure whether the current risk management and internal control systems are still effective and relevant with the current condition. The data and tools include comparison between actual and planned performance, key financial as well as operational performance.

- Subsequently, the Management shall keep the Board updated on the Group's performance in relation to the plans and developments of both internal and external aspects. These discussions will be held on a quarterly basis. In addition, specific transactions, projects or opportunities will be discussed with the Board when the need arises. This allows the Board to determine if there are any new risks which need to be addressed as well as highlight elements of action plans and internal controls which must be enhanced for better results.

- Afterwards, all the improvements required will be addressed appropriately. These actions were carried out based on the results of reviews by the internal auditors. The outcome of the reviews will be discussed with the Audit Committee while the follow-up monitoring tasks will be carried out by the Management and internal auditors.

- Ultimately, the overall risk management activities and risk registers will be presented to the Board at least twice (2) a year. This is done to provide a complete overview of the Group's key risks and how they are being managed.

COMMENTARY ON THE ADEQUACY AND EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROLS SYSTEMS

The Board agrees that the risk management and system of internal control practices as described above are effective and cover up to the date of the approval of this statement for inclusion in the annual report. For the financial year under review, the Board is satisfied that the system of internal controls and risk management processes are adequate and sound in providing reasonable assurance in safeguarding shareholders' investments, the Group's assets and other stakeholders' interests as well as in addressing key risks impacting the business operations of the Group. There was no major internal control weakness identified that may result in any material loss or uncertainty that would require disclosure in this annual report.

CONCLUSION

For the financial year under review, based on inquiries, information and assurances provided by the Group Chief Executive Officer and Chief Financial Officer, the Board is of the view that the Group's risk management and system of internal controls are operating adequately and effectively, in all material respects.

This Statement on Risk Management and Internal Control ("SORMIC") has been prepared in line with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia, guided by the SORMIC: Guidelines for Directors of Listed Issuers and Malaysian Code on Corporate Governance ("MCCG") 2017. This Statement is made in accordance with a resolution of the Board of Directors dated 30 March 2021.

REVIEW BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad MMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control and reported to the Board that nothing has come to their attention that causes them to believe that the SORMIC intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is the SORMIC factually inaccurate. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Directors' Responsibility Statement

In Respect of the Audited Financial Statements

The Companies Act 2016 ("the Act") requires the Directors to prepare the financial statements for each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act in Malaysia.

The Directors are responsible to ensure that the financial statements provide a true and fair view of the state of financial position of the Group and the Company as at 31 December 2020, and of the financial performance and cash flows of the Group and of the Company for the financial year ended 31 December 2020.

In preparing the financial statements, the Directors have:

- adopted suitable and appropriate accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent; and
- used the going concern basis for the preparation of the financial statements.

The Directors are responsible to ensure that the Group and the Company keep proper accounting records which disclose with reasonable accuracy the financial position of the Group and the Company in accordance with the Act. The Directors are also responsible for taking reasonable steps to ensure that proper internal controls are in place to safeguard the assets of the Group and the Company, and to detect and prevent fraud and other irregularities.

This Statement is made in accordance with the resolution of Board of Directors dated 30 March 2021.

Audit Committee Report

AUDIT COMMITTEE REPORT

The Audit Committee ("AC") provides critical oversight of the Group financial reporting process, monitoring the external and internal auditing processes, compliance with relevant legal and statutory matters and other matters delegated by the Board to the AC through its approved Terms of Reference ("TOR"). The TOR of the AC are accessible to the public for reference on Gas Malaysia's website.

The Board of Directors of the Company is pleased to present the Audit Committee Report for the financial year ended 31 December 2020.

AUDIT COMMITTEE COMPOSITION AND MEETINGS HELD

The details of AC members and their attendance records at the AC meetings held during the financial year ended 31 December 2020 are as follows:

Name of Director	Status of Directorship	Independent	No. of Meetings Attended
Tan Lye Chong *Chairman*	Non-Executive Director	Yes	5/5
Datuk Puteh Rukiah binti Abd. Majid *Member*	Non-Executive Director	Yes	5/5
Datuk Ooi Teik Huat *Member*	Non-Executive Director	Yes	5/5

- The AC comprises three Independent Directors as at 31 December 2020, all of whom are Non-Executive Directors. This composition is aligned with Paragraph 15.09 (1) (a) and (b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad (Bursa Malaysia), which states that the AC must be composed of not fewer than three members and all the members must be non-executive directors, with majority of them being independent directors.

- The Chairman of AC, Tan Lye Chong, is not the Chairman of Gas Malaysia Board which is in line with the Malaysian Code of Corporate Governance ("MCCG") 2017. Two members of the AC fulfil the requirements of Paragraph 15.09 (1) (c) (i) of MMLR. Tan Lye Chong and Datuk Ooi Teik Huat are members of the Malaysian Institute of Accountants (MIA).

- During the financial year ended 31 December 2020, five AC meetings were held. This satisfies Paragraph 5.1 of the AC TOR, which requires the AC to meet at least four times a year. The meetings are normally attended by the Group Chief Executive Officer ("GCEO"), Director of Commercial, Director of Technical & Operations, Chief Financial Officer ("CFO"), Internal Auditors and upon invitation, the External Auditors.

- Four of the meetings held were planned quarterly meetings while one was a special meeting.

- The Company Secretary acts as the secretary to the AC. Minutes of each meeting are distributed to each AC and Board member. The Chairman of the AC reports key matters discussed at each AC meeting to the Board.

SUMMARY OF ACTIVITIES OF THE AC

During the financial year ended 31 December 2020, the AC discharged its functions and carried out its duties by undertaking the following work:

Internal Control

- Reviewed the adequacy and effectiveness of the system of internal controls based on the findings from internal and external auditors' reports presented during the AC meetings. The AC was satisfied with the internal auditors' and external auditors' recommendations and the management responses to mitigate and overcome the weaknesses highlighted. The AC will continue to monitor the implementation of any recommendations thereon.

- Reviewed the Statement on Risk Management and Internal Control ("SORMIC"), which was included in the Annual Report. The AC was satisfied with the adequacy and effectiveness of the internal control systems. In connection with the SORMIC, the GCEO and the CFO had given their assurances to the Board that the risk management and internal control systems of the Group for the financial year ended 31 December 2020 were operating effectively and efficiently in all material respects. As required by Paragraph 15.23 of the Bursa Malaysia MMLR, the external auditors have reviewed the SORMIC, and their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the MIA, which does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group. Based on the procedures performed by the external auditors, they have reported to the Board that nothing has come to their attention that causes them to believe that the SORMIC was not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the SORMIC: Guidelines for Directors of Listed Issuers, nor was the SORMIC factually inaccurate.

Financial Reporting

- Reviewed the quarterly financial results for announcement to Bursa Malaysia before recommending the same for approval by the Board upon being satisfied that, they comply with applicable approved Malaysian Financial Reporting Standards ("MFRS") issued by the Malaysian Accounting Standards Board, International Financial Reporting Standards ("IFRS") and MMLR.

- Reviewed the annual consolidated statutory financial statements of the Company prior to submission to the Board for its consideration and approval, upon being satisfied that, they were drawn up in accordance with the applicable approved MFRS, IFRS and the requirements of the Companies Act 2016 in Malaysia. The AC had reviewed the external auditors' report to the AC on their audit of the statutory financial statements and discussed the key audit matters included in the external auditors' report on the statutory financial statements, and was satisfied that all significant matters highlighted had been satisfactorily dealt with.

- Deliberated on changes or implementation of major accounting policies and compliance with accounting standards and other legal requirements.

Annual Reporting

- The Corporate Governance Overview Statement, Audit Committee Report, Management Discussion & Analysis and SORMIC for financial year ended 31 December 2020 for inclusion in the Company Annual Report 2020 were reviewed and recommended for Board approval by the AC on 24 March 2021. The AC had obtained assurance from the management that all the statements and reports have complied with MMLR.

- The Corporate Governance Report for financial year ended 31 December 2020 was reviewed and recommended for Board approval by the AC on 24 March 2021.

Related Party Transaction and Conflict of Interest

- Reviewed all the Related Party Transactions ("RPTs") and Recurrent Related Party Transactions ("RRPTs") entered into by the Group in accordance with the Group's RPT Policies & Procedures to monitor, track and identify RPTs and RRPTs so as to ensure the transactions are at all times carried out on arms-length basis, on normal commercial terms, in the best interest of the Group and are not to the detriment of minority shareholders.

- Reviewed on a quarterly basis, the status update on RPTs and RRPTs, and to monitor that RRPTs transacted were within the approved shareholders' mandate obtained. The AC ensured that any conflict of interests in the deliberation of a transaction was appropriately declared in advance.

SUMMARY OF ACTIVITIES OF THE AC (CONTINUED)

Internal Audit

- Reviewed and approved the Annual Internal Audit Plan for 2021, to ensure the adequacy of scope and coverage; competency and resources available; and that Internal Audit has the necessary authority to carry out its work.
- Reviewed and deliberated on the internal auditors' reports issued on the effectiveness and adequacy of governance, risk management and internal controls, audit recommendations and the Management's responses towards the issues highlighted.
- Reviewed and deliberated on follow-up audits on the adequacy and effectiveness of agreed corrective actions undertaken and implemented by Management on prior year audit issues to ensure non-recurrence.
- AC was updated quarterly on internal audit activities carried out, status of audit assignments and corrective actions for reports issued earlier, as well as staffing status and other assignments performed during the quarter.
- AC reviewed internal audit's organisational independence declaration for the financial year 2020, which was prepared in accordance with the Institute of Internal Auditors ("IIA") Standard 1100 (Independence and Objectivity). It was brought to the AC's attention that there have been no conflict of interest situations arising from internal audit's audit engagements for the financial year 2020.
- Evaluated and discussed the effectiveness of the internal audit functions and recommended areas for improvement.
- AC took note on status of Internal Audit Quality Assurance and Improvement Program ("QAIP") for the financial year 2020 which was established based on improvement opportunities highlighted in the external assessment results for the financial year 2019.
- Met with the internal auditors without the presence of the Management to ensure there was no restriction on the scope of works and to discuss any other matter that the internal auditors wish to escalate to the AC.

External Audit

- Reviewed the Audit Plan with the external auditors to ensure that the audit is carried out effectively and efficiently for the Company and for the Group.
- Reviewed the external auditors' reports on the statutory audit and the quarterly interim financial information and areas of concern and recommended solutions to address the concerns to ensure that all material issues were appropriately dealt with.
- Conducted an assessment on the external auditors, Messrs. PricewaterhouseCoopers PLT ("PwC"), for the financial year ended 31 December 2020. The assessment was based on independence and objectivity, effectiveness and timely completion of audit, communication skills, technical competencies, and adequacy of resources. On the basis of the assessment results, the AC had recommended to the Board to re-appoint Messrs. PwC for the ensuing financial year.
- Reviewed the External Auditors' fees prior to recommending it to the Board for approval.
- In relation to the auditors' remuneration for audit related fee and non-audit related fee of the Group for the financial year ended 31 December 2020, the amounts incurred for statutory audit was RM238,200, other audit related service was RM122,800 and non-audit related service was RM7,000. The other audit related service was in respect of review of the quarterly interim financial information for announcements and SORMIC. The AC had received confirmation from the external auditors that they were not aware of any non-audit related services that had compromised their independence as external auditors of the Group. The AC, based on its review, was satisfied that the other audit related and non-audit related services did not impair the independence and objectivity of the external auditors.
- Obtained written assurance from the external auditors that they were independent according to the By-Laws on Professional Independence of the MIA.
- AC exercised its rights, as stipulated in the TOR, to hold meetings with the external auditors without the presence of Management to ensure an adequate level of cooperation between the external auditors and management, and for the external auditors to highlight any issues encountered during the course of audit.

SUMMARY OF ACTIVITIES OF THE AC (CONTINUED)

Others

- The AC members have attended various relevant development and training programmes which are set out in pages 83 to 84 of the Corporate Governance Overview Statement in the Annual Report.

- The AC conducted an evaluation of its own performance for the financial year ended 31 December 2020, and the evaluation results were tabled and discussed at the AC and Board meetings.

- During the financial year under review, the Board assessed the performance of the AC through an annual assessment evaluation.

- The AC and the Board were satisfied and were of the view that the AC members have discharged their functions, duties and responsibilities in accordance with the TOR.

INTERNAL AUDIT FUNCTION

- Internal Audit Department ("IAD") is established by the Board to provide independent and objective assurance that the Group's internal control, governance and risk management processes are operating effectively throughout the financial year and designed to add value and improve the Group's operations.

- The in-house IAD is headed by Ms Azwin Noh, who is a Fellow of the Association of Chartered Certified Accountants ("FCCA") United Kingdom, holds a Master in Business Administration from University of Sunderland, United Kingdom and also a Bachelor of Accounting (Honours) from International Islamic University, Malaysia. She is also a Chartered Accountant with the MIA and a professional member of the Institute of Internal Auditors Malaysia.

- The internal audit function of the Group is carried out by the in-house IAD and is supported by MMC Corporation Berhad's Group Internal Audit Department.

- IAD has an independent status in the organization, with direct reporting to the AC and an administrative reporting to the GCEO. IAD maintained their impartiality, proficiency and due professional care at all times as outlined in its Internal Audit Charter.

- IAD's purpose, objectives, authority and responsibilities are spelt out in the Internal Audit Charter which is endorsed by the AC and approved by the Board.

- IAD's mission is to provide independent and objective assurance on governance, risk management and internal control systems reviewed that will improve and add value to the Group.

- The internal audits were undertaken to provide independent assessments on the adequacy, efficiency and effectiveness of the Group's internal control systems in anticipating potential risks exposures over key financial and business processes within the Group.

- The Company is a corporate member of The Institute of Internal Auditors Malaysia.

- Updates are obtained on the developments in the internal audit profession and staff are sent for internal audit training to enable them to be competent and adequately equipped in carrying out their duties and responsibilities.

- IAD is guided by internal policies and procedures, as well as the Internal Control Framework of Committee of Sponsoring Organisation of the Treadway Commission ("COSO"), in assessing and reporting the adequacy and effectiveness of the design and implementation of the organisation's overall system of internal controls, risk management and governance.

- IAD also adopts the standards and principles outlined in the International Professional Practices Framework ("IPPF") of the IIA, which comprises the Core Principles for the Professional Practice of Internal Auditing, the International Standards for the Professional Practice of Internal Auditing, the Definition of Internal Auditing and Code of Ethics.

- IAD is also responsible for the administration of the Group's Whistleblower Policy which provides an avenue for employees and third parties dealing with the Group to disclose cases of improper conduct.

- There were five staff in IAD during the financial year.

INTERNAL AUDIT FUNCTION (CONTINUED)

- None of the internal audit staff has any family relationship with any Director and/or Major Shareholder of Gas Malaysia and its subsidiaries, nor any conflict of interest with Gas Malaysia and its subsidiaries.
- All internal audit staff had confirmed that they had been independent and objective in carrying out their function and work for the financial year 2020 in accordance with the terms of the relevant professional and regulatory requirements.
- The total cost incurred by IAD during the financial year ended 31 December 2020 is RM1,043,237.

SUMMARY OF ACTIVITIES BY INTERNAL AUDITORS

- IAD prepared its Annual Internal Audit Plan 2020 using a risk-based approach, taking into consideration the Company's strategies, audit history and risks against the core and support processes of the organisation, as well as inputs from the AC and the Management.

Quarterly updates were prepared for the AC detailing the following:

- Status of Audit Plan 2020 on assignments completed, in progress and outstanding.
- Status of issues and corrective actions.
- Staff movement and recruitment to enable the AC to assess the adequacy of the competencies, skills and resources to provide adequate assurance on the governance, risk management and internal controls of the areas audited.
- Status of whistleblowing cases, if any reported.
- Results of Customer Satisfaction Survey for the AC's information.

- Provided independent and objective assurance on the adequacy of internal controls implemented to mitigate risk exposures. The reports on audits performed which consist of observations, risks and recommendations, Management action plans, deadlines and the persons responsible for the implementation of corrective actions were issued to the respective auditees, Management and AC.
- A total of seven planned audit assignments were conducted covering control environment, risk management and internal controls in the areas, as follows:

Seven planned audit assignments

- Management of Gas Malaysia Energy Advance Sdn Bhd, a joint venture of the Group
- Corporate governance
- Risk management
- Facilities and asset management
- Procurement & contracts
- RPTs and RRPTs
- Management of stock take

SUMMARY OF ACTIVITIES BY INTERNAL AUDITORS (CONTINUED)

- Performed eleven follow-up audits to monitor and assess if the actions required to resolve the governance, risk management and internal control matters reported earlier have been implemented adequately and timely, covering the areas, as follows:

11 follow-up audits

- Management of stock take
- Management of infrastructure development
- Management of inventories and insurance
- Management of Gas Malaysia Energy Advance Sdn Bhd
- Gas supply management (residential and commercial)
- Management of investor relations and event management
- Management of operating system
- Management & engineering audit
- Tendering process
- Risk management
- Management of accounting & finance

- IAD also conducted a review of the Group's RPT Policies & Procedures to provide assurance to the AC that the Policies & Procedures conform to the requirements of Bursa Malaysia and operations adhered to the Policies & Procedures.

- Developed and maintained a QAIP, which comprises all aspects of internal audit activities. The improvement initiatives identified as part of QAIP were derived based on improvements suggested during the internal assessment and external assessment. The QAIP activities are monitored on a quarterly basis and reported to the AC.

- IAD provided assertions on its independence and objectivity and conformance to the IPPF of Institute of Internal Auditors in its provision of assurance services on governance, risk management and internal control reviews.

The Audit Committee Report has been approved by the Board of Directors at its meeting on 30 March 2021.

Additional Compliance Information

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

On 6 August 2020, the Company's wholly owned subsidiary, Gas Malaysia Distribution Sdn Bhd ("GMD") had established an Islamic Medium Term Notes ("IMTN") Programme of up to RM1 billion in nominal value and Islamic Commercial Papers ("ICP") Programme of up to RM1 billion in nominal value with a combined issuance limit of up to RM1 billion in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (collectively, the "Sukuk Murabahah Programmes").

DESCRIPTION	APPROVED UTILISATION RM MILLION	ACTUAL UTILISATION RM MILLION	BALANCE RM MILLION	STATUS
Sukuk Murabahah Programme	1,000	396.0	504.0	The proceeds raised from the Sukuk Murabahah Programmes have been utilised to fully redeem the outstanding balance of the Company's Islamic Medium Term Notes of RM281.0 million, fund the working capital and capital expenditure requirements of the Group.

AUDIT AND NON-AUDIT FEES

The amount of audit fees paid to external auditors of the Group and the Company for the financial year ended 31 December 2020 amounted to RM361,000.00 and RM204,000.00 respectively.

The amount of non-audit fees paid to external auditors by the Group for services rendered amounted to RM7,000.00.

MATERIAL CONTRACT

There was no material contract (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries which involve Directors' and Major Shareholders' interests during the financial year ended 31 December 2020.

CONTRACTS RELATING TO LOAN

There was no contract relating to loan by the Company involving Directors and Major Shareholders.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT")

At the 29th AGM held on 26 June 2020, Gas Malaysia had obtained shareholders' mandate to allow the Gas Malaysia Group to enter into RRPT with related parties that are necessary for the day-to-day operations. The RRPT mandate is valid until the conclusion of the forthcoming 30th AGM of the Company.

In accordance with Paragraph 3.1.5 of Practice Note 12 of Bursa Malaysia Securities Berhad Main Market Listing Requirements, the details of the RRPT conducted during the financial year ended 31 December 2020 pursuant to the said shareholders' mandate are as follows:

RELATED PARTIES	COMPANIES WITHIN OUR GROUP	NAME OF INTERESTED RELATED PARTIES	VALUE OF TRANSACTIONS FOR FYE 2020	NATURE OF TRANSACTIONS
PETRONAS Dagangan Berhad ("PDB")	Gas Malaysia Group	**Interested Major Shareholders** PETRONAS[(a)] PGB[(b)] **Interested Directors** Kamalbahrin bin Ahmad[(c)] Shariza Sharis binti Mohd Yusof[(d)] **Interested Persons Connected** None	RM8,356,831.08	Purchase of Liquefied Petroleum Gas by Gas Malaysia Group from PDB.
PDB	Gas Malaysia Group	**Interested Major Shareholders** PETRONAS[(a)] PGB[(b)] **Interested Directors** Kamalbahrin bin Ahmad[(c)] Shariza Sharis binti Mohd Yusof[(d)] **Interested Persons Connected** None	RM0.00	Lease of land from PDB by Gas Malaysia Group for placement of gas district station at Lot 12911, Jalan Haji Sirat, Taman Klang Utama, Klang measuring 260 square feet. The payment is made annually.
Petroliam Nasional Berhad ("PETRONAS") Group	Gas Malaysia Group	**Interested Major Shareholders** PETRONAS[(a)] PGB[(b)] **Interested Directors** Kamalbahrin bin Ahmad[(c)] Shariza Sharis binti Mohd Yusof[(d)] **Interested Persons Connected** None	RM10,086,785.03	Tolling fees paid by PETRONAS Group to Gas Malaysia Group for the transportation of gas to PETRONAS's customers.
PETRONAS	Gas Malaysia	**Interested Major Shareholders** PETRONAS[(a)] PGB[(b)] **Interested Directors** Kamalbahrin bin Ahmad[(c)] Shariza Sharis binti Mohd Yusof[(d)] **Interested Persons Connected** None	RM20,630,484.77	Cash contribution paid by Gas Malaysia to PETRONAS for the construction of new city gate stations and all other necessary facilities and the upgrading of existing facilities by PETRONAS.

Additional Compliance Information

RELATED PARTIES	COMPANIES WITHIN OUR GROUP	NAME OF INTERESTED RELATED PARTIES	VALUE OF TRANSACTIONS FOR FYE 2020	NATURE OF TRANSACTIONS
PETRONAS Gas Berhad ("PGB")	Gas Malaysia Group	**Interested Major Shareholders** PETRONAS[a] PGB[b] **Interested Directors** Kamalbahrin bin Ahmad[c] Shariza Sharis binti Mohd Yusof[d] **Interested Persons Connected** None	RM214,682.23	Tenancy of land from PGB to Gas Malaysia for odoriser stations and right of way for a total estimated of 30 stations and the sizes ranges from 50 square meters to 2,000 square meters located in various locations in Peninsular Malaysia. The payment is made annually and the tenancy agreement is automatically renewed every three years.
PETRONAS Group	Gas Malaysia Group	**Interested Major Shareholders** PETRONAS[a] PGB[b] **Interested Directors** Kamalbahrin bin Ahmad[c] Shariza Sharis binti Mohd Yusof[d] **Interested Persons Connected** None	RM6,142,341,974.62	Purchase of Natural Gas by Gas Malaysia Group from PETRONAS Group.
MMC Group	Gas Malaysia Group	**Interested Major Shareholders** Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor[e] ICSB[f] STJSB[g] MMC[h] AOA[i] **Interested Directors** Dato' Sri Che Khalib bin Mohamad Noh[j] Datuk Ooi Teik Huat[k] **Interested Persons Connected** None	RM1,421,604.00	Provision of logistics service by MMC Group for Gas Malaysia Group to supply Compressed Natural Gas to its customers.

RELATED PARTIES	COMPANIES WITHIN OUR GROUP	NAME OF INTERESTED RELATED PARTIES	VALUE OF TRANSACTIONS FOR FYE 2020	NATURE OF TRANSACTIONS
DRB-HICOM Berhad Group	Gas Malaysia Group	**Interested Major Shareholders** Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor[(e)] ICSB[(f)] STJSB[(g)] MMC[(h)] AOA[(i)] **Interested Directors** Dato' Sri Che Khalib bin Mohamad Noh[(j)] Datuk Ooi Teik Huat[(k)] **Interested Persons Connected** None	RM4,856,923.00	Purchase of CNG by DRB-HICOM Group from Gas Malaysia Group.
Mitsui & Co.	Gas Malaysia Group	**Interested Major Shareholders** Mitsui & Co.[(l)] Mitsui & Co. (AP)[(m)] Mitsui & Co. (M)[(n)] TGM[(o)] **Interested Directors** Nobuhisa Kobayashi[(p)] **Interested Persons Connected** None	RM0.00	Purchase of spot Liquefied Natural Gas cargo by Gas Malaysia Group, from Mitsui & Co.

Notes:

(a) *PETRONAS is deemed interested in Gas Malaysia through its shareholding in PGB pursuant to Section 8 of the Act.*

(b) *PGB is the Major Shareholder of Gas Malaysia with a direct shareholding of 14.8%.*

(c) *Kamalbahrin bin Ahmad is the Director of Gas Malaysia and Senior Vice President & CEO, PETRONAS Refinery and Petrochemical Corporation Sdn Bhd.*

(d) *Shariza Sharis binti Mohd Yusof is the Alternate Director to Kamalbahrin bin Ahmad.*

(e) *Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor is deemed interested in Gas Malaysia through his shareholding in Indra Cita Sdn Bhd ("ICSB") pursuant to Section 8 of the Act.*

(f) *ICSB is deemed interested in Gas Malaysia through its shareholding in Seaport Terminal (Johore) Sdn Bhd ("STJSB") pursuant to Section 8 of the Act.*

(g) *STJSB is deemed interested in Gas Malaysia through its shareholding in MMC Corporation Berhad ("MMC") pursuant to Section 8 of the Act.*

(h) *MMC is deemed interested in Gas Malaysia through its shareholding in Anglo Oriental (Annuities) Sdn Bhd ("AOA") pursuant to Section 8 of the Act.*

(i) *AOA is the Major Shareholder of Gas Malaysia with a direct shareholding of 30.93%.*

(j) *Dato' Sri Che Khalib bin Mohamad Noh is a Director of Gas Malaysia and Group Managing Director of MMC and Chairman of Johor Port Berhad.*

(k) *Datuk Ooi Teik Huat is a Director of Gas Malaysia, MMC and Johor Port Berhad.*

(l) *Mitsui & Co. Ltd ("Mitsui & Co.") is deemed interested in Gas Malaysia through its shareholding in Mitsui & Co. (Asia Pacific) Pte Ltd. ("Mitsui & Co. (AP)") pursuant to Section 8 of the Act.*

(m) *Mitsui & Co. (AP) is deemed interested in Gas Malaysia through its shareholding in Mitsui & Co. (Malaysia) Sdn Bhd ("Mitsui & Co. (M)") pursuant to Section 8 of the Act.*

(n) *Mitsui & Co. (M) is deemed interested in Gas Malaysia through its shareholding in TGM pursuant to Section 8 of the Act.*

(o) *Tokyo Gas-Mitsui & Co. Holdings Sdn Bhd ("TGM") is a Major Shareholder of Gas Malaysia with a direct shareholding of 14.8%.*

(p) *Nobuhisa Kobayashi is the Director of Gas Malaysia and Director of TGM.*

STATUS OF COMPLIANCE ON PLOTS OF LAND ERECTED WITH GAS MALAYSIA'S STATIONS WHICH ARE NOT DESIGNATED FOR GAS STATION USE

The Securities Commission Malaysia ("SC"), vide its letter dated 5 January 2016, decided that Gas Malaysia will no longer be required to observe the stipulated timeframe in resolving the conditions imposed by the SC, i.e. rectifying those plots of land erected with stations which are not designated for gas station use ("Affected Stations") ("Condition"). Instead, Gas Malaysia is required to continue to pursue the matter with the relevant authorities subject to the following:

(a) Gas Malaysia is to provide an undertaking that they will resolve the non-compliances of the nine outstanding Affected Stations;

(b) Gas Malaysia is to disclose the efforts taken by them and status of compliance of the nine outstanding Affected Stations in the annual report until such time the non-compliance is resolved; and

(c) Maybank IB/Gas Malaysia is to update the SC when disclosure is made in the annual report.

Over the years, the Condition in respect of four out of the nine outstanding Affected Stations have been rectified and resolved, as follows:

(a) District station located at Jalan Bukit Kemuning, Shah Alam, Selangor: Terminated and dismantled on 17 February 2016. The affected customers of this station continue to receive the gas supply through another district station located on a piece of industrial land.

(b) District station located at Jalan Haji Sirat, Taman Klang Utama, Klang, Selangor: Terminated and dismantled on 27 June 2019. The customer from this station continues to receive the gas supply through the new district station located within the customer's premise, where the land express condition is for industrial use.

(c) District station located at Jalan Tun Sambanthan, Kuala Lumpur: The landlord has forwarded a copy of the title deed on 17 November 2019 stating that the land express condition is for commercial purposes. Hence, the Condition has been complied with in respect of this station as Gas Malaysia is currently supplying to commercial customers i.e Hilton Hotel, Le Meridian Hotel, St Regis Hotel and Suasana Sentral.

(d) District station located at Tampoi Industrial Estate, Johor Bahru: Terminated and dismantled on 12 December 2019 following the customer's decision to cease the operations.

To date, there are a total of five remaining Affected Stations with their status of compliance as follows:

NO.	LOCATION	TITLE PARTICULARS OF THE LAND	EXISTING USE	EFFORTS TAKEN AND STATUS OF COMPLIANCE
1.	PLO 171A, Jalan Angkasa Mas, Tebrau II Industrial area, Johor	HS(D) 281750, PTD 64065, Mukim Tebrau, Daerah Johor Bahru, Johor	District station	The landlord has informed Gas Malaysia that the relevant authorities are not in favor of supporting the application to convert the category of land use and land use condition to industrial use. Hence, Gas Malaysia is exploring other alternatives as advised by the landlord such as relocating the district station to the customer's premises or searching for suitable land to accommodate the relocation of the district station.
2.	Tebrau IV, Tebrau Industrial Estate	HS(D) 472167, PTD 138472, Mukim Tebrau, Tempat Kawasan Perindustrian Tebrau IV, Daerah Johor Bahru, Johor	District station	The landlord has informed that the relevant authorities are not in favor of supporting the application to convert the category of land use and land use condition to industrial use. Hence, Gas Malaysia is exploring other alternatives as advised by the landlord such as relocating the district station to the customer's premises or searching for suitable land to accommodate the relocation of the district station.
3.	Jln Petaling, Off Jalan Tampoi (Perisind Auto)	HS(D) 29209, PTB 12374, Bandar Johor Bahru, Daerah Johor Bahru, Johor	District station	Gas Malaysia has yet to obtain the Consent Letter from Johor Bahru Land Office with regards to the Land Acquisition Application. Gas Malaysia will continue to follow up with the Land Office.
4.	Lot 1202, Batu 3½, Pantai Kundur, Tangga Batu, 76400 Melaka	GMN 556, Lot 1202, Mukim Tangga Batu, Daerah Melaka Tengah, Melaka	District station	In August 2019, Gas Malaysia has purchased a piece of land within Tangga Batu, Melaka industrial area from Perbadanan Kemajuan Negeri Melaka. Gas Malaysia targets to relocate the district station to this new location in third quarter 2021.
5.	Lot 11, Mukim Tanjung 12, Teluk Panglima Garang, Kuala Langat, Klang	N/A	District station	Gas Malaysia is unable to ascertain the land use condition of the tenanted land. The said land has been transferred from Pesuruhjaya Tanah Persekutuan to the landlord in 2019, however, the title to the land stipulating the land use condition has yet to be issued. Gas Malaysia will continuously follow up with the landlord on the status of the issuance of the title.

06

FINANCIALS

Directors' Report

For the Financial Year ended 31 December 2020

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Datuk Haji Hasni bin Harun
Dato' Sri Che Khalib bin Mohamad Noh
Kamalbahrin bin Ahmad
(Alternate Shariza Sharis binti Mohd Yusof)
Datuk Puteh Rukiah binti Abd. Majid
Datuk Syed Abu Bakar bin S Mohsin Almohdzar
Tan Lye Chong
Datuk Ooi Teik Huat
Nobuhisa Kobayashi
(Alternate Tomoaki Yokoyama – Resigned on 17 July 2020)

In accordance with Clause 101 of the Company's constitution, Tan Lye Chong, Kamalbahrin bin Ahmad and Nobuhisa Kobayashi shall retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election as Directors.

DIRECTORS OF SUBSIDIARIES

The Directors in office during the financial year and during the period from the end of the financial year to the date of this report for the subsidiaries in the Group are:

Ahmad Hashimi bin Abdul Manap
Shahrir bin Shariff
Mohd Nisharuddin bin Mohd Noor
Zafian bin Supiat
Mohamad Farid bin Ghazali
Raja Iskandar bin Raja Mukhtaruddin (Resigned on 11 March 2021)

PRINCIPAL ACTIVITIES

The principal activities of the Company are the sale and distribution of natural gas to the industrial, commercial and residential sectors as well as the construction and operation of the Natural Gas Distribution System in Peninsular Malaysia ("gas supply business") up to 31 March 2020. Subsequently, with the implementation of the Third Party Access by the Government, the Company is required to unbundle its gas supply business. Accordingly, the Company had unbundled its gas supply business into gas distribution services and gas shipping services to be separately operated by its wholly owned subsidiaries, Gas Malaysia Distribution Sdn. Bhd. and Gas Malaysia Energy and Services Sdn. Bhd. respectively. Consequently, the Company's principal activities are that of the provision of management services and investment holding.

PRINCIPAL ACTIVITIES (CONTINUED)

The principal activities of the subsidiaries consist of:

(a) developing, operating and maintaining the distribution pipeline and to deliver gas through the distribution pipeline;

(b) selling, marketing and promotion of natural gas, liquefied petroleum gas ("LPG") and other gaseous fuel and providing related services and energy solution to industrial, commercial and residential sector;

(c) sale, supply and transport of Compressed Natural Gas ("CNG");

(d) property holding; and

(e) investment holding.

Except for the above, there have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	212,622	228,096

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

SHARE CAPITAL

There were no changes in the issued and paid up capital of the Company during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than the Directors' remuneration as disclosed in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains a liability insurance for the Directors and Officers of the Group and of the Company throughout the financial year, which provides appropriate insurance cover for the Directors and Officers of the Group and of the Company. The amount of insurance premium paid for the financial year ended 31 December 2020 was RM24,000.

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries during the financial year except as follows:

	Number of ordinary shares			
	Balance at 1.1.2020	Acquired	Disposed	Balance at 31.12.2020
Director with direct interest in the Company				
Tan Lye Chong	50,000	0	0	50,000
Directors of the subsidiaries with direct interest in the Company				
Ahmad Hashimi bin Abdul Manap	21,500	0	0	21,500
Mohd Nisharuddin bin Mohd Noor	15,000	0	0	15,000

DIVIDENDS

The dividends paid or declared by the Company since 31 December 2019 are as follows:

In respect of the financial year ended 31 December 2019, as reported in the Directors' Report for the previous financial year:

	RM'000
Second interim dividend paid on 31 March 2020:	
- 4.80 sen per ordinary share	61,632
Final dividend paid on 21 July 2020:	
- 4.50 sen per ordinary share	57,780
	119,412

DIVIDENDS (CONTINUED)

In respect of the financial year ended 31 December 2020:

	RM'000
First interim dividend paid on 8 October 2020:	
- 4.25 sen per ordinary share	54,570
Second interim dividend declared on 26 February 2021*:	
- 5.40 sen per ordinary share	69,336
Final dividend declared on 30 March 2021*:	
- 5.40 sen per ordinary share	69,336
	193,242

* The above second interim and the final dividend declared subsequent to the financial year ended 31 December 2020 will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2021.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 8 to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

OTHER STATUTORY INFORMATION (CONTINUED)

(b) At the date of this report, the Directors are not aware of any circumstances:

(i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statement of the Group and of the Company inadequate to any substantial extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

(d) No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company and its subsidiaries to meet their obligations as and when they fall due.

(e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.

(f) In the opinion of the Directors:

(i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Note 32 to the financial statements; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SUBSIDIARIES

(a) Details of subsidiaries

Details of subsidiaries are set out in Note 14 to the financial statements.

(b) Auditors' reports on the financial statements of the subsidiaries

None of the subsidiaries' financial statements were qualified for the financial year ended 31 December 2020.

(c) Subsidiaries' holding of shares in the holding company and other related corporations

None of the subsidiaries hold any shares in the holding company and other related corporations for the financial year ended 31 December 2020.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 6 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 30 March 2021. Signed on behalf of the Board of Directors:

DATUK HAJI HASNI BIN HARUN
CHAIRMAN

TAN LYE CHONG
DIRECTOR

Shah Alam

Statement By Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Datuk Haji Hasni bin Harun and Tan Lye Chong, the Directors of Gas Malaysia Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 125 to 206 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of the financial performance of the Group and of the Company for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 30 March 2021.

DATUK HAJI HASNI BIN HARUN
CHAIRMAN

TAN LYE CHONG
DIRECTOR

Shah Alam

Statutory Declaration

Pursuant to Section 251(1) of the Companies Act 2016

I, Zafian bin Supiat, the Officer primarily responsible for the financial management of Gas Malaysia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 125 to 206 are, in my opinion, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtues of the provisions of the Statutory Declarations Act 1960.

ZAFIAN BIN SUPIAT
(MIA No. 46711)

Subscribed and solemnly declared by the abovenamed Zafian bin Supiat at Shah Alam in the State of Selangor Darul Ehsan on 30 March 2021.

Before me:

COMMISSIONER FOR OATHS

Independent Auditors' Report

To the Members of Gas Malaysia Berhad
(Incorporated in Malaysia) Registration No. 199201008906 (240409-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Gas Malaysia Berhad ("the Company") and its subsidiaries ("the Group") 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 Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, 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 125 to 206.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Revenue recognition under the Incentive Based Regulation framework and Third Party Access A significant portion of the Group's revenue is regulated by tariffs imposed by the Regulator, the Energy Commission ("EC"). As explained in Note 3(aa)(iii) to the financial statements, the EC had made revisions to the existing Incentive Based Regulation ("IBR") framework pursuant to the implementation of the Third Party Access ("TPA") during the financial year. The TPA allows for the Group to propose additional components for revenue adjustment, for which the revenue-cap adjustment is one of the components. Under the revenue-cap adjustment mechanism, the Group's claims and undertakings are such that any over recovery or under recovery of revenue arising from the variances between the actual and forecasted firm capacity reservations used in the determination of tariff rates by the EC would be payable to or reimbursable from the Government, and is recognised as part of revenue in the period when these are incurred. We focused on this area to obtain an understanding of the Group's rights and obligations under the IBR framework and the TPA in determining the revenue recognition of the Group during the financial year, and the recovery of the outstanding balance as at the reporting date.	We performed the following: • We obtained an understanding of the rights and obligations between the Group with the customers and the Government pursuant to the implementation of the TPA and the application of the revenue-cap adjustment mechanism by reading supporting documentations such as the relevant meetings' minutes, licensing conditions, and applicable legislation governing the IBR framework under the TPA. In addition, we have also discussed with the Group's senior management, external legal counsel, representatives from the EC and Audit Committee members to ascertain the Group's legal rights and obligations with the customers and the Government that establish the basis for the recognition of revenue. • We tested the design and operating effectiveness of the relevant controls over revenue recognition, focusing on the controls over price changes arising from tariff revisions. • We obtained from management, the estimates on the firm capacity reservations and annual revenue requirement and agreed these to the submissions to the EC. • We checked the firm capacity reservations variance between the estimates used in determining the tariffs and the actual firm capacity reservations of the Group. Based on the above work performed, there were no material exceptions.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Accrual for gas costs	
The Group and the Company recognised gas cost accrual of RM356.4 million and RM40.5 million respectively as at 31 December 2020 as disclosed in Note 25 to the financial statements. As there is a timing difference between the supply of gas and the receipt of the actual billing from the gas supplier as at the end of the reporting period, the unbilled gas cost is accrued based on management's estimates made on the gas volume supplied by its gas supplier to the gas network. Management's judgement used in the determination of the estimates is set out in Note 3(aa)(ii) to the financial statements.	We performed the following: • We tested the design and operating effectiveness of management's key controls on the comparison between the total customers' meter readings against the total natural gas supplied to determine the volume of gas supplied but had not been billed by the supplier as at the end of the reporting period. • In addition, we tested management's steps to address the variances in gas volume above the threshold set by management, which is based on historical data for the gas losses in-transit between the supply pipeline and the pipeline connection at the customers' premises. • We performed back testing on the estimates used by management in the prior financial year, and compared these to the actual results. • For billings that have been issued by the supplier and received by management subsequent to the reporting date, we traced these billings to the accruals recorded at the reporting date. Based on the above work performed, there were no material exceptions.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, Statement on Risk Management and Internal Control, Audit Committee Report, Management Discussion and Analysis, Sustainability Report, Chairman's Statement and the other sections of the 2020 annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

HEW CHOOI YOKE
03203/07/2021 J
Chartered Accountant

Kuala Lumpur
30 March 2021

Statements of Comprehensive Income

For the Financial Year ended 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Revenue	4	**6,686,868**	6,886,453	**1,696,596**	6,852,635
Cost of sales	5	**(6,327,648)**	(6,595,159)	**(1,628,979)**	(6,568,430)
Gross profit		**359,220**	291,294	**67,617**	284,205
Administrative expenses	5	**(68,596)**	(60,005)	**(17,099)**	(55,899)
Selling and distribution expenses	5	**(823)**	(1,288)	**0**	0
Other operating income		**2,666**	2,046	**1,533**	2,088
Profit from operations	6	**292,467**	232,047	**52,051**	230,394
Finance costs	9	**(14,488)**	(15,366)	**(38)**	(14,475)
Share of results in joint ventures		**413**	21,230	**0**	0
Finance income	9	**12,451**	4,234	**10,072**	3,491
Profit before zakat and taxation		**290,843**	242,145	**62,085**	219,410
Zakat		**(3,500)**	(3,500)	**(100)**	(3,500)
Tax (expense)/credit	10	**(74,721)**	(48,540)	**166,111**	(47,754)
Net profit for the financial year		**212,622**	190,105	**228,096**	168,156
Other comprehensive (loss)/income (net of tax):					
Items that will be reclassified to profit or loss					
Share of other comprehensive (loss)/income of a joint venture					
- Cash flow hedge		**(1,585)**	6,458	**0**	0
Total comprehensive income for the financial year		**211,037**	196,563	**228,096**	168,156
Net profit attributable to:					
- Owners of the Parent		**212,622**	190,105	**228,096**	168,156
Total comprehensive income attributable to:					
- Owners of the Parent		**211,037**	196,563	**228,096**	168,156
Earnings per ordinary share attributable to the equity holders of the Company:					
- Basic and diluted earnings per share (RM)	11	**0.17**	0.15		

Statements of Financial Position

As at 31 December 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	12	**1,448,326**	1,361,431	**428**	1,345,851
Right-of-use assets	13	**19,055**	16,903	**0**	12,868
Investments in subsidiaries	14	**0**	0	**1,241,447**	20,005
Investments in joint ventures	15	**66,251**	67,308	**33,000**	33,000
Amounts due from subsidiaries	16	**0**	0	**37,019**	36,465
Other receivables	17	**17,690**	87,612	**0**	87,612
Deferred tax assets	23	**2,156**	0	**1,034**	0
		1,553,478	1,533,254	**1,312,928**	1,535,801
CURRENT ASSETS					
Trade and other receivables	17	**770,656**	796,384	**87,809**	788,972
Tax recoverable		**23,074**	0	**23,013**	0
Investment funds with licensed financial institutions	18	**77,000**	123,281	**24,000**	112,763
Cash and cash equivalents	19	**232,835**	169,145	**9,933**	147,737
		1,103,565	1,088,810	**144,755**	1,049,472
Total assets		**2,657,043**	2,622,064	**1,457,683**	2,585,273
EQUITY AND LIABILITIES					
Share capital	20	**642,000**	642,000	**642,000**	642,000
Cash flow hedge reserve		**2,829**	4,414	**0**	0
Retained profits	21	**435,281**	396,641	**435,797**	381,683
Total equity		**1,080,110**	1,043,055	**1,077,797**	1,023,683
NON-CURRENT LIABILITIES					
Redeemable preference share	22	**0***	0*	**0***	0*
Deferred tax liabilities	23	**175,452**	163,535	**0**	163,131
Contract liabilities	24	**8,491**	11,911	**0**	11,911
Borrowings	26	**111,000**	181,000	**0**	181,000
Lease liabilities	27	**3,389**	1,778	**0**	1,778
		298,332	358,224	**0**	357,820

* Denotes RM0.50

Statements of Financial Position
As at 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
CURRENT LIABILITIES					
Trade and other payables	25	**963,242**	1,010,641	**47,357**	992,897
Contract liabilities	24	**4,529**	4,529	**0**	4,529
Amounts due to subsidiaries	16	**0**	0	**332,529**	869
Borrowings	26	**285,720**	201,839	**0**	201,839
Lease liabilities	27	**1,016**	494	**0**	494
Tax payable		**24,094**	3,282	**0**	3,142
		1,278,601	1,220,785	**379,886**	1,203,770
Total liabilities		**1,576,933**	1,579,009	**379,886**	1,561,590
Total equity and liabilities		**2,657,043**	2,622,064	**1,457,683**	2,585,273

Statements of Changes in Equity

For the Financial Year ended 31 December 2020

	Note	Share capital RM'000	Cash flow hedge reserve* RM'000	Retained profits RM'000	Total RM'000
Group					
At 1 January 2020		**642,000**	**4,414**	**396,641**	**1,043,055**
Net profit for the financial year		**0**	**0**	**212,622**	**212,622**
Other comprehensive loss for the financial year		**0**	**(1,585)**	**0**	**(1,585)**
Total comprehensive income for the financial year		**0**	**(1,585)**	**212,622**	**211,037**
Transactions with owners:					
Dividend: financial year ended 31 December 2020	28	**0**	**0**	**(54,570)**	**(54,570)**
Dividends: financial year ended 31 December 2019	28	**0**	**0**	**(119,412)**	**(119,412)**
Total transactions with owners		**0**	**0**	**(173,982)**	**(173,982)**
At 31 December 2020		**642,000**	**2,829**	**435,281**	**1,080,110**
At 1 January 2019		642,000	(2,044)	383,728	1,023,684
Net profit for the financial year		0	0	190,105	190,105
Other comprehensive income for the financial year		0	6,458	0	6,458
Total comprehensive income for the financial year		0	6,458	190,105	196,563
Transactions with owners:					
Dividend: financial year ended 31 December 2019	28	0	0	(61,632)	(61,632)
Dividends: financial year ended 31 December 2018	28	0	0	(115,560)	(115,560)
Total transactions with owners		0	0	(177,192)	(177,192)
At 31 December 2019		642,000	4,414	396,641	1,043,055

* The cash flow hedge reserve is in respect of the Group's share of the cash flow hedge reserve of its joint venture.

Statements of Changes in Equity

For the Financial Year ended 31 December 2020

	Note	Share capital RM'000	Retained profits RM'000	Total RM'000
Company				
At 1 January 2020		**642,000**	**381,683**	**1,023,683**
Net profit for the financial year/Total comprehensive income for the financial year		**0**	**228,096**	**228,096**
Transactions with owners:				
Dividend: financial year ended 31 December 2020	28	**0**	**(54,570)**	**(54,570)**
Dividends: financial year ended 31 December 2019	28	**0**	**(119,412)**	**(119,412)**
Total transactions with owners		**0**	**(173,982)**	**(173,982)**
At 31 December 2020		**642,000**	**435,797**	**1,077,797**
At 1 January 2019		642,000	390,719	1,032,719
Net profit for the financial year/Total comprehensive income for the financial year		0	168,156	168,156
Transactions with owners:				
Dividend: financial year ended 31 December 2019	28	0	(61,632)	(61,632)
Dividends: financial year ended 31 December 2018	28	0	(115,560)	(115,560)
Total transactions with owners		0	(177,192)	(177,192)
At 31 December 2019		642,000	381,683	1,023,683

Statements of Cash Flows

For the Financial Year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
OPERATING ACTIVITIES					
Profit before zakat and taxation		**290,843**	242,145	**62,085**	219,410
Adjustments for:					
Depreciation and amortisation		**87,188**	79,160	**165**	78,233
Impairment loss on trade receivables		**140**	77	**0**	23
Write back of impairment loss on trade receivables		**(89)**	(1,836)	**(33)**	(1,814)
Other receivables written off		**727**	0	**727**	0
(Gain)/Loss on disposal of property, plant and equipment		**(55)**	121	**(55)**	(46)
Property, plant and equipment written off		**5,194**	7,548	**0**	7,548
Impairment loss on property, plant and equipment		**7,648**	0	**0**	0
Impairment of investment in a joint venture		**282**	0	**0**	0
Share of results in joint ventures		**(413)**	(21,230)	**0**	0
Finance costs		**14,488**	15,366	**38**	14,475
Finance income		**(12,451)**	(4,234)	**(10,072)**	(3,491)
Dividend income		**0**	0	**(53,510)**	0
		393,502	317,117	**(655)**	314,338
Changes in working capital:					
Receivables		**94,947**	(131,574)	**788,001**	(129,921)
Payables and contract liabilities		**(88,377)**	(12,363)	**(945,540)**	(12,590)
Intercompany balances		**0**	0	**314,369**	(12,736)
Cash flows generated from operations		**400,072**	173,180	**156,175**	159,091
Zakat paid		**(3,500)**	(3,500)	**(100)**	(3,500)
Income tax paid		**(67,224)**	(51,232)	**(24,209)**	(50,446)
Tax refund		**2**	171	**0**	171
Net cash flows generated from operating activities		**329,350**	118,619	**131,866**	105,316

Statements of Cash Flows

For the Financial Year ended 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
INVESTING ACTIVITIES					
Government grant received		**0**	40,000	**0**	40,000
Proceeds from disposal of property, plant and equipment		**55**	111	**135,771**	46
Purchase of property, plant and equipment		**(148,065)**	(176,860)	**(362)**	(176,264)
Finance income received		**12,376**	4,269	**10,152**	3,526
Addition of investment funds with licensed financial institutions		**(77,000)**	0	**(24,000)**	0
Withdrawal of investment funds with licensed financial institutions		**123,281**	48,469	**112,763**	57,707
Advances to subsidiaries		**0**	0	**(1,329)**	(8,067)
Repayment from subsidiaries		**0**	0	**684**	558
Dividend income received from subsidiaries		**0**	0	**52,850**	0
Dividend income received from a joint venture		**660**	0	**660**	0
Investment in a joint venture		**(1,057)**	(3,500)	**0**	0
Net cash flows (used in)/generated from investing activities		**(89,750)**	(87,511)	**287,189**	(82,494)
FINANCING ACTIVITIES					
Dividends paid		**(173,982)**	(177,192)	**(173,982)**	(177,192)
Issuance of Islamic Medium Term Notes ("iMTN") and Islamic Commercial Papers ("iCP")		**2,216,000**	950,000	**900,000**	950,000
Repayment of iMTN and iCP		**(2,201,000)**	(850,000)	**(1,281,000)**	(850,000)
Lease liabilities paid		**(1,288)**	(1,724)	**0**	(1,724)
Finance cost paid		**(15,640)**	(15,801)	**(1,877)**	(14,910)
Net cash flows used in financing activities		**(175,910)**	(94,717)	**(556,859)**	(93,826)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**63,690**	(63,609)	**(137,804)**	(71,004)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		**169,145**	232,754	**147,737**	218,741
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	19	**232,835**	169,145	**9,933**	147,737

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Notes to the statements of cash flows:

a. The following principal non-cash transactions during the financial year have been set-off against other receivables:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
(i) Finance income receivable arising from deposits with financial institutions	**162**	87	**7**	87

b. The consideration for the acquisition of 1,220,463,000 ordinary shares and 979,000 ordinary shares in Gas Malaysia Distribution Sdn Bhd and Gas Malaysia Energy and Services Sdn Bhd amounting to RM1,220,463,000 and RM979,000 respectively in the current financial year was set-off against the proceeds from the disposal of certain property, plant and equipment by the Company to these subsidiaries. The details of the disposal transactions are disclosed in Note 32.

c. The changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes are as follows:

	Borrowings RM'000	Dividend payable RM'000	Lease liabilities RM'000	Total RM'000
Group				
At 1 January 2020	**382,839**	**0**	**2,272**	**385,111**
Cash flows – net of drawdown and repayment/ payment	**(640)**	**(173,982)**	**(1,288)**	**(175,910)**
Non-cash items:				
- Dividends declared	**0**	**173,982**	**0**	**173,982**
- Finance costs	**14,521**	**0**	**218**	**14,739**
- Addition of lease liabilities	**0**	**0**	**3,406**	**3,406**
- Accrual of unpaid lease liabilities	**0**	**0**	**(203)**	**(203)**
At 31 December 2020	**396,720**	**0**	**4,405**	**401,125**

Notes to the statements of cash flows: (continued)

c. The changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes are as follows: (continued)

	Borrowings RM'000	Dividend payable RM'000	Lease liabilities RM'000	Total RM'000
Group				
At 1 January 2019	283,966	0	2,708	286,674
Cash flows – net of drawdown and repayment/ payment	84,199	(177,192)	(1,724)	(94,717)
Non-cash items:				
- Dividends declared	0	177,192	0	177,192
- Finance costs	14,674	0	1,270	15,944
- Addition of lease liabilities	0	0	18	18
At 31 December 2019	382,839	0	2,272	385,111
Company				
At 1 January 2020	**382,839**	**0**	**2,272**	**385,111**
Cash flows – net of drawdown and repayment/ payment	**(382,877)**	**(173,982)**	**0**	**(556,859)**
Non-cash items:				
- Dividends declared	**0**	**173,982**	**0**	**173,982**
- Finance cost	**38**	**0**	**0**	**38**
- Transfer to a subsidiary (Note 32)	**0**	**0**	**(2,272)**	**(2,272)**
At 31 December 2020	**0**	**0**	**0**	**0**
At 1 January 2019	283,966	0	2,708	286,674
Cash flows – net of drawdown and repayment/ payment	85,090	(177,192)	(1,724)	(93,826)
Non-cash items:				
- Dividends declared	0	177,192	0	177,192
- Finance costs	13,783	0	1,270	15,053
- Addition of lease liabilities	0	0	18	18
At 31 December 2019	382,839	0	2,272	385,111

Notes to the Financial Statements

For the Financial Year ended 31 December 2020

1 GENERAL INFORMATION

The principal activities of the Company are the sale and distribution of natural gas to the industrial, commercial and residential sectors as well as the construction and operation of the Natural Gas Distribution System in Peninsular Malaysia ("gas supply business") up to 31 March 2020. Subsequently, with the implementation of the Third Party Access by the Government, the Company is required to unbundle its gas supply business. Accordingly, the Company had unbundled its gas supply business into gas distribution services and gas shipping services to be separately operated by its wholly owned subsidiaries, Gas Malaysia Distribution Sdn. Bhd. and Gas Malaysia Energy and Services Sdn. Bhd. respectively. Consequently, the company's principal activities are that of the provision of management services an investment holding.

The principal activities of the subsidiaries consist of:

(a) developing, operating and maintaining the distribution pipeline and to deliver gas through the distribution pipeline;

(b) selling, marketing and promotion of natural gas, liquefied petroleum gas ("LPG") and other gaseous fuel and providing related services and energy solution to industrial, commercial and residential sector;

(c) sale, supply and transport of Compressed Natural Gas ("CNG");

(d) property holding; and

(e) investment holding.

Details of the principal activities of the subsidiaries and joint ventures are set out in Notes 14 and 15 to the financial statements.

The Company is a public limited liability company, incorporated and domiciled in Malaysia.

The address of the registered office and the principal place of business of the Company is 5, Jalan Serendah 26/17, Seksyen 26, 40732 Shah Alam, Selangor Darul Ehsan.

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 30 March 2021.

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's activities expose it to a variety of financial risks, including profit rate risk, credit risk and liquidity risk. The Group's and the Company's overall financial risk management objective is to ensure that the Group and the Company create value for the shareholders. Financial risk management is carried out through risk reviews, internal control systems, an insurance programme and adherence to Group's financial risk management policies.

(a) Profit rate risk

The Group's and the Company's income and operating cash flows are substantially independent of changes in market profit rates. The profit rate exposure arises from the Group's and the Company's deposits and borrowings, and are not material to the operations of the Group and of the Company.

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk

Risk management

The Group's and the Company's exposure to credit risk arises from cash and cash equivalents and investment funds with licensed financial institutions, as well as credit exposures to customers, including outstanding receivable balances. The Company's exposure to credit risk arises from amounts due from subsidiaries and joint ventures, cash and cash equivalents and investment funds with licensed financial institutions, as well as credit exposure on outstanding receivable balances. Risks arising therefrom are minimised through:

- Performing regular reviews of the aging profiles of amounts due from subsidiaries and joint ventures.
- Investing cash assets safely and profitably, which involves placement of cash and cash equivalents and short-term deposits with established banks or financial institutions. In addition, the Group and the Company set exposure limits as well as limiting placement tenures to less than one year for each of the financial institutions.
- Performing credit evaluations on customers and assessing the credit quality of the customers by taking into account their financial positions, past experience and other factors.
- Ensuring the collection risk arising from trade receivables is minimised by imposing a requirement for a 2-month or 3-month financial guarantee on its customers. A credit review committee meets regularly and closely monitors the trade receivables.

Measurement of Expected Credit Loss ("ECL")

The Group and the Company set out three categories of receivables that reflect their credit risks and loss allowance is determined for these categories.

(i) Trade receivables using simplified approach

The expected loss rates are based on the payment profiles of sales over a period of 12 months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors (such as crude oil prices and gross domestic product growth) affecting the ability of the customers to settle the receivables. The historical loss rates will be adjusted based on expected changes in these factors. No significant changes to estimation techniques or assumptions were made during the reporting period.

In determining the expected loss rates, the Group and the Company also take into consideration the following:

- The collection of a 2-month or 3-month financial guarantee (e.g. collection in the form of cash deposits, issuance of bank guarantees by the customers in the name of the Group, etc.) from the customers prior to the commencement of supply of gas. These financial guarantees are reviewed periodically to ensure that the amounts remain appropriate vis-à-vis the value of the gas supplied or reserved firm capacity.
- Issuance of suspension notice to the customers with payments past due 1 day from the credit terms for gas sales. Thereafter, customers are given a grace period of 7 days from the issuance of the suspension notice, and failure to make payments will entail the disconnection of gas supply to the customer's premise.
- Issuance of suspension notice to the customers with payments past due 14 days from the credit terms for provision of tolling services. Thereafter, customers are given a grace period of 14 days from the issuance of the suspension notice, and failure to make payments will entail the disconnection of tolling services.

The Group's and the Company's maximum exposure to credit risk and loss allowance recognised as at the reporting date are disclosed in Note 17. The remaining amount in which no ECL allowance was recognised is deemed to be recoverable, with low probability of default.

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (continued)

Measurement of Expected Credit Loss ("ECL") (continued)

(ii) Debt instruments at amortised cost other than trade receivables, using the 3-stage general approach

The Group and the Company use four categories to reflect their credit risk and how the loss allowance is determined for each of the categories. A summary of the assumptions underpinning the Group's and the Company's expected credit loss is as follows:

Category	Definition of category	Basis of recognition of ECL provision
Performing	Debtors have a low risk of default and a strong capacity to meet the contractual cash flows.	12 months expected losses. Where the expected lifetime on an asset is less than 12 months, expected losses are measured at its expected lifetime.
Underperforming	Debtors for which there is a significant increase in credit risk due to actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligation.	Lifetime expected losses
Non-performing	There is evidence indicating the assets is credit-impaired.	Lifetime expected losses
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.	Asset is written-off

Based on the above, loss allowance is measured on either 12-month ECL or lifetime ECL using a PD ("Probability of Default") x LGD ("Loss Given Default") x EAD ("Exposure at Default") methodology.

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (continued)

Measurement of Expected Credit Loss ("ECL") (continued)

(ii) Debt instruments at amortised cost other than trade receivables, using the 3-stage general approach (continued)

In deriving the PD and the LGD, the historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors (such as crude oil prices and gross domestic product growth) affecting the ability of the customers to settle the receivables. The historical loss rates will be adjusted based on expected changes in these factors. No significant changes to estimation techniques or assumptions were made during the reporting period.

For intercompany balances that are repayable on demand, the Company's ECL is based on the following assumptions:

- If the borrower has sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, the ECL is likely to be immaterial.
- If the borrower could not repay the loan if demanded at the reporting date, the Company considers the expected manner of recovery to measure the ECL. The recovery manner could be either through 'repayment over time' or a fire sale of less liquid assets by the borrower.
- If the recovery strategies indicate that the Company would fully recover the outstanding balance of the loan, the ECL would be limited to the effect of the discounting of the amount due on the loan, at the loan's effective interest rates, over the period until the amount is fully recovered.

All of the Group's and of the Company's debt instruments at amortised cost other than trade receivables are considered to have low credit risks, as these were considered to be performing, have low risks of default and historically there were minimal instances where contractual cash flow obligations have not been met.

The maximum exposure to credit risks for debt instruments at amortised cost other than trade receivables are represented by the carrying amounts recognised in the statements of financial position.

(iii) Financial guarantee contracts

During the financial year, the Company has issued Kafalah guarantee to a bank for Sukuk Murabahah Programme granted to its subsidiary, as disclosed in Note 26. The fair value on initial recognition of the financial guarantee was not material as the possibility of default by the subsidiary is negligible.

The Company is exposed to credit risk arising from the financial guarantee contract given to the bank for its subsidiary's borrowings where the maximum credit risk exposure is the amount of the borrowings utilised by the subsidiary. The Company believes that the financial guarantee contract is considered to be performing, has low risk of default and is unlikely to be called upon by the subsidiary's bank. Accordingly, no loss allowance was identified based on 12 months ECL.

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (continued)

Measurement of Expected Credit Loss ("ECL") (continued)

(iii) Financial guarantee contracts (continued)

The table sets out the maximum exposure to credit risk in relation to financial guarantee contracts which have not been reflected in the statement of financial position of the Company:

	Company	
	2020 RM'000	2019 RM'000
Corporate guarantee provided to a bank on the Sukuk Murabahah Programmes	**396,720**	0

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 17. Deposits with banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and have no history of default.

(c) Liquidity risk

Liquidity risk management implies maintaining sufficient cash and ensuring the availability of funding through an adequate amount of committed credit facilities.

Whilst the Group's and the Company's current liabilities exceeded their current assets by RM175,036,000 (2019: RM131,974,000) and RM235,131,000 (2019: RM154,298,000) respectively, the Directors are of the view that the Group and the Company are able to meet their obligations based on the cash flows of the Group and of the Company for the next twelve months, coupled with the availability of undrawn committed borrowing facilities available to the Group.

The table below analyses the Group's and the Company's non-derivative financial liabilities into relevant maturity groupings based on remaining period at the reporting date to the maturity date. The amounts disclosed in the table are contractual undiscounted cash flows:

	Less than 3 months RM'000	Between 3 months to 1 year RM'000	Between 1 to 2 years RM'000	More than 2 years RM'000	Total RM'000
2020					
Group					
Trade and other payables	**789,822**	**173,420**	**0**	**0**	**963,242**
Borrowings (principal and interest)	**215,385**	**74,451**	**107,095**	**15,524**	**412,455**
Lease liabilities (principal and interest)	**330**	**852**	**949**	**2,794**	**4,925**

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

The table below analyses the Group's and the Company's non-derivative financial liabilities into relevant maturity groupings based on remaining period at the reporting date to the maturity date. The amounts disclosed in the table are contractual undiscounted cash flows: (continued)

	Less than 3 months RM'000	Between 3 months to 1 year RM'000	Between 1 to 2 years RM'000	More than 2 years RM'000	Total RM'000
2020					
Company					
Trade and other payables	**40,481**	**6,876**	**0**	**0**	**47,357**
Amounts due to subsidiaries	**0**	**332,529**	**0**	**0**	**332,529**
Financial guarantee contracts	**215,385**	**74,451**	**107,095**	**15,524**	**412,455**
2019					
Group					
Trade and other payables	867,110	143,531	0	0	1,010,641
Borrowings (principal and interest)	100,289	109,887	80,340	121,254	411,770
Lease liabilities (principal and interest)	417	1,081	1,105	3,186	5,789
Company					
Trade and other payables	862,392	130,505	0	0	992,897
Amounts due to subsidiaries	0	869	0	0	869
Borrowings (principal and interest)	100,289	109,887	80,340	121,254	411,770
Lease liabilities (principal and interest)	417	1,081	1,105	3,186	5,789

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Capital management

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern while seeking to maximise benefits to shareholders and other stakeholders.

The Group and the Company actively and regularly review and manage their capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and the Company, prevailing and projected profitability, projected operating cash flows, projected capital expenditure and projected strategic investment opportunities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders. The Company targets a dividend ratio of not less than 75% of profit after tax.

The Group monitors capital utilisation based on the gearing ratio. This ratio is calculated as total debt divided by total capital. Total debt is calculated as total borrowings (comprising short term and long term borrowings as well as lease liabilities as shown in the statements of financial position). Total capital is calculated as the sum of total equity and total debt.

The gearing ratios as at the reporting date are as follows:

	Group	
	2020 RM'000	**2019 RM'000**
Total debt	**401,125**	385,111
Total equity	**1,080,110**	1,043,055
Total capital	**1,481,235**	1,428,166
Gearing ratio	**27.1%**	27.0%

There were no changes in the Group's approach to capital management during the current financial year. The Group maintains a debt to equity ratio that complied with debt covenants in respect of the borrowings undertaken by the Group.

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value hierarchy

The assets and liabilities carried at fair value are categorised into different levels of fair value hierarchy as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The carrying amounts of all financial assets and liabilities of the Group and of the Company at the end of the reporting period approximated their fair values.

The Group's and the Company's financial instruments measured and recognised at fair value are presented in the table below:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2020				
Group				
Financial asset				
- Investment funds with licensed financial institutions	**0**	**77,000**	**0**	**77,000**
Company				
Financial asset				
- Investment funds with licensed financial institutions	**0**	**24,000**	**0**	**24,000**
2019				
Group				
Financial asset				
- Investment funds with licensed financial institutions	0	123,281	0	123,281
Company				
Financial asset				
- Investment funds with licensed financial institutions	0	112,763	0	112,763

There were no transfers between level 1 and level 2 of the fair value hierarchy during the financial years.

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(f) Financial instruments by categories

	Financial assets at amortised cost		Finance assets at fair value through profit or loss	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Group				
Non-current assets:				
Other receivables	**17,690**	87,612	**0**	0
Current assets:				
Trade and other receivables (exclude prepayments and GST input tax)	**766,203**	788,831	**0**	0
Cash and cash equivalents	**232,835**	169,145	**0**	0
Investment funds with licensed financial institutions	**0**	0	**77,000**	123,281
	1,016,728	1,045,588	**77,000**	123,281

	Other financial liabilities at amortised cost	
	2020 RM'000	**2019 RM'000**
Non-current liabilities:		
Borrowings	**111,000**	181,000
Current liabilities:		
Trade and other payables	**963,242**	1,010,641
Borrowings	**285,720**	201,839
	1,359,962	1,393,480

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(f) Financial instruments by categories (continued)

	Financial assets at amortised cost		Finance assets at fair value through profit or loss	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Company				
Non-current assets:				
Amounts due from subsidiaries	**37,019**	36,465	**0**	0
Other receivables	**0**	87,612	**0**	0
Current assets:				
Trade and other receivables (exclude prepayments and GST input tax)	**87,253**	781,513	**0**	0
Cash and cash equivalents	**9,933**	147,737	**0**	0
Investment funds with licensed financial institutions	**0**	0	**24,000**	112,763
Total	**134,205**	1,053,327	**24,000**	112,763

	Other financial liabilities at amortised cost	
	2020 RM'000	2019 RM'000
Non-current liabilities:		
Borrowings	**0**	181,000
Current liabilities:		
Trade and other payables	**47,357**	992,897
Amounts due to subsidiaries	**332,529**	869
Borrowings	**0**	201,839
Total	**379,886**	1,376,605

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements.

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3(aa).

(i) Standards, amendments to published standards and interpretations that are effective and relevant to the Group and to the Company:

The Group and the Company have applied the following standard, amendments and interpretation for the first time for the financial year beginning on 1 January 2020:

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 "Definition of Material"
- Amendments to MFRS 3 "Definition of a Business"
- Amendments to MFRS 7, MFRS 9 and MFRS 139 "Interest Rate Benchmark Reform"

The revised Conceptual Framework as well as amendments to the existing standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(ii) Standards early adopted by the Group and by the Company

The Group and the Company have elected to early adopt the Amendments to MFRS 16 "COVID-19-Related Rent Concessions" for the first time in the 2020 financial statements, with the date of initial application of 1 January 2020, which resulted in some changes in the accounting policies. However, the adoption of the amendments has no financial impact to the Group and to the Company upon its initial application.

There were no other standards early adopted by the Group and by the Company.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(iii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and to the Company but not yet effective and have not been adopted by the Group and by the Company

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning on or after 1 January 2021. The Group and the Company intend to adopt the following pronouncements that are applicable to the Group and to the Company when they become effective:

Effective for financial year beginning on or after 1 January 2021

- Amendments to MFRS 7, 9, 139 and 16 on Interest Rate Benchmark Reform - Phase 2

  The Interest Rate Benchmark Reform - Phase 2 amends some specific requirements in MFRS 9 "Financial Instruments", MFRS 139 "Financial Instruments: Recognition and Measurement", MFRS 7 "Financial Instruments: Disclosures" and MFRS 16 "Leases" with respect to issues that affect financial reporting during the reform of an interest rate benchmark.

  The amendments provide a practical expedient whereby a company would not derecognise or adjust the carrying amount of financial instruments for modifications required by interest rate benchmark reform, but would instead update the effective interest rate to reflect the change in the interest rate benchmark. On hedging relationship, entities would be required to amend the formal designation of a hedging relationship to reflect the modifications and/or changes made to the hedged item and/or hedging instruments as a result of the reform. However, the modification does not constitute discontinuation of the hedging relationship nor the designation of a new hedging relationship.

  The Phase 2 amendments are to be applied retrospectively but entities are not required to restate comparatives.

Effective for financial year beginning on or after 1 January 2022

- Annual Improvements to MFRS 9 "Fees in the 10% test for derecognition of financial liabilities" clarifies that only fees paid or received between the borrower and the lender, including the fees paid or received on each other's behalf, are included in the cash flow of the new loan when performing the 10% test.

  An entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(iii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and to the Company but not yet effective and have not been adopted by the Group and by the Company (continued)

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning on or after 1 January 2021. The Group and the Company intend to adopt the following pronouncements that are applicable to the Group and to the Company when they become effective: (continued)

<u>Effective for financial year beginning on or after 1 January 2022</u> (continued)

- Amendments to MFRS 3 "Reference to Conceptual Framework" replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework. The amendments did not change the current accounting for business combinations on acquisition date.

  The amendments provide an exception for the recognition of liabilities and contingent liabilities should be in accordance with the principles of MFRS 137 "Provisions, contingent liabilities and contingent assets" and IC Interpretation 21 "Levies" when falls within their scope. It also clarifies that contingent assets should not be recognised at the acquisition date.

  The amendments shall be applied prospectively.

- Amendments to MFRS 116 "Proceeds before intended use" prohibit an entity from deducting from the cost of a property, plant and equipment the proceeds received from selling items produced by the property, plant and equipment before it is ready for its intended use. The sales proceeds should instead be recognised in profit or loss.

  The amendments also clarify that testing whether an asset is functioning properly refers to assessing the technical and physical performance of the property, plant and equipment.

  The amendments shall be applied retrospectively.

- Amendments to MFRS 137 "Onerous contracts cost of fulfilling a contract" clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognised.

  The amendments shall be applied retrospectively.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(iii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and to the Company but not yet effective and have not been adopted by the Group and by the Company (continued)

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning on or after 1 January 2021. The Group and the Company intend to adopt the following pronouncements that are applicable to the Group and to the Company when they become effective: (continued)

Effective for financial year beginning on or after 1 January 2023

- Amendments to MFRS 101 "Classification of liabilities as current or non-current" clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

  A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date. A loan is classified as non-current if a covenant is breached after the reporting date.

  The amendments shall be applied retrospectively.

Effective date yet to be determined by the Malaysian Accounting Standards Board

- Amendments to MFRS 10 "Consolidated Financial Statements" and MFRS 128 "Investments in Associates and Joint Ventures" on Sales or Contribution of Assets between an Investor and its Associate or Joint Venture resolve a current inconsistency between MFRS 10 and MFRS 128.

  The accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business'.

  Full gain or loss shall be recognised by the investor where the non-monetary assets constitute a 'business'. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor to the extent of the other investors' interests. In other words, the elimination of profits or losses resulting from 'upstream' and 'downstream' transactions between an investor and its associate or a joint venture rule is only applicable if the asset is not a business.

  The amendments will only apply when an investor sells or contributes assets to its associate or joint venture. They are not intended to address accounting for the sale or contribution of assets by an investor in a joint operation.

There is no material impact to the financial statements of the Group and of the Company arising from the amendments to existing standards that are applicable, but yet to be effective.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances and unrealised gains or losses on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

When necessary, amounts reported by the subsidiaries have been adjusted to conform to the Group's accounting policies.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Joint ventures

A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position. Under the equity method, the investment in a joint venture is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in profit or loss, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture, including any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment loss is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Property, plant and equipment

Freehold land and capital work-in-progress are stated at cost. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price, import duties, non-refundable purchase taxes and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing the net proceeds with the carrying amount and are included in profit from operations.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 3(f) on impairment of non-financial assets.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Depreciation

Freehold land is not depreciated as it has an indefinite life. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

Other property, plant and equipment are depreciated on the straight-line method to allocate the cost to their residual values over their estimated useful lives, summarised as follows:

Buildings	50 years
Motor vehicles	5 years
Office and gas equipment	3 to 5 years
Furniture and fittings	5 years
Office renovation	3 years
Pipeline and distribution systems	10 to 30 years

Residual values, useful lives and the depreciation method of property, plant and equipment are reviewed and adjusted if appropriate, at the end of each reporting period.

(f) Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to profit or loss. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss.

(g) Investments

In the Company's separate financial statements, investments in subsidiaries and joint ventures are carried at cost less accumulated impairment losses.

On disposal of investments in subsidiaries and joint ventures, the difference between the net disposal proceeds and the carrying amount of the investments are recognised in profit and loss.

The amount due from a subsidiary for which the subsidiary has no repayment obligation is considered as part of the Company's net investment in the subsidiary.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Leases

(i) Accounting by lessee

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group and by the Company (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group and the Company allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group or the Company is a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

(a) Lease term

In determining the lease term, the Group and the Company consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and the Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and of the Company and affects whether the Group and the Company is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See note 3(h)(i)(d) on reassessment of lease liabilities.

(b) ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company are reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

The upfront payment represents prepaid lease payments for lease of land and is amortised on the straight-line basis over the lease period of 20 to 99 years.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Leases (continued)

(i) Accounting by lessee (continued)

(c) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group and by the Company under residual value guarantees;
- The exercise price of a purchase and extension options if the Group and the Company are reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and in the Company, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group and the Company present the lease liabilities as a separate line item in the statements of financial position. Interest expense on the lease liability is presented within finance costs in profit or loss in the statements of comprehensive income.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Leases (continued)

(i) Accounting by lessee (continued)

(d) Reassessment of lease liabilities

The Group and the Company are also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

During the financial year, the Group and the Company applied the practical expedient to account for a COVID-19-related rent concession that meets all of the following conditions in the same way as they would if they were not lease modification:

(i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(ii) any reduction in lease payments affects only payments due on or before 30 June 2021; and

(iii) there is no substantive change to other terms and conditions of the lease.

The Group and the Company account for COVID-19 related rent concession as a variable lease payment in the period in which the event or condition that triggers the reduced payment occurs. Impacts of rent concessions are presented within operating expenses.

Until 31 December 2019, a change in lease payments (including rent concession), other than those arising from a change in amounts expected to be payable under residual value guarantees or in an index or rate used to determine lease payments, is accounted for as a lease modification if it is not part of the original terms and conditions of the lease. The lease modification is accounted for as either a new lease or as a remeasurement of an existing lease liability, depending on the criteria set in MFRS 16.

(e) Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Leases (continued)

(ii) Accounting by lessor

As a lessor, the Group and the Company determine at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group and the Company consider certain indicators such as whether the lease is for the major part of the economic life of the asset.

(a) Operating leases

The Group and the Company classify a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and the Company recognise lease payments received under operating lease as lease income on a straight-line basis over the lease term.

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of underlying asset and recognised as an expense over the lease term on the same basis as lease income.

(b) Sublease classification

When the Group and the Company are an intermediate lessor, they assess the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group and the Company apply the exemption described above, then they classify the sublease as an operating lease.

(c) Separating lease and non-lease components

If an arrangement contains lease and non-lease components, the Group and the Company allocate the consideration in the contract to the lease and non-lease components based on the stand-alone selling prices in accordance with the principles in MFRS 15.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Trade and other receivables

Trade receivables are amounts due from customers for sale of gas, tolling fee and contributions receivable from customers in respect of construction of pipelines performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group and of the Company. If collection is expected in one year or less, they are classified as current assets. Otherwise, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction costs. Transaction costs include transfer taxes and duties.

After recognition, trade and other receivables are subsequently measured at amortised cost using the effective interest method, less loss allowance. See accounting policy note 3(t) on impairment of financial assets.

(j) Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents are held for the purpose of meeting short-term cash commitment rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, bank balances, deposit held at call with financial institutions, other short term and highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Share capital

(i) Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

(ii) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distributions to holders of an equity instrument is recognised directly in equity.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Trade payables

Trade payables represent liabilities to pay for natural gas, LPG and CNG that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities unless payment is not due within 12 months after the reporting period, in which they are presented as non-current liabilities.

Trade payables are recognised initially at fair value net of transaction costs incurred, which include transfer taxes and duties. Trade payables are subsequently measured at amortised cost using the effective profit rate method.

(m) Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective profit rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group and the Company have unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Current and deferred income tax

Tax expense for the financial year comprises current and deferred income tax. The income tax expense or credit for the financial year is the tax payable on the current financial year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company, its subsidiaries and joint ventures operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the parent and joint venturer and it is probable that the temporary difference will not be reverse in the foreseeable future.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Current and deferred income tax (continued)

Generally, the joint venturer is unable to control the reversal of the temporary difference for joint ventures. Only where there is an agreement in place that gives the joint venturer the ability to control the reversal of temporary differences, a deferred tax liability is not recognised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(o) Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Group and the Company expect a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

(p) Functional and presentation currency

Items included in the financial statements of each of the Group's and of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency. The Group's and the Company's presentation currency is Ringgit Malaysia.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Income recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group and the Company transfers controls of the goods or services promised in a contract and the customer obtains control of the goods and services. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, net of indirect taxes, returns, rebates and discounts. The transaction price is allocated to each distinct good or service promised in the contract. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(i) Sale of gas

The Group's and the Company's revenue is mainly derived from the sales of natural gas to industrial, commercial and residential customers. The Group and the Company sell gas to the customers in various forms, namely natural gas, LPG and CNG.

As part of the customer's process to obtain gas supply from the Group and the Company, customers may be required to pay a connectivity charge to the Group and the Company (i.e. payment of capital contribution in order for the Group and the Company to connect the customer's premise to the natural gas distribution system ("NGDS") network). In the case of the Group and of the Company, as the connectivity charge and the supply of gas are highly interdependent on one another to produce the output that the customer requires (i.e. the supply of gas), hence, it is not being capable to be distinct in the context of the supply of goods and services. Therefore, it is treated as one single performance obligation.

Revenue from gas sales is recognised (net of discount and taxes collected on behalf) as and when the Group's and the Company's customers simultaneously receive and consume the benefits (i.e. the customers are able to utilise the gas for their benefit as and when the gas is being supplied) arising from the Group and the Company performing their obligations based on the terms of the contracts with the customers. Accordingly, revenue from the supply of gas is recognised over time; i.e. as and when the gas supplied is consumed by the customers.

There is no element of financing present as the Group's and the Company's sales are based on a credit term of 25 days from the date of the invoice.

(ii) Provision for tolling services

Revenue from provision of tolling services is recognised in the period in which the tolling activities are performed. There is no element of financing present as sales is based on a credit term of 30 days from the date of invoice.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Income recognition (continued)

Revenue from contracts with customers (continued)

(iii) Provision for metered services

Revenue from metered services comprise charges imposed to retail license holders, who are also the customers of the Group, in respect of billing and payment collection services provided on behalf of the retail license holders to the respective customers. It is recognised in the period in which the activities are performed. There is no element of financing present as sales is based on a credit term of 30 days from the date of invoice.

(iv) Fee from management services

Fee from management services is recognised as revenue over time during the period in which the services are rendered.

Revenue from other sources

(v) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

Other income

(vi) Finance income

Finance income is recognised in profit or loss on an accrual basis, using the effective profit rate method of the underlying asset.

Finance income is calculated by applying the effective profit rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective profit rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(vii) Other income

Other income includes rental income, tender related income, gain/(loss) on disposal of assets and late payment charges, which is recognised on an accrual basis.

(r) Accounting for zakat

The Group and the Company recognise the obligations towards the payment of zakat on business. Zakat for the current financial year is recognised as and when the Group and the Company have a current zakat obligation as a result of a zakat assessment. The amount of zakat expense shall be assessed when a company has been in operation for at least 12 months, i.e. for the period known as "haul".

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Accounting for zakat (continued)

Zakat rates enacted or substantively enacted by the end of each reporting period are used to determine the zakat expense. The rate of zakat on business as determined by zakat authority under Lembaga Zakat Selangor for 2020 is 2.5% of the zakat base. The zakat base of the Group and of the Company are determined based on the profit after tax of eligible companies within the Group and the Company after deducting certain non-operating income and expenses. Zakat on business is calculated by multiplying the zakat rate with zakat base. The amount of zakat assessed is recognised as an expense in the financial year in which it is incurred.

(s) Contingent liabilities

The Group and the Company do not recognise a contingent liability other than those arising from business, but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

(t) Financial instruments

(i) Financial assets

(a) Classification

The Group and the Company classify the financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss ("FVTPL"); and
- those to be measured at amortised cost.

The classification depends on Group's and on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss.

The Group and the Company reclassify the debt investments when and only when the business model for managing those assets changes.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ("SPPI").

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Financial instruments (continued)

(i) Financial assets (continued)

(b) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group and the Company commit to purchase or sell the asset.

At initial recognition, the Group and the Company measure a financial asset at fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets are derecognised when the rights to receive contractual cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

(c) Subsequent measurement – gains and losses

<u>Debt instruments</u>

Subsequent measurement of debt instruments depends on the Group’s and the Company’s business model for managing the financial asset and the cash flow characteristics of the financial asset. There are two measurement categories into which the Group and the Company classify the debt instruments:

- Amortised cost:

  Financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other operating income/(expense).

- FVTPL:

  Financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income (“FVOCI”) are measured at FVTPL. Gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other operating income/(expense) in the period in which it arises.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Financial instruments (continued)

(i) Financial assets (continued)

(d) Subsequent measurement – impairment

Impairment for debt instruments and financial guarantee contracts

The Group and the Company assess on a forward-looking basis the ECL associated with its debts instruments carried at amortised cost and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group and the Company apply the simplified approach permitted by MFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Group and the Company have three types of financial assets that are subject to the ECL model:

- Trade receivables for sales of goods and services;
- Debt instruments carried at amortised cost; and
- Financial guarantee contracts.

In the Company's separate financial statements, intercompany balances are also subject to ECL.

While cash and cash equivalents are also subject to the impairment requirements as set out in MFRS 9, there is no impairment loss identified given the financial strength of the financial institutions in which the Group and the Company have a relationship with.

ECL represent a probability-weighted estimate of the difference between the present value of cash flows according to the contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Company expects to receive from the holder, the debtor or any other party.

The measurement of the ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Financial instruments (continued)

(i) Financial assets (continued)

(d) Subsequent measurement – impairment (continued)

The financial assets of the Group and the Company and the related ECL measurement models are set out below:

<u>Trade receivables using the simplified approach</u>

The Group and the Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. Note 2(b) sets out the measurement details of the ECL.

<u>Debt instruments at amortised cost other than trade receivables and financial guarantee contracts issued, using the 3-stage general approach</u>

At each reporting date, the Group and the Company measure ECL through loss allowance at an amount equal to 12-month ECL if the credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required. Note 2(b) sets out the measurement details of the ECL.

Significant increase in credit risk

The Group and the Company considers the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an on-going basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information, such as:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligation;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; or
- significant changes in the expected performance or behaviour of the debtor, including changes in the payment status of debtor.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Financial instruments (continued)

(i) Financial assets (continued)

(d) Subsequent measurement – impairment (continued)

Significant increase in credit risk (continued)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group and the Company define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The Group and the Company define a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

Qualitative criteria:

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider the following instances:

- the debtor is in breach of financial covenants.
- concessions have been made by the lender relating to the debtor's financial difficulty.
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.
- the debtor is insolvent.

Financial instruments that are credit-impaired are assessed on an individual basis.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Financial instruments (continued)

(i) Financial assets (continued)

(d) Subsequent measurement – impairment (continued)

Groupings of instruments for ECL measured on collective basis

Collective assessment

To measure ECL, trade receivables arising from the sale of gas have been grouped based on shared risk characteristics and the days past due.

Individual assessment

Trade receivables which are in default or credit-impaired are assessed individually.

Write-off

Trade receivables

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and the Company, and a failure to make contractual payments for a period greater than 365 days past due.

Impairment losses on trade receivables are presented as net impairment losses within administrative expenses. Subsequent recoveries of amounts previously written off are credited against the same line item.

Debt instruments at amortised cost other than trade receivables

The Group and the Company write off financial assets, in whole or in part, when all partial recovery efforts have been exhausted and there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtors' sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Company may write off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off are credited against the same line item.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Financial instruments (continued)

(ii) Financial liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

Financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are classified as current liabilities for those having maturity dates of less than twelve months after the reporting date, otherwise, the balances are classified as non-current.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(iv) Financial guarantee contracts

Financial guarantee contracts are contracts that require the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 "Financial Instruments" and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 'Revenue from Contracts with Customers', where appropriate.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Employee benefits

(i) Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The Group and the Company recognise a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group and the Company recognise a provision where contractually obliged or where is a past practice that has created a constructive obligation.

(ii) Post-employment benefits

A defined contribution plan is a pension under which the Group and the Company pay fixed contributions into a separate entity (a fund) on a mandatory, contractual or voluntary basis and the Group and the Company have no legal or constitute obligations to pay further contributions if fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The Group's and the Company's contributions to defined contribution plans are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(v) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") for its ordinary shares.

Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted EPS is determined by adjusting the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares which comprise share options granted to employees, if any.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Management Committee that makes strategic decisions.

(x) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each reporting period.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for at fair value through profit or loss. Changes in the fair value are recognised immediately in profit or loss and are included in other gains/(losses). Derivatives that qualify for hedge accounting are designated as either:

(a) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);

(b) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or

(c) Hedges of a net investment in a foreign operation (net investment hedge).

The Group documents at the inception of the hedge relationship, the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

<u>Cash flow hedge</u>

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other gains/(losses).

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance income/cost at the same time as the interest expense on the hedged borrowings.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Derivatives and hedging activities (continued)

Cash flow hedge (continued)

When the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or property, plant and equipment), the gains and losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of property, plant and equipment.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, the accounting of any cumulative deferred gain or loss and deferred cost of hedging included in equity depends on the nature of the underlying hedged transaction. For cash flow hedge which resulted in the recognition of a non-financial asset, the cumulative amount in equity shall be included in the initial cost of the asset. For other cash flow hedges, the cumulative amount in equity is reclassified to profit or loss in the same period that the hedged cash flows affect profit or loss. When hedged future cash flows or forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred cost of hedging that was reported in equity is immediately reclassified to profit or loss within other gains/(losses).

(y) Contract liabilities

A contract liability is the obligation to transfer goods or services to customer for which the Group and the Company have received the consideration or have billed the customer. In the case of the supply of gas, contract liabilities represent the consideration received from customers which had made contributions to the Group and to the Company for the connecting the premises to the Group's and to the Company's natural gas distribution network.

(z) Government grant

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group and the Company will comply with all attached conditions.

Government grants relating to the purchase of assets are presented as a reduction of the carrying amount of the related assets. The government grant is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

(aa) Critical accounting estimates and judgements

Estimates and judgements are continually being evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(aa) Critical accounting estimates and judgements (continued)

Critical accounting estimates, assumptions and judgements

(i) Depreciation policy

The depreciation policy of the pipelines system adopted by the Directors, assumes that there are no changes expected to the technology and legal environment in the industry in which the Group and the Company operate in, as well as the manner of which the assets are being used. In addition, given the significance of the pipeline network used to supply gas to end customers, the Group has competitive advantage as it would be difficult for any new entrant to replicate, and therefore the current useful life continues to be reasonable. Estimates and judgements are continuously evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(ii) Accrual for gas costs

In determining the accrual for gas costs as disclosed in Note 25 to the financial statements, estimates are made by management on the gas volume supplied to its gas network as at the reporting date. These estimates are based on past experience of the customers' consumption patterns in the prior financial years.

The Directors have also taken into account the terms of business which the Group and the Company have with its gas suppliers where the title and ownership of the gas shall be transferred to the Group and to the Company upon delivery to the Group's and to the Company's pipeline.

(iii) Revenue recognition arising from the Group's and the Company's rights and obligations under the Incentive-Based Regulation ("IBR") framework and Third Party Access ("TPA")

The Directors have applied judgement in applying the revenue recognition policy based on the Group's and the Company's business model, its relationships and contracts with the customers and their rights and obligations under the IBR framework and TPA. The judgement includes the assessment of the Group's and the Company's rights in dealing with and charging the customers taking into consideration the Group's and the Company's responsibility for securing and expanding their customer base and bearing the credit risk of the customers.

The Energy Commission ("EC") implemented the IBR framework on 1 January 2017 whereby the tariffs are revised every six months using the Gas Cost Pass-Through ("GCPT") mechanism. The GCPT mechanism is used by the EC to ensure that the Group and the Company remain financially neutral from fluctuations in gas price. Under the IBR framework, tariffs are determined by estimating the gas volume consumption and its estimated cost for the next six months. As the actual gas volume consumed and gas cost are different from the estimates used in determining tariffs, this results in gas cost being under or over recovered which will be recognised as part of revenue in the reporting period when the cost differential occurs.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(aa) Critical accounting estimates and judgements (continued)

(iii) Revenue recognition arising from the Group's and the Company's rights and obligations under Incentive-Based Regulation ("IBR") framework and Third Party Access ("TPA") (continued)

The EC implemented the TPA during the financial year, which entails the liberalisation of the Malaysian gas market whereby third parties are expected to be involved in the retailing of gas to end customers. Accordingly, the existing IBR framework has been revised to allow the distribution licensee (i.e. Gas Malaysia Distribution Sdn Bhd) or the EC to propose additional components for revenue adjustment, for which revenue-cap adjustment is one of the components. The revenue-cap adjustment mechanism is used by the EC to ensure that the Group remains financially neutral from fluctuations between the forecast and actual firm capacity reservations. Under this mechanism, the Group's claims and undertakings are such that any over or under recovery of revenue arising from the variances between actual and forecasted firm capacity reservations used in the determination of tariff rates for the utilisation of the Natural Gas Distribution System ("NGDS") would be payable to or reimbursable from the Government via revenue-cap adjustment mechanism, and would be recognised as part of revenue in the period when the variances in the firm capacity reservations occur.

The Directors have considered the Group's and the Company's rights and obligations with the customers and the Government under the IBR framework and TPA in determining the revenue recognition for the financial year as well as the recovery of the outstanding balance as at the reporting date.

4 REVENUE

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Revenue from contract with customers:				
Sale of gas:				
- Sale of natural gas	**6,616,235**	6,839,642	**1,629,780**	6,838,254
- Sale of LPG	**25,846**	32,339	**0**	0
- Cash contribution for pipelines construction	**3,420**	3,420	**855**	3,420
Provision for tolling services	**41,197**	10,961	**799**	10,961
Provision for metered services	**170**	91	**0**	0
Management fees	**0**	0	**11,652**	0
	6,686,868	6,886,453	**1,643,086**	6,852,635
Revenue from other source:				
Dividend income	**0**	0	**53,510**	0
	6,686,868	6,886,453	**1,696,596**	6,852,635

4 REVENUE (CONTINUED)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Timing of revenue from contracts with customers:				
- over time	**6,686,868**	6,886,453	**1,643,086**	6,852,635

5 EXPENSES BY NATURE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cost of natural gas	**6,163,256**	6,440,508	**1,631,629**	6,440,508
Cost of LPG	**15,768**	22,525	**0**	0
Staff costs (Note 7)	**73,082**	71,257	**10,122**	66,473
Depreciation and amortisation:				
- Property, plant and equipment	**84,917**	77,864	**165**	76,993
- Right-of-use assets	**2,271**	1,296	**0**	1,240
Net impairment loss/(write back of impairment loss) on trade receivables	**51**	(1,759)	**(33)**	(1,791)
Other receivables written off	**727**	0	**727**	0
Property, plant and equipment written off	**5,194**	7,548	**0**	7,548
Impairment loss on property, plant and equipment	**7,648**	0	**0**	0
Gas licence fee	**2,519**	2,213	**244**	2,210
Sales commission expenses	**823**	1,288	**0**	0
Other expenses	**41,233**	33,712	**3,262**	31,148
	6,397,489	6,656,452	**1,646,116**	6,624,329

The above is a combination of cost of sales, administrative expenses and selling and distribution expenses in the statements of comprehensive income.

6 PROFIT FROM OPERATIONS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit from operations is arrived at after crediting:				
Gain on disposal of property, plant and equipment	**55**	46	**55**	46
Write back of impairment loss on trade receivables (Note 17)	**89**	1,836	**33**	1,814
and after charging:				
Auditors' remuneration:				
- statutory audit	**238**	241	**81**	186
- other audit related services	**123**	123	**123**	123
- non-audit services	**7**	3	**0**	3
Loss on disposal of property, plant and equipment	**0**	167	**0**	0
Impairment of investment in a joint venture	**282**	0	**0**	0
Impairment loss on trade receivables (Note 17)	**140**	77	**0**	23
Other receivables written off	**727**	0	**727**	0
Property, plant and equipment written off	**5,194**	7,548	**0**	7,548
Impairment loss on property, plant and equipment	**7,648**	0	**0**	0
Rental of equipment	**63**	58	**5**	46
Rental of premises	**730**	306	**87**	136

7 STAFF COSTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Wages, bonuses and salaries	**65,782**	62,158	**8,597**	58,552
Defined contribution plan - contributions	**9,735**	9,191	**1,330**	8,653
Other employee benefits	**6,795**	8,777	**195**	8,137
	82,312	80,126	**10,122**	75,342
Less: Staff costs capitalised in property, plant and equipment	**(9,230)**	(8,869)	**0**	(8,869)
	73,082	71,257	**10,122**	66,473

The staff costs include Directors' remuneration as disclosed in Note 8.

8 DIRECTORS' REMUNERATION

The aggregate amount of emoluments received by the Directors of the Company during the financial year is as follows:

	Group and Company	
	2020 RM'000	**2019 RM'000**
Fees	**846**	918
Other benefits	**807**	802
	1,653	1,720

9 FINANCE COSTS AND FINANCE INCOME

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
(a) Finance cost				
Bank charges	**422**	812	**38**	417
Profit rate:				
- iMTN	**9,953**	11,487	**0**	10,991
- iCP	**4,146**	2,375	**0**	2,375
Lease liabilities	**218**	1,270	**0**	1,270
	14,739	15,944	**38**	15,053
Less: Finance costs capitalised in property, plant and equipment	**(251)**	(578)	**0**	(578)
	14,488	15,366	**38**	14,475
(b) Finance income				
Finance income from:				
- Deposits placed with licensed banks	**4,780**	4,234	**2,401**	2,989
- Amounts due from subsidiaries (Note 16)	**0**	0	**0**	502
- Other receivables	**7,671**	0	**7,671**	0
	12,451	4,234	**10,072**	3,491

10 TAX EXPENSE/(CREDIT)

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Income tax:				
- current financial year	**65,605**	45,246	**0**	44,584
- over accrual in prior financial year	**(645)**	(3,061)	**(1,946)**	(3,232)
	64,960	42,185	**(1,946)**	41,352
Deferred taxation: (Note 23)				
- origination and reversal of temporary difference	**9,761**	6,355	**(164,165)**	6,402
	74,721	48,540	**(166,111)**	47,754

A reconciliation of income tax expense applicable to profit before taxation and after zakat at the statutory income tax rate to income tax expense of the Group and of the Company is as follows:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Profit before taxation and after zakat	**287,343**	238,645	**61,985**	215,910
Tax calculated at the Malaysian income tax rate of 24% (2019: 24%)	**68,962**	57,275	**14,876**	51,818
Tax effects of:				
- Income not subject to tax	**(1,334)**	(5,330)	**(13,133)**	(5,199)
- Expenses not deductible for tax	**4,406**	1,847	**1,171**	1,786
- Share of results in joint ventures	**(99)**	(5,095)	**0**	0
- Temporary differences for which no deferred tax has been recognised	**2,061**	370	**0**	0
- Under/(Over) accrual of taxes in prior financial year	**725**	(527)	**(774)**	(651)
- Reversal of deferred tax arising from assets transferred to subsidiaries	**0**	0	**(168,251)**	0
Tax expense/(credit)	**74,721**	48,540	**(166,111)**	47,754

11 EARNINGS PER SHARE

Basic earnings per ordinary share and diluted earnings per ordinary share are calculated by dividing the net profit for the financial year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2020	**2019**
Net profit for the financial year attributable to equity holders of the Company (RM'000)	**212,622**	190,105
Weighted average number of ordinary shares ('000)	**1,284,000**	1,284,000
Basic earnings per share (RM)	**0.17**	0.15
Diluted earnings per share (RM)	**0.17**	0.15

The Group has no dilutive potential ordinary shares and therefore the diluted EPS is the same as the basic EPS.

12 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold buildings RM'000	Motor vehicles RM'000	Office and gas equipment RM'000	Furniture and fittings RM'000	Office renovation RM'000	Pipeline and distribution systems RM'000	Capital work-in-progress RM'000	Total RM'000
2020									
Cost									
At 1 January	9,894	22,011	7,755	53,754	755	11,044	1,911,642	168,352	2,185,207
Additions	0	217	1,604	4,443	0	97	39,911	138,382*	184,654
Disposals	0	0	(357)	0	0	0	0	0	(357)
Write-off	0	0	(35)	0	0	0	(10,473)	0	(10,508)
Reclassifications	0	0	0	0	0	0	131,460	(131,460)	0
At 31 December	9,894	22,228	8,967	58,197	755	11,141	2,072,540	175,274	2,358,996
Accumulated depreciation									
At 1 January	0	8,806	5,669	39,978	749	6,248	762,326	0	823,776
Charge for the financial year	0	497	1,214	4,318	6	2,259	76,623	0	84,917
Disposals	0	0	(357)	0	0	0	0	0	(357)
Write-off	0	0	(10)	0	0	0	(5,304)	0	(5,314)
At 31 December	0	9,303	6,516	44,296	755	8,507	833,645	0	903,022
Accumulated impairment loss									
At 1 January	0	0	0	0	0	0	0	0	0
Charge for the financial year	0	0	0	0	0	0	7,648	0	7,648
At 31 December	0	0	0	0	0	0	7,648	0	7,648
Net book value									
At 31 December	9,894	12,925**	2,451	13,901	0	2,634	1,231,247	175,274	1,448,326

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Leasehold buildings RM'000	Motor vehicles RM'000	Office and gas equipment RM'000	Furniture and fittings RM'000	Office renovation RM'000	Pipeline and distribution systems RM'000	Capital work-in-progress RM'000	Total RM'000
2019									
Cost									
At 1 January	9,894	19,531	8,266	65,911	2,037	16,844	1,775,967	201,141	2,099,591
Additions	0	2,480	325	4,423	0	85	37,817	94,472*	139,602
Disposals	0	0	(478)	(10)	0	0	(541)	0	(1,029)
Write-off	0	0	(358)	(16,879)	(1,282)	(6,694)	(22,048)	0	(47,261)
Reclassifications	0	0	0	309	0	809	120,447	(121,565)	0
Adjustment***	0	0	0	0	0	0	0	(5,696)	(5,696)
At 31 December	9,894	22,011	7,755	53,754	755	11,044	1,911,642	168,352	2,185,207
Accumulated depreciation									
At 1 January	0	8,210	5,235	52,980	2,022	10,730	707,245	0	786,422
Charge for the financial year	0	596	1,270	3,888	8	2,212	69,890	0	77,864
Disposals	0	0	(478)	(11)	0	0	(308)	0	(797)
Write-off			(358)	(16,879)	(1,281)	(6,694)	(14,501)	0	(39,713)
At 31 December	0	8,806	5,669	39,978	749	6,248	762,326	0	823,776
Net book value									
At 31 December	9,894	13,205**	2,086	13,776	6	4,796	1,149,316	168,352	1,361,431

* Included in the Group's addition of pipeline and distribution systems during the financial year was finance costs of RM251,000 (2019: RM578,000) which were capitalised at 3.05% (2019: 4.04%) per annum.

** Includes a leasehold building with a net book value of RM5,492,000 (2019: RM5,690,000) which resides on a leasehold land owned by a subsidiary company.

*** The amount of RM5,696,000 has been reclassified to non-current other receivables in the previous financial year as it relates to refundable deposits.

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Freehold land RM'000	Leasehold buildings RM'000	Motor vehicles RM'000	Office and gas equipment RM'000	Furniture and fittings RM'000	Office renovation RM'000	Pipeline and distribution systems RM'000	Capital work-in-progress RM'000	Total RM'000
2020									
Cost									
At 1 January	**9,894**	**22,011**	**7,754**	**51,977**	**620**	**10,708**	**1,893,829**	**166,199**	**2,162,992**
Transfer to subsidiaries (Note 32)	**(9,894)**	**(22,011)**	**(7,002)**	**(51,719)**	**(620)**	**(10,708)**	**(1,893,829)**	**(166,199)**	**(2,161,982)**
Additions	**0**	**0**	**344**	**18**	**0**	**0**	**0**	**0**	**362**
Disposals	**0**	**0**	**(357)**	**0**	**0**	**0**	**0**	**0**	**(357)**
At 31 December	**0**	**0**	**739**	**276**	**0**	**0**	**0**	**0**	**1,015**
Accumulated depreciation									
At 1 January	**0**	**8,806**	**5,668**	**38,200**	**614**	**5,912**	**757,941**	**0**	**817,141**
Transfer to subsidiaries (Note 32)	**0**	**(8,806)**	**(5,097)**	**(37,992)**	**(614)**	**(5,912)**	**(757,941)**	**0**	**(816,362)**
Charge for the financial year	**0**	**0**	**144**	**21**	**0**	**0**	**0**	**0**	**165**
Disposals	**0**	**0**	**(357)**	**0**	**0**	**0**	**0**	**0**	**(357)**
At 31 December	**0**	**0**	**358**	**229**	**0**	**0**	**0**	**0**	**587**
Net book value									
At 31 December	**0**	**0**	**381**	**47**	**0**	**0**	**0**	**0**	**428**

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Freehold land RM'000	Leasehold buildings RM'000	Motor vehicles RM'000	Office and gas equipment RM'000	Furniture and fittings RM'000	Office renovation RM'000	Pipeline and distribution systems RM'000	Capital work-in-progress RM'000	Total RM'000
2019									
Cost									
At 1 January	9,894	19,531	8,265	64,123	1,902	16,508	1,758,110	199,089	2,077,422
Additions	0	2,480	325	4,424	0	85	37,321	94,371*	139,006
Disposals	0	0	(478)	0	0	0	0	0	(478)
Write-off	0	0	(358)	(16,879)	(1,282)	(6,694)	(22,049)	0	(47,262)
Reclassifications	0	0	0	309	0	809	120,447	(121,565)	0
Adjustments***	0	0	0	0	0	0	0	(5,696)	(5,696)
At 31 December	9,894	22,011	7,754	51,977	620	10,708	1,893,829	166,199	2,162,992
Accumulated depreciation									
At 1 January	0	8,210	5,234	51,200	1,887	10,394	703,415	0	780,340
Charge for the financial year	0	596	1,270	3,879	8	2,212	69,028	0	76,993
Disposals	0	0	(478)	0	0	0	0	0	(478)
Write-off	0	0	(358)	(16,879)	(1,281)	(6,694)	(14,502)	0	(39,714)
At 31 December	0	8,806	5,668	38,200	614	5,912	757,941	0	817,141
Net book value									
At 31 December	9,894	13,205**	2,086	13,777	6	4,796	1,135,888	166,199	1,345,851

* Included in the Company's addition of pipeline and distribution systems in the previous financial year was finance costs of RM578,000 which were capitalised at 4.04% per annum.

** Includes a leasehold building with a net book value of RM nil (2019: RM5,690,000) which resides on a leasehold land owned by a subsidiary company.

*** The amount of RM5,696,000 has been reclassified to non-current other receivables in the previous financial year as it relates to refundable deposits.

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

a. Impairment assessment

During the current financial year, the Group recorded an impairment of RM7,648,000 (2019: nil) in respect of certain pipeline and distribution system owned by subsidiaries of the Group in view of the expected termination of the contracts with the customers. The recoverable amounts of these assets were determined based on the value-in-use approach, computed using the cash flow projection which takes into consideration of the expected cash flows to be generated from these assets based on the Group's future strategy and financial budgets.

b. The net cash outflows for the acquisition of property, plant and equipment during the financial year is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Acquisition during the financial year	**184,654**	139,602	**362**	139,006
Add:				
- Payment for property, plant and equipment acquired in the prior financial year	**33,176**	38,731	**0**	38,731
- Government grant received during the current financial year, which was offset against the additions of property, plant and equipment	**0**	40,000	**0**	40,000
Less:				
- Acquisition of property, plant and equipment not paid as at the reporting date	**(69,514)**	(40,895)	**0**	(40,895)
- Finance cost capitalised during the financial year	**(251)**	(578)	**0**	(578)
Net cash outflows for the acquisition of property, plant and equipment	**148,065**	176,860	**362**	176,264

13 RIGHT-OF-USE ASSETS

The Group leases several assets including district land, office buildings and office equipment for a period of between 1 to 30 years, but may include extension options.

Lease terms on the rental contracts are negotiated on an individual basis and contain various terms and conditions. The rental contracts do not impose any covenants.

	Land and buildings RM'000	Office equipment RM'000	Total RM'000
Group			
2020			
At 1 January	**16,895**	**8**	**16,903**
Addition during the financial year	**4,350**	**73**	**4,423**
Depreciation during the financial year	**(2,236)**	**(35)**	**(2,271)**
At 31 December	**19,009**	**46**	**19,055**
2019			
At 1 January	**18,111**	**33**	**18,144**
Addition during the financial year	**36**	**19**	**55**
Depreciation during the financial year	**(1,252)**	**(44)**	**(1,296)**
At 31 December	**16,895**	**8**	**16,903**
Company			
2020			
At 1 January	12,861	7	12,868
Transfer to a subsidiary (Note 32)	(12,861)	(7)	(12,868)
At 31 December	0	0	0
2019			
At 1 January	14,021	33	14,054
Addition during the financial year	36	18	54
Depreciation during the financial year	(1,196)	(44)	(1,240)
At 31 December	12,861	7	12,868

14 INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 RM'000	**2019 RM'000**
Unquoted shares, at cost	**1,241,447**	20,005

Details of the subsidiaries are as follows:

Name of company	Principal activities	Country of incorporation	Group's effective interest	
			2020 %	**2019 %**
Direct subsidiaries				
Gas Malaysia Retail Services Sdn. Bhd. ("GMRS")*	Selling of liquefied petroleum gas via a reticulation system	Malaysia	**100**	100
Pelantar Teknik (M) Sdn. Bhd. ("PTSB")*	Property holding	Malaysia	**100**	100
Gas Malaysia Ventures Sdn. Bhd.*	Investment holding	Malaysia	**100**	100
Gas Malaysia Distribution Sdn. Bhd. ("GMD")*	Developing, operating and maintaining the distribution pipeline and to deliver gas through the distribution pipeline	Malaysia	**100**	100
Gas Malaysia Energy and Services Sdn. Bhd. ("GMES")*	Selling, marketing and promotion of natural gas, liquefied petroleum gas and other gaseous fuel and providing related services and energy solution to industrial, commercial and residential sector	Malaysia	**100**	100
Indirect subsidiaries				
Gas Malaysia Virtual Pipeline Sdn. Bhd. ("GMVP")*	Virtual pipeline	Malaysia	**100**	100
Gas Malaysia Venture 1 Sdn. Bhd. ("GMV1")*	Investment holding	Malaysia	**100**	100
Gas Malaysia Venture 2 Sdn. Bhd. ("GMV2")*	Investment holding	Malaysia	**100**	100

* Audited by PricewaterhouseCoopers PLT, Malaysia.

14 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

During the current financial year:

(i) The Company had subscribed to 1,220,463,000 ordinary shares issued by GMD at a consideration of RM1,220,463,000 which was set-off against the proceeds from the disposal of certain property, plant and equipment by the Company; and

(ii) The Company had subscribed to 979,000 ordinary shares issued by GMES at a consideration of RM979,000 which was set-off against the proceeds from the disposal of certain property, plant and equipment by the Company.

15 INVESTMENTS IN JOINT VENTURES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unquoted shares, at cost	**38,047**	36,990	**33,000**	33,000
Share of post–acquisition reserves	**29,146**	30,318	**0**	0
Accumulated impairment losses	**(282)**	0	**0**	0
Dividend received	**(660)**	0	**0**	0
	66,251	67,308	**33,000**	33,000

Details of the joint ventures are as follows:

Name of company	Principal activities	Country of incorporation	Group's effective interest 2020 %	Group's effective interest 2019 %
Gas Malaysia Energy Advance Sdn. Bhd. ("GMEA")	Combined Heat and Power	Malaysia	**66**	66
Sime Darby Gas Malaysia BioCNG Sdn. Bhd. ("SDGMB")	Sale and supply of bio-compressed natural gas	Malaysia	**49**	49
Gas Malaysia Synergy Drive Sdn. Bhd. ("GMSD")	Combined Heat and Power	Malaysia	**70**	70

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15 INVESTMENTS IN JOINT VENTURES (CONTINUED)

Details of the joint ventures are as follows: (continued)

During the current financial year:

(i) GMV1 had subscribed to its proportion of additional equity interest in GMSD. The subscription of 1,057,000 shares at a consideration of RM1,057,000 on 24 September 2020 had no impact to the Group's effective equity interest in GMSD of 70%.

(ii) An impairment of RM282,000 had been recognised in respect of the investment in SDGMB as the timing and extent of future economic benefits that can be derived from this investment is uncertain.

The Group has applied the equity method of accounting for these joint ventures. The joint ventures are unquoted companies and therefore there are no quoted market prices available for their shares.

The following table summarises the financial information of the Group's material joint venture, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interest in the joint venture:

	GMEA	
	2020 RM'000	**2019 RM'000**
<u>Summarised statement of financial position</u>		
As at 31 December		
Non-current assets	**162,902**	178,479
Non-current liabilities	**(64,691)**	(82,287)
Current assets	**37,331**	53,234
Current liabilities	**(40,109)**	(52,755)
Net current (liabilities)/assets	**(2,778)**	479
Net assets	**95,433**	96,671
Included in the statement of financial position are:		
- Deposits, cash and bank balances	**7,705**	9,663
- Current financial liabilities (excluding trade and other payables and provisions)	**23,852**	20,402
- Non-current financial liabilities (excluding trade and other payables and provisions)	**64,691**	82,287

15 INVESTMENTS IN JOINT VENTURES (CONTINUED)

The following table summarises the financial information of the Group's material joint venture, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interest in the joint venture: (continued)

	GMEA	
	2020 RM'000	**2019 RM'000**
Summarised statement of comprehensive income		
Financial year ended 31 December		
Revenue	**135,317**	150,256
Cost of sales (excluding depreciation)	**(124,018)**	(136,895)
Administrative expenses	**(3,933)**	(12,254)
Depreciation	**(12)**	(29)
Finance cost	**(4,608)**	(5,493)
Finance income	**85**	161
Other income	**1,475**	12,035
Taxation	**(2,142)**	24,863
Profit after taxation	**2,164**	32,644
Other comprehensive (loss)/income	**(2,402)**	9,785
Total comprehensive (loss)/income	**(238)**	42,429
Reconciliation of net assets to carrying amount		
Group's share of net assets/Carrying amount in the statement of financial position at 31 December	**62,986**	63,803
Group's share of results		
Group's share of results for the financial year	**1,428**	21,545
Group's share of other comprehensive (loss)/income for the financial year	**(1,585)**	6,458
Dividend income received	**660**	0

Set out below are the financial information of all individually immaterial joint ventures on an aggregate basis:

	2020 RM'000	**2019 RM'000**
Group's share of net assets/Carrying amount in the statement of financial position at 31 December	**3,265**	3,505
Group's share of loss for the financial year	**(1,015)**	(315)

There is no outstanding commitment or contingent liability as at 31 December 2020 in respect of the joint ventures.

16 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
Amounts due from subsidiaries		
- Non-current	**37,019**	36,465
Amounts due to subsidiaries		
- Current	**(332,529)**	(869)

The amounts due from subsidiaries classified as non-current asset include an advance given to a subsidiary of RM11,000,000 which is unsecured and carries a profit rate at nil (2019: 4.56%) per annum as at the reporting date for a tenure of 5 years.

The remaining amounts due from subsidiaries other than the foregoing are unsecured, profit rate free and have no fixed term of repayment. The Company does not expect any repayment of these balances within the next twelve months.

The amounts due to subsidiaries are unsecured, profit rate free and repayable on demand.

17 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current:				
Trade receivables	**645,360**	659,633	**6,485**	655,813
Accumulated impairment loss allowance on trade receivables	**(6,618)**	(6,567)	**(6,478)**	(6,511)
	638,742	653,066	**7**	649,302
Other receivables	**119,834**	133,962	**87,246**	131,367
Deposits	**7,627**	1,803	**0**	844
Prepayments	**4,453**	2,863	**556**	2,863
GST input tax	**0**	4,690	**0**	4,596
	770,656	796,384	**87,809**	788,972
Non-current:				
Other receivables	**17,690**	87,612	**0**	87,612
	788,346	883,997	**87,809**	876,584

17 TRADE AND OTHER RECEIVABLES (CONTINUED)

Included in the Group's and in the Company's trade and other receivables as at the reporting date are amounts of RM1,574,000 (2019: RM3,147,000) due from joint venture companies, GMEA, GMSD and SDGMB. The amounts due from joint venture companies are unsecured, profit rate free and repayable on demand.

Included in the Group's and in the Company's other receivables are the following receivables:

(i) A profit-bearing amount of RM84,995,000 (2019: RM195,757,000) which represents the under-recovery of natural gas costs arising from the differences between the market prices on the gas supplied based on the Group's and from the Company's contractual obligations to the gas supplier and the forecast market prices applied in the determination of the tariff, for which the Government has confirmed its support to the Group and to the Company under the Gas Cost Pass Through ("GCPT") mechanism; and

(ii) An amount of RM31,110,000 (2019: RM nil) which represents under-recovery of revenues arising from the variances between the actual and forecasted firm capacity reservations used in the determination of tariff rates for the utilisation of the Natural Gas Distribution System ("NGDS") owned by the Group, for which the Government has confirmed its support to the Group under the revenue-cap adjustment mechanism.

See Note 3(aa)(iii) for the rights and obligations of the Group and of the Company under the IBR framework and TPA. There is minimal risk of default in payment in respect of the amounts.

As at 31 December 2020, trade receivables of RM29,836,000 (2019: RM32,015,000) for the Group and of RM7,000 (2019: RM30,997,000) for the Company were past due but not impaired. These relate to a number of independent customers for whom there is no history of default. The aging analysis of these trade receivables (excluding other receivables) are as follows:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Neither past due nor impaired	**608,906**	621,051	**0**	618,305
Past due but not impaired:				
- Up to 2 months (overdue)	**29,538**	25,103	**0**	24,495
- Over 2 months (overdue)	**298**	6,912	**7**	6,502
Impaired	**6,618**	6,567	**6,478**	6,511
	645,360	659,633	**6,485**	655,813

Trade receivables that are neither past due nor impaired mainly relate to industrial users, which are nationally dispersed and covers a spectrum of industries with a variety of end markets and have high credit worthiness. As described in Note 2(b), the Group and the Company require the customers to pledge a bank guarantee or place cash deposit as collateral. Due to these factors, the Group's and the Company's historical experience shows that the impairment loss allowance on trade receivables has been adequate.

As at 31 December 2020, trade receivables amounting to RM6,618,000 (2019: RM6,567,000) for the Group and RM6,478,000 (2019: RM6,511,000) for the Company were impaired and provided for. The individually impaired receivables mainly relate to customers which have defaulted in payment.

17 TRADE AND OTHER RECEIVABLES (CONTINUED)

Movements on the impairment loss allowance on trade receivables are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January	**6,567**	8,346	**6,511**	8,304
Impairment loss (Note 6)	**140**	77	**0**	23
Write back of impairment loss (Note 6)	**(89)**	(1,836)	**(33)**	(1,814)
Write off	**0**	(20)	**0**	(2)
At 31 December	**6,618**	6,567	**6,478**	6,511

Other than as disclosed above, the remaining other receivables were neither past due nor impaired and are deemed to be performing.

18 INVESTMENT FUNDS WITH LICENSED FINANCIAL INSTITUTIONS

The investments are in relation to the following:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Investment funds with licensed financial institutions - Unquoted	**77,000**	123,281	**24,000**	112,763

The unquoted investment funds with licensed financial institutions are measured at fair value and classified as financial assets at fair value through profit or loss. The fair values of these financial assets are based on dealers' quote as at the reporting date.

19 CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deposits placed with licensed banks	**225,845**	149,775	**7,505**	130,037
Cash and bank balances	**6,990**	19,370	**2,428**	17,700
	232,835	169,145	**9,933**	147,737

The weighted average profit rates per annum of deposits placed with licensed banks that were effective during the reporting period are as follows:

	Group		Company	
	2020 % per annum	2019 % per annum	2020 % per annum	2019 % per annum
Deposits placed with licensed banks	**1.58**	3.26	**1.58**	3.25

Deposits placed with licensed banks of the Group and of the Company have an average maturity period of 6 days and 15 days (2019: 12 days). Bank balances are deposits held at call with licensed banks.

20 SHARE CAPITAL

	Group and Company			
	2020		2019	
	Number of shares '000	Value RM'000	Number of shares '000	Value RM'000
Ordinary shares with no par value that is issued and fully paid:				
At 1 January/31 December	**1,284,000**	**642,000**	1,284,000	642,000

21 RETAINED PROFITS

The Company may distribute dividends from its entire retained profits under the single-tier tax system. Dividends paid under this system are tax exempt in the hands of shareholders.

22 REDEEMABLE PREFERENCE SHARE

On 23 April 2012, the Company issued one Special Rights Redeemable Preference Share ("RPS") at an issue price of RM0.50 to Petroliam Nasional Berhad ("Special Shareholder" or "PETRONAS") which adopted the special rights attached to the RPS via amendments to the Constitution of the Company ("Constitution").

Salient points of the RPS stated in the Constitution are:

(a) The holder of the RPS or any holder acting on behalf of the Special Shareholder shall have the same rights as ordinary shareholders with regard to receiving notices of general meetings, reports and audited financial statements of the Company but shall carry no right to vote nor any other rights at any such meeting save and except where the right to vote is expressly provided in the Constitution and/or the Bursa Malaysia Securities Berhad Listing Requirements ("the Listing Requirements");

(b) The Special Shareholder shall have the right to vote at any meeting convened in each of the following circumstances as provided for under the Listing Requirements:

(i) when the dividend or part of the dividend on the share is in arrears for more than six (6) months, if applicable;
(ii) on a proposal to reduce the Company's share capital;
(iii) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
(iv) on a proposal that affects rights attached to the RPS;
(v) on a proposal to wind-up the Company; and
(vi) during the winding-up of the Company.

A resolution in writing signed by or on behalf of the Special Shareholder, for this purpose, be treated as a resolution duly passed by the Special Shareholder in respect of the matters stated above;

(c) The Special Shareholder shall have no right to appoint or nominate any Directors;

(d) The RPS shall confer no right to dividend;

(e) The RPS is not transferable and is to be held by PETRONAS. Notwithstanding this, the RPS may be transferred to an entity wholly owned by the Government of Malaysia;

(f) The Special Shareholder may require the Company to redeem the RPS at par at any time by serving written notice upon the Company and delivering the relevant share certificate;

(g) In a distribution of capital in a winding-up of the Company, the Special Shareholder shall be entitled to repayment of the capital paid-up on the RPS in priority to any other shareholders. Save as otherwise provided in the Constitution, the RPS shall confer no other rights to participate in the capital or profits of the Company;

22 REDEEMABLE PREFERENCE SHARE (CONTINUED)

Salient points of the RPS stated in the Constitution are: (continued)

(h) In the Constitution, the provisions relating to the general meetings, votes of shareholders, notices of meeting and the appointment of proxy(ies) shall, unless expressly provided to the contrary, apply mutatis mutandis, in respect of the Special Shareholder where applicable; and

(i) Each of the following matters may only be effected with the consent in writing of the Special Shareholder:

(i) The amendment, or removal, or alteration of the effect of all or any of the following Constitution:

(a) The definitions of RPS and Special Shareholder; and
(b) The rights of the RPS and Special Shareholder;

(ii) The voluntary winding-up, liquidation or dissolution of the Company;

(iii) The creation of a new category of shares in the Company;

(iv) Any proposal to reduce the share capital of the Company;

(v) A sale or disposal of the Company's assets where any of the percentage ratios of such transaction is 25% or more, such percentage ratios are to be calculated in accordance with the definition of "percentage ratios" as defined in the Listing Requirement;

(vi) Any acquisition of assets by the Company where any of the percentage ratios of such transaction is 25% or more, such percentage ratios are to be calculated in accordance with the definition of "percentage ratios" as defined in the Listing Requirements;

(vii) The change in nature of business and principal activities of the Company; and

(viii) The suspension of the whole of the Company's operation.

23 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deferred tax liabilities	**175,452**	163,535	**0**	163,131
Deferred tax assets	**(2,156)**	0	**(1,034)**	0
	173,296	163,535	**(1,034)**	163,131
At 1 January	**163,535**	157,180	**163,131**	156,729
(Credited)/charged to profit or loss (Note 10):				
- Unutilised tax losses	**(264)**	0	**(264)**	0
- Property, plant and equipment	**10,492**	3,363	**(168,244)**	3,410
- Right-of-use assets	**813**	0	**0**	0
- Provisions	**(507)**	2,992	**4,201**	2,992
- Lease liabilities	**(773)**	0	**142**	0
	9,761	6,355	**(164,165)**	6,402
At 31 December	**173,296**	163,535	**(1,034)**	163,131
Subject to income tax:				
Deferred tax assets (before offsetting)				
- Provisions	**5,508**	5,001	**777**	4,978
- Unutilised tax losses	**264**	0	**264**	0
- Lease liabilities	**915**	142	**0**	142
	6,687	5,143	**1,041**	5,120
Offsetting	**(4,531)**	(5,143)	**(7)**	(5,120)
Deferred tax assets (after offsetting)	**2,156**	0	**1,034**	0
Deferred tax liabilities (before offsetting)				
- Property, plant and equipment	**179,170**	168,678	**7**	168,251
- Right-of-use assets	**813**	0	**0**	0
	179,983	168,678	**7**	168,251
Offsetting	**(4,531)**	(5,143)	**(7)**	(5,120)
Deferred tax liabilities (after offsetting)	**175,452**	163,535	**0**	163,131

23 DEFERRED TAXATION (CONTINUED)

Subject to the agreement of the Inland Revenue Board of Malaysia, the estimated amount of deferred tax assets calculated at the current tax rate which have not been recognised in the Group's and the Company's financial statements, as the Directors are of the view that it is not probable that sufficient future taxable profits will be available against which the temporary differences and tax losses can be utilised, are as follows:

	Group	
	2020 RM'000	2019 RM'000
No expiry period:		
- Unabsorbed capital allowances	**10,340**	2,243
- Other deductible temporary difference	**175**	185
	10,515	2,428
Unutilised tax losses expiring in the following financial years:		
- 2026	**3,799**	3,799
- 2027	**690**	690
- 2028	**500**	0
	4,989	4,489
	15,504	6,917

24 CONTRACT LIABILITIES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Contract liabilities:				
- Capital contribution received from customers	**13,020**	16,440	**0**	16,440
Analysed as follows:				
- Current liabilities	**4,529**	4,529	**0**	4,529
- Non-current liabilities	**8,491**	11,911	**0**	11,911
	13,020	16,440	**0**	16,440

Capital contribution received from customers is considered as part of the process to obtain gas supply from the Group and the Company and therefore, it is considered as one performance obligation. The capital contribution received from the customer will be accounted for as a contract liability which will be recognised as revenue over the contract of the gas supply with the customers.

24 CONTRACT LIABILITIES (CONTINUED)

Movement in the contract liabilities balances are set out below:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January	**16,440**	19,860	**16,440**	19,860
Revenue recognised that was included in the contract liability balance at the at the beginning of the financial year	**(3,420)**	(3,420)	**(855)**	(3,420)
Transfer to a subsidiary (Note 32)	**0**	0	**(15,585)**	0
At 31 December	**13,020**	16,440	**0**	16,440
Analysed as follows:				
- Current liabilities	**4,529**	4,529	**0**	4,529
- Non-current liabilities	**8,491**	11,911	**0**	11,911
	13,020	16,440	**0**	16,440

There is no unsatisfied performance obligation as the customers simultaneously receive and consume the benefits as and when the Group and the Company perform the obligation arising from the contracts entered into with the customers.

25 TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade payables	**789,822**	873,054	**40,481**	868,336
Other payables	**6,021**	4,155	**1,853**	2,239
Customers' deposits	**65,483**	60,819	**0**	50,941
Accruals	**101,916**	72,613	**5,023**	71,381
	963,242	1,010,641	**47,357**	992,897

Included in the trade payables of the Group and of the Company at the end of the reporting period is an amount of RM356,437,000 (2019: RM331,725,000) and RM40,481,000 (2019: RM331,725,000) respectively in respect of the accruals due to the Group's and to the Company's gas supplier, which is a related party, for the purchase of natural gas.

26 BORROWINGS

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Current (unsecured):				
- iMTN	**70,720**	101,839	**0**	101,839
- iCP	**215,000**	100,000	**0**	100,000
	285,720	201,839	**0**	201,839
Non-current (unsecured):				
- iMTN	**111,000**	181,000	**0**	181,000
	396,720	382,839	**0**	382,839
Analysis of repayment schedule:				
- not later than 1 year	**285,720**	201,839	**0**	201,839
- later than 1 year but not later than 2 years	**100,000**	70,000	**0**	70,000
- later than 2 years	**11,000**	111,000	**0**	111,000
	396,720	382,839	**0**	382,839

On 6 August 2020, GMD, a wholly-owned subsidiary of the Company, has established an iMTN Programme of up to RM1.0 billion in nominal value and iCP Programme of up to RM1.0 billion in nominal value which shall have a combined issuance limit of up to RM1.0 billion in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (collectively, the "Sukuk Murabahah Programmes"). The Sukuk Murabahah Programmes also include the Shariah principle of Kafalah in respect of the guarantee provided by the Company for all the iCP and iMTN to be issued by GMD.

The iMTN Programme and the iCP Programme shall have a tenure of fifteen (15) years and seven (7) years respectively from the date of the first issuance under the respective programmes.

The Company had subsequently on 25 November 2020 cancelled its Sukuk Murabahah Programmes ("SMP"), following the establishment of GMD's SMP.

During the financial year, the Company issued seven iCPs amounting to RM900.0 million for a tenure of one month under the SMP. The Company has repaid the iCPs amounting to RM1,000.0 million and the iMTN amounting to RM281.0 million during the financial year.

During the financial year, the Group issued twelve iCPs amounting to RM1,935.0 million for a tenure of one month and iMTN amounting to RM281.0 million under SMP. The Group has repaid the iCPs amounting to RM1,820.0 million and iMTN of RM381.0 million respectively during the financial year.

The iCPs and iMTNs carry profit rates of 2.15% to 3.40% (2019: 3.40% to 3.50%) per annum and 3.52% to 4.56% (2019: 3.52% to 4.56%) per annum respectively as at the reporting date.

27 LEASE LIABILITIES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current	**1,016**	494	**0**	494
Non-current	**3,389**	1,778	**0**	1,778
	4,405	2,272	**0**	2,272
Maturity analysis of lease liabilities:				
- not later than 1 year	**1,016**	494	**0**	494
- later than 1 year but not later than 2 years	**821**	929	**0**	929
- later than 2 years	**2,568**	849	**0**	849
	4,405	2,272	**0**	2,272

Total cash outflow for leases in the financial year ended 31 December 2020 for the Group and for the Company amounted to RM1,288,000 (2019: RM1,724,000) and RM nil (2019: RM1,724,000) respectively.

The Group and the Company have elected not to recognise a lease liability for short-term leases (leases of expected term of 12 months or less) or for leases of low-value assets. Payment made under such leases are expensed on a straight-line basis.

The expenses relating to payments not included in the measurement of the lease liabilities are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Short-term leases	**730**	306	**87**	136
Leases of low-value assets	**63**	58	**5**	46
	793	364	**92**	182

28 DIVIDENDS

	Per share		Total amount	
Company	**2020 sen**	**2019 sen**	**2020 RM'000**	**2019 RM'000**
Dividends paid during the financial year:				
1) First interim dividend per ordinary share – in respect of:				
- financial year ended 2020	**4.25**	0	**54,570**	0
- financial year ended 2019	**0**	4.80	**0**	61,632
2) Second interim dividend per ordinary share – in respect of:				
- financial year ended 2019	**4.80**	0	**61,632**	0
- financial year ended 2018	**0**	4.50	**0**	57,780
3) Final dividend per ordinary share – in respect of:				
- financial year ended 2019	**4.50**	0	**57,780**	0
- financial year ended 2018	**0**	4.50	**0**	57,780
	13.55	13.80	**173,982**	177,192
Dividends declared/proposed subsequent to year end:				
1) Second interim dividend per ordinary share – in respect of:				
- financial year ended 2020*	**5.40**	0	**69,336**	0
- financial year ended 2019	**0**	4.80	**0**	61,632
2) Final dividend per ordinary share, – in respect of:				
- financial year ended 2020*	**5.40**	0	**69,336**	0
- financial year ended 2019	**0**	4.50	**0**	57,780

* The above second interim and the final dividend declared subsequent to the financial year ended 31 December 2020 will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2021.

29 CAPITAL COMMITMENTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
In respect of purchase of property, plant and equipment:				
Authorised by the Board:				
- Not contracted for	**88,631**	101,777	**208**	101,777
- Contracted but not provided for in the financial statements	**148,272**	133,400	**385**	133,400

30 SIGNIFICANT RELATED PARTIES DISCLOSURES

Related parties that the Group and the Company transacted with and their relationships with the Group and the Company are as follows:

Related parties	Relationship	Country of incorporation
Petronas Energy & Gas Trading Sdn Bhd ("PEGT")	A wholly owned subsidiary of PETRONAS	Malaysia
Petronas Dagangan Berhad ("PDB")	A related party to Petronas Gas Berhad ("PGB"), a shareholder with significant influence over the Group	Malaysia
Central Sugar Refinery Sdn. Bhd. ("CSR")	A subsidiary of Tradewinds (Malaysia) Berhad, a related company to MMC Corporation Berhad ("MMC"), an indirect substantial shareholder	Malaysia
Petroliam Nasional Berhad ("PETRONAS")*	Holding company of PGB, a shareholder with significant influence over the Group	Malaysia
Gula Padang Terap Sdn. Bhd. ("GPT")	A subsidiary of Tradewinds (Malaysia) Berhad, a related company to MMC	Malaysia
HICOM Automotive Manufacturers (Malaysia) Sdn. Bhd. ("HICOM")	A wholly owned subsidiary of DRB- Hicom Berhad, a related company to MMC	Malaysia
Perusahaan Otomobil Nasional Sdn. Bhd. ("PROTON")	A subsidiary of DRB- Hicom Berhad, a related company to MMC	Malaysia
JP Logistic Sdn. Bhd. ("JPL")	A wholly owned subsidiary of Johor Port Berhad, a subsidiary of MMC	Malaysia
Petronas Gas Berhad ("PGB")	Shareholder with significant influence over the Group	Malaysia

30 SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTINUED)

Related parties that the Group and the Company transacted with and their relationships with the Group and the Company are as follows: (continued)

* PETRONAS owns 1 RPS in the Company. The rights of this RPS state that any variation to the matters within the Constitution shall be effective only with written consent of the holder of the RPS as disclosed in Note 22.

PETRONAS is wholly owned by the Government of Malaysia. Therefore, by virtue of PGB being a subsidiary of PETRONAS, the Government of Malaysia and bodies controlled or jointly controlled by the Government of Malaysia are also related parties to the Group and to the Company.

Details of subsidiaries and joint ventures are set out in Notes 14 and 15 to the financial statements.

The Group and the Company have transactions that are not significant with other Government-related entities in respect of the provision of sales of natural gas as well as LPG in the normal course of business.

In addition to related party transactions mentioned elsewhere in the financial statements, set out below are other significant related party transactions. The related party transactions listed below were carried out on terms and conditions negotiated and agreed between the parties:

(a) Transactions with subsidiaries

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Natural gas sales to:				
- GMVP**	**0**	0	**186**	1,389
Advances to:				
- GMVP	**0**	0	**240**	3,536
- GMV1	**0**	0	**1,059**	3,502
- GMD	**0**	0	**0**	210
- GMES	**0**	0	**0**	216
Finance income charged to:				
- GMVP	**0**	0	**0**	502
Repayment of advances from:				
- GMVP	**0**	0	**(258)**	(418)
- GMD	**0**	0	**(210)**	0
- GMES	**0**	0	**(216)**	0
Dividend income from subsidiaries				
- GMD	**0**	0	**38,156**	0
- GMES	**0**	0	**14,694**	0
Management fees from subsidiaries				
- GMD	**0**	0	**10,060**	0
- GMES	**0**	0	**1,592**	0

30 SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTINUED)

In addition to related party transactions mentioned elsewhere in the financial statements, set out below are other significant related party transactions. The related party transactions listed below were carried out on terms and conditions negotiated and agreed between the parties: (continued)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(b) Transactions with a joint venture				
Natural gas sales to:				
- GMEA**	**102,978**	115,447	**26,819**	115,447
Dividend income from a joint venture				
- GMEA	**0**	0	**660**	0
(c) Transactions with other related parties				
Natural gas sales to:				
- CSR**	**83,831**	90,773	**20,985**	90,773
- GPT**	**34,285**	27,176	**7,773**	27,176
- HICOM**	**1,383**	2,635	**0**	0
- PROTON**	**3,474**	0	**0**	0
Purchase of LPG from PDB*	**(8,357)**	(11,116)	**0**	0
Purchase of natural gas from:				
- PEGT*	**(6,142,342)**	0	**0**	0
- PETRONAS***	**0**	(6,440,508)	**0**	(6,440,508)
Tolling fee income earned from:				
- PEGT*	**10,087**	0	**799**	0
- PETRONAS*	**0**	10,961	**0**	10,961
Cash contribution for Citygate construction paid to PETRONAS*	**(20,630)**	(20,085)	**(2,326)**	(20,085)
Rental fee on leased land payable to PGB*	**(215)**	(215)	**0**	(215)
Logistic services by JPL*	**(1,422)**	(814)	**0**	0

30 SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTINUED)

In addition to related party transactions mentioned elsewhere in the financial statements, set out below are other significant related party transactions. The related party transactions listed below were carried out on terms and conditions negotiated and agreed between the parties: (continued)

The significant outstanding balances with a related party is disclosed in Note 25.

* The transactions have been entered into the normal course of business and have been established under negotiated terms agreed by both parties.

** The transactions have been entered into based on regulated prices in Peninsular Malaysia which is set by the EC of Malaysia.

*** The transactions have been entered into based on regulated and market prices.

(d) Key management compensation

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Salaries and bonuses	**12,039**	10,289	**4,998**	9,974
Directors' fees	**846**	918	**846**	918
Defined contribution plan - contributions	**2,003**	1,680	**804**	1,627
Other benefits	**807**	802	**807**	802
	15,695	13,689	**7,455**	13,321

Key Management Personnel ("KMP") are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and Company either directly or indirectly.

The KMP of the Group and Company includes Directors of the Company and certain members of senior management of the Group.

31 SEGMENT REPORTING

The chief operating decision-maker, which consists of members of the Management Committee consider that the Group's business consists of two operating segments. The reportable operating segment is an aggregation of the two operating segments as these segments primarily derive the revenue from sales of natural gas as well as contribution from liquefied petroleum gas and tolling fee for transportation of gas. The Board assesses the performance of the operating segment based on a measure of earnings before finance income, zakat, taxation, depreciation and amortisation.

Segments assets consist primarily of property, plant and equipment, right-of-use assets, investments in joint ventures, trade and other receivables, investment funds with licensed financial institutions and cash and cash equivalents.

Segment liabilities comprise contract liabilities, borrowings and lease liabilities and exclude tax payable and deferred tax liabilities.

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31 SEGMENT REPORTING (CONTINUED)

	Natural Gas & LPG RM'000	Others RM'000	Elimination RM'000	Total RM'000
Group				
2020				
Revenue:				
Total segment revenue - external	**6,686,868**	**0**	**0**	**6,686,868**
Inter-segment revenue	**0**	**140**	**(140)**	**0**
	6,686,868	**140**	**(140)**	**6,686,868**
Results:				
Profit before zakat and taxation	**290,520**	**323**	**0**	**290,843**
Finance income	**(12,451)**	**0**	**0**	**(12,451)**
Depreciation and amortisation	**87,134**	**54**	**0**	**87,188**
Earnings before finance income, zakat, taxation, depreciation and amortisation (segment results)	**365,203**	**377**	**0**	**365,580**
Other information:				
Segment assets	**2,561,554**	**4,008**	**0**	**2,565,562**
Investments in joint ventures	**0**	**66,251**	**0**	**66,251**
Deferred tax assets	**2,156**	**0**	**0**	**2,156**
Tax recoverable	**23,074**	**0**	**0**	**23,074**
Total assets				**2,657,043**
Segment liabilities	**(1,377,361)**	**(26)**	**0**	**(1,377,387)**
Tax payable	**(24,092)**	**(2)**	**0**	**(24,094)**
Deferred tax liabilities	**(175,452)**	**0**	**0**	**(175,452)**
Total liabilities				**(1,576,933)**
Other disclosure:				
Capital expenditure incurred	**184,654**	**0**	**0**	**184,654**
Addition of right-of-use assets	**4,423**	**0**	**0**	**4,423**
Depreciation and amortisation	**87,134**	**54**	**0**	**87,188**
Impairment loss on trade receivables	**140**	**0**	**0**	**140**
Other receivables written off	**727**	**0**	**0**	**727**
Write back of impairment loss on trade receivables	**(89)**	**0**	**0**	**(89)**
Impairment loss on property, plant and equipment	**7,648**	**0**	**0**	**7,648**
Property, plant and equipment written off	**5,194**	**0**	**0**	**5,194**
Impairment of investment in a joint venture	**282**	**0**	**0**	**282**
Share of results in joint ventures	**75**	**(488)**	**0**	**(413)**
Finance costs	**14,488**	**0**	**0**	**14,488**

31 SEGMENT REPORTING (CONTINUED)

	Natural Gas & LPG RM'000	Others RM'000	Elimination RM'000	Total RM'000
Group				
2019				
Revenue:				
Total segment revenue - external	6,886,453	0	0	6,886,453
Inter-segment revenue	0	140	(140)	0
	6,886,453	140	(140)	6,886,453
Results:				
Profit before zakat and taxation	220,856	21,289	0	242,145
Finance income	(3,924)	(310)	0	(4,234)
Depreciation and amortisation	79,106	54	0	79,160
Earnings before finance income, zakat, taxation, depreciation and amortisation (segment results)	296,038	21,033	0	317,071
Other information:				
Segment assets	2,550,697	4,059	0	2,554,756
Investments in joint ventures	282	67,026	0	67,308
Total assets				2,622,064
Segment liabilities	(1,412,177)	(15)	0	(1,412,192)
Tax payable	(3,281)	(1)	0	(3,282)
Deferred tax liabilities	(163,535)	0	0	(163,535)
Total liabilities				(1,579,009)
Other disclosure:				
Capital expenditure incurred	139,602	0	0	139,602
Addition of right-of-use assets	55	0	0	55
Depreciation and amortisation	79,106	54	0	79,160
Impairment loss on trade receivables	77	0	0	77
Write back of impairment loss on trade receivables	(1,836)	0	0	(1,836)
Property, plant and equipment written off	7,548	0	0	7,548
Share of results in joint ventures	38	(21,268)	0	(21,230)
Finance costs	15,366	0	0	15,366

There is no revenue derived from transactions with a single external customer that amounted to 10% or more of the Group's revenue during the current financial year (2019: nil).

The Group's operations are conducted within Peninsular Malaysia.

32 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The Third Party Access ("TPA") came into force during the financial year, which entails the liberalisation of the Malaysian gas market whereby third parties are envisaged to be involved in the retailing of gas to end customers. Under the TPA, the Group is required to unbundle its gas distribution and shipping services. Consequently, Gas Malaysia Berhad ("GMB") had transferred its gas distribution function to Gas Malaysia Distribution Sdn Bhd ("GMD") and its gas shipping function to Gas Malaysia Energy and Services Sdn Bhd ("GMES") respectively. Details of the transfer to the related asset and liabilities by GMB to GMD and GMES as a consequence of the unbundling exercise, including the consideration involved, are set out below:

(a) Pursuant to the Asset Transfer Agreement ("ATA")

	GMD RM'000	GMES RM'000	Total RM'000
Property, plant and equipment	1,344,532	1,088	1,345,620
Right-of-use assets (leasehold land)	11,538	0	11,538
Total assets transferred	1,356,070	1,088	1,357,158
Total consideration settled by way of:			
Issuance of ordinary shares	1,220,463	979	1,221,442
Cash consideration	135,607	109	135,716
	1,356,070	1,088	1,357,158

(b) Transfer pursuant to internal business arrangement

The following assets and liabilities had also been transferred in conjunction with the unbundling exercise undertaken by GMB, which was settled by way of intercompany balances.

	GMD RM'000	GMES RM'000	Total RM'000
Right-of-use assets (other than leasehold land)	1,330	0	1,330
Non-current receivables	16,322	0	16,322
Trade and other payables	(44,381)	(45,764)	(90,145)
Contract liabilities	0	(15,585)	(15,585)
Lease liabilities	(2,272)	0	(2,272)
Net liabilities transferred	(29,001)	(61,349)	(90,350)

07

OTHER INFORMATION

Corporate Information

BOARD OF DIRECTORS

DATUK HAJI HASNI BIN HARUN
Chairman
Independent Non-Executive Director

DATO' SRI CHE KHALIB BIN MOHAMAD NOH
Non-Independent Non-Executive Director

NOBUHISA KOBAYASHI
Non-Independent Non-Executive Director

KAMALBAHRIN BIN AHMAD
Non-Independent Non-Executive Director

TAN LYE CHONG
Independent Non-Executive Director

DATUK PUTEH RUKIAH BINTI ABD. MAJID
Independent Non-Executive Director

DATUK SYED ABU BAKAR BIN S MOHSIN ALMOHDZAR
Independent Non-Executive Director

DATUK OOI TEIK HUAT
Independent Non-Executive Director

SHARIZA SHARIS BINTI MOHD YUSOF
Alternate Director to Kamalbahrin bin Ahmad
Non-Independent Non-Executive Director

AUDIT COMMITTEE

TAN LYE CHONG (Chairman)
DATUK PUTEH RUKIAH BINTI ABD. MAJID
DATUK OOI TEIK HUAT

NOMINATION & REMUNERATION COMMITTEE

DATUK HAJI HASNI BIN HARUN (Chairman)
DATUK PUTEH RUKIAH BINTI ABD. MAJID
DATUK SYED ABU BAKAR BIN S MOHSIN ALMOHDZAR

RISK & COMPLIANCE COMMITTEE

NOBUHISA KOBAYASHI (Chairman)
DATUK SYED ABU BAKAR BIN S MOHSIN ALMOHDZAR
KAMALBAHRIN BIN AHMAD

GAS PROCUREMENT & TARIFF SETTING COMMITTEE

DATUK HAJI HASNI BIN HARUN (Chairman)
DATO' SRI CHE KHALIB BIN MOHAMAD NOH
NOBUHISA KOBAYASHI
TAN LYE CHONG

GROUP CHIEF EXECUTIVE OFFICER

AHMAD HASHIMI BIN ABDUL MANAP

COMPANY SECRETARY

YANTI IRWANI BINTI ABU HASSAN
(SSM PC 201908003274)
(MACS 01349)

INVESTOR RELATIONS

KAMARUL ARIFFIN BIN IBRAHIM
Email address :
investor@gasmalaysia.com

REGISTERED OFFICE & HEAD OFFICE

No. 5, Jalan Serendah 26/17
Seksyen 26,
40732 Shah Alam
Selangor Darul Ehsan
Malaysia
Tel : +603 5192 3000
Fax : +603 5192 6766/6749
Website : www.gasmalaysia.com
Email : enquiries@gasmalaysia.com

SHARE REGISTRAR & DIVIDEND SERVICE PROVIDER

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Helpdesk Tel : +603 7890 4700
Fax : +603 7890 4670
Email :
BSR.Helpdesk@boardroomlimited.com

AUDITORS

PricewaterhouseCoopers PLT
(LLP0014401-LCA & AF 1146)
Level 10, 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
50706 Kuala Lumpur
Wilayah Persekutuan
Malaysia
Tel : +603 2173 1188
Fax : +603 2173 1288

PRINCIPAL BANKER

Malayan Banking Berhad
Seksyen 20, Shah Alam
No. 19 & 21, Jalan Singa 20/C
40000 Shah Alam
Selangor Darul Ehsan
Malaysia
Tel : +603 5032 0808

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
(Main Market)
Listed since 11 June 2012
Stock Name : GASMSIA
Stock Code : 5209

Shareholding Statistics

As at 31 March 2021

Share Capital : RM642,000,000.50 divided into 1,284,000,000 ordinary shares and 1 redeemable preference share

Voting Rights : (i) One vote for every ordinary share (on a poll)
(ii) No voting right for redeemable preference share save as circumstances as provided in the Constitution of the Company

No. of Shareholders : 5,489

SUBSTANTIAL SHAREHOLDERS (AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS)

	No. of Shares Held			
	Direct	%	Indirect	%
Anglo-Oriental (Annuities) Sdn Bhd	397,179,040	30.93	-	-
Tokyo Gas – Mitsui & Co. Holdings Sdn Bhd	237,546,000	18.50	-	-
PETRONAS Gas Berhad	190,010,000	14.80	-	-
Lembaga Tabung Haji	99,417,500	7.74	-	-
MMC Corporation Berhad[1]	-	-	397,179,040	30.93
Seaport Terminal (Johore) Sdn Bhd[2]	-	-	397,179,040	30.93
Indra Cita Sdn Bhd[3]	-	-	397,179,040	30.93
Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor[4]	-	-	397,179,040	30.93
Tokyo Gas International Holdings B.V.[5]	-	-	237,546,000	18.50
Tokyo Gas Co. Ltd[6]	-	-	237,546,000	18.50
Mitsui & Co. (Malaysia) Sdn Bhd[7]	-	-	237,546,000	18.50
Mitsui & Co. (Asia Pacific) Pte Ltd[8]	-	-	237,546,000	18.50
Mitsui & Co. Ltd[9]	-	-	237,546,000	18.50
Petroliam Nasional Berhad[10]	-	-	190,010,000	14.80

Notes:

(1) Deemed interest through its shareholding in Anglo-Oriental (Annuities) Sdn Bhd
(2) Deemed interest through its shareholding in MMC Corporation Berhad
(3) Deemed interest through its shareholding in Seaport Terminal (Johore) Sdn Bhd
(4) Deemed interest through his shareholding in Indra Cita Sdn Bhd
(5) Deemed interest through its shareholding in Tokyo Gas - Mitsui & Co. Holdings Sdn Bhd
(6) Deemed interest through its shareholding in Tokyo Gas International Holdings B.V.
(7) Deemed interest through its shareholding in Tokyo Gas - Mitsui & Co. Holdings Sdn Bhd
(8) Deemed interest through its shareholding in Mitsui & Co. (Malaysia) Sdn Bhd
(9) Deemed interest through its shareholding in Mitsui & Co. (Asia Pacific) Pte Ltd
(10) Deemed interest through its shareholding in PETRONAS Gas Berhad

Shareholding Statistics

As at 31 March 2021

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares Held
Less than 100 shares	401	7.31	2,919	0.00
100 to 1,000 shares	1,474	26.85	1,060,839	0.08
1,001 to 10,000 shares	2,722	49.59	11,474,566	0.90
10,001 to 100,000 shares	772	14.07	20,293,657	1.58
100,001 to less than 5% of issued shares	116	2.11	327,015,479	25.47
5% and above of issued shares	4	0.07	924,152,540	71.97
TOTAL	**5,489**	**100.00**	**1,284,000,000**	**100.00**

DIRECTORS' AND GROUP CHIEF EXECUTIVE OFFICER'S INTERESTS

a) Directors' Interest in the Company as per the Register of Directors' Shareholding

Name	No. of Shares Held			
	Direct	%	Indirect	%
Datuk Haji Hasni bin Harun	-	-	-	-
Dato' Sri Che Khalib bin Mohamad Noh	-	-	-	-
Nobuhisa Kobayashi	-	-	-	-
Kamalbahrin bin Ahmad	-	-	-	-
Shariza Sharis binti Mohd Yusof (Alternate Director to Kamalbahrin bin Ahmad)	-	-	-	-
Tan Lye Chong	50,000	0.00*	-	-
Datuk Puteh Rukiah binti Abd. Majid	-	-	-	-
Datuk Syed Abu Bakar bin S Mohsin Almohdzar	-	-	-	-
Datuk Ooi Teik Huat	-	-	-	-

* negligible

b) Group Chief Executive Officer (Who is not a Director)

Name	No. of Shares Held			
	Direct	%	Indirect	%
Ahmad Hashimi bin Abdul Manap	21,500	0.00*	-	-

* negligible

TOP 30 SECURITIES ACCOUNT HOLDERS

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

No.	Name	No. of Shares Held	% of Shares Held
1	Anglo-Oriental (Annuities) Sdn Bhd	397,179,040	30.93
2	Tokyo Gas - Mitsui & Co. Holdings Sdn Bhd	237,546,000	18.50
3	PETRONAS Gas Berhad	190,010,000	14.80
4	Lembaga Tabung Haji	99,417,500	7.74
5	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	64,155,000	4.99
6	Amanahraya Trustees Berhad Amanah Saham Bumiputera	46,000,000	3.58
7	Amanahraya Trustees Berhad Amanah Saham Malaysia 3	24,663,400	1.92
8	Permodalan Nasional Berhad	17,682,900	1.38
9	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	17,500,000	1.36
10	Kumpulan Wang Persaraan (Diperbadankan)	13,678,900	1.07
11	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	11,730,800	0.91
12	Amanahraya Trustees Berhad Amanah Saham Malaysia	11,654,800	0.91
13	Amanahraya Trustees Berhad Public Islamic Dividend Fund	10,383,000	0.81
14	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An for AIA Bhd	8,319,200	0.65
15	Cartaban Nominees (Tempatan) Sdn Bhd PAMB for Prulink Equity Income Fund	8,238,900	0.64
16	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall-Cap Fund	6,917,800	0.54
17	Amanahraya Trustees Berhad Amanah Saham Bumiputera 3-Didik	6,903,600	0.54
18	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (SHF)	5,144,800	0.40

Shareholding Statistics

As at 31 March 2021

No.	Name	No. of Shares Held	% of Shares Held
19	Amanahraya Trustees Berhad Public Islamic Equity Fund	5,100,000	0.40
20	Cartaban Nominees (Tempatan) Sdn Bhd PAMB For PRULINK Equity Fund	4,767,700	0.37
21	Lembaga Tabung Angkatan Tentera	4,387,100	0.34
22	Amanahraya Trustees Berhad Public Islamic Optimal Growth Fund	3,890,700	0.30
23	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (Non Par 1)	3,478,000	0.27
24	Amanahraya Trustees Berhad Public Islamic Treasures Growth Fund	3,169,400	0.25
25	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Takaful Berhad (Credit Takaful PIA)	3,087,400	0.24
26	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (DR)	3,060,400	0.24
27	Amanahraya Trustees Berhad Public Dividend Select Fund	2,600,400	0.20
28	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (Par 4)	2,600,000	0.20
29	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Eastspring Investmentsequity Income Fund	2,498,400	0.19
30	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (DG)	2,300,000	0.18
	TOTAL	**1,218,065,140**	**94.86**

List of Properties

Pursuant to Appendix 9C Part A (25) of the Listing Requirements of Bursa Malaysia Securities Berhad

No.	Location	Description/ Existing use	Tenure	Area (Acres)	Net book value as at 31 December 2020 RM'000	Age of building (years)	Year of acquisition
1	HS(D) 359331 PTD 3527 Mukim Sungai Tiram Daerah Johor Bahru Johor Darul Takzim	Vacant land	Leasehold expiring in 2063	27.8225	8,529	-	2003
2	No. Hakmilik: 89023, Lot 52547 PT No.: 15752 Headquarters No. 5, Jalan Serendah 26/17, Seksyen 26 40000 Shah Alam Selangor Darul Ehsan	Headquarters, warehouse and regulating station	Leasehold expiring in 2094	5.273	5,651	23	1994
3	HS(M) 1457 PT 2957 Mukim 06 Seberang Perai Tengah Pulau Pinang	Vacant land	Freehold	3.02	5,270	-	2013
4	No. Hakmilik: 26774 Lot No. 85 No. 20, Jalan Gurney 54100 Kuala Lumpur	Office	Freehold	0.0178	3,943	12	2011
5	No. Hakmilik: 7115 Lot No.: 8938 Eastern Regional Office Mukim Sungai Karang Kuantan Pahang Darul Makmur	Office and warehouse	Leasehold expiring in 2064	2.9999	1,812	23	1995
6	No. Hakmilik:13007 Lot No.: 813 No.1, 1A & 1B Jalan Bola Jaring 13/15 Seksyen 13 Shah Alam Selangor Darul Ehsan	Office	Leasehold expiring in 2100	0.08	1,726	24	2009

List of Properties

No.	Location	Description/ Existing use	Tenure	Area (Acres)	Net book value as at 31 December 2020 RM'000	Age of building (years)	Year of acquisition
7	No. Hakmilik: 3272 Lot No.: 6462	District station land	Leasehold expiring in 2061	0.0375	1,491	-	2000
	No. Hakmilik: 6545 Lot No.: 5810			0.565			
	No. Hakmilik: 6546 Lot No : 6461			0.115			
	HS(D) 34458 PT No.: 4101 No. Hakmilik: 5928			0.0375			
	Lot No: 5809 HS(D) 34510			0.0375			
	PT No.: 1654 Prai Industrial Park Pulau Pinang			0.07825			
8	HS(D) 221664 PTD 115555 PLO 343 Jalan Emas Tiga 81700 Pasir Gudang Johor Darul Takzim	Office	Leasehold expiring in 2055	3.0352	231	19	1993
9	No. Hakmilik: 33555 Lot No.: 41387 No. 30, Jalan 4/12B Seksyen 4 43650 Bandar Baru Bangi Selangor Darul Ehsan	Office	Leasehold expiring in 2097	0.044	243	19	2000
10	HS(D) 108992 LOT No.: 4228 No. 34 Jalan Bunga Raya 6 Pusat Perniagaan Senawang 70400 Seremban Negeri Sembilan	Office	Freehold	0.0378	138	22	1995

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirtieth Annual General Meeting ("30th AGM") of Gas Malaysia Berhad ("the Company") will be held on a fully virtual basis at the Broadcast Venue : Gas Malaysia Berhad Pusat Sumber dan Latihan, No. 40, Sekitar Business Centre, Jalan Serendah 26/41, Seksyen 26, 40400 Shah Alam, Selangor Darul Ehsan, Malaysia on Tuesday, 25 May 2021 at 3.00 p.m. or any adjournment thereof, for the following purposes:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 and the Reports of the Directors and Auditors thereon.
   (Note 2)

2. To re-elect the following Directors who retire by rotation in accordance with Clause 101 of the Company's Constitution and who being eligible offer themselves for re-election:
   (Refer Explanatory Note A)

   (i) Tan Lye Chong **(Ordinary Resolution 1)**
   (ii) Kamalbahrin bin Ahmad **(Ordinary Resolution 2)**
   (iii) Nobuhisa Kobayashi **(Ordinary Resolution 3)**

3. To approve the payment of Directors' fees and any benefits payable to the Directors from 26 May 2021 to the next AGM of the Company of an amount up to RM2.2 million. **(Ordinary Resolution 4)**
   (Refer Explanatory Note B)

4. To re-appoint Messrs. PricewaterhouseCoopers PLT as the Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 5)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions:

5. **RETENTION OF ENCIK TAN LYE CHONG AS INDEPENDENT NON-EXECUTIVE DIRECTOR** **(Ordinary Resolution 6)**

   "That approval be and is hereby given to Encik Tan Lye Chong, the Independent Non-Executive Director of the Company who has served a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."
   (Refer Explanatory Note C)

6. **RETENTION OF DATUK PUTEH RUKIAH BINTI ABD. MAJID AS INDEPENDENT NON-EXECUTIVE DIRECTOR** **(Ordinary Resolution 7)**

   "That approval be and is hereby given to Datuk Puteh Rukiah binti Abd. Majid, the Independent Non-Executive Director of the Company who has served a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."
   (Refer Explanatory Note C)

7. **RETENTION OF DATUK SYED ABU BAKAR BIN S MOHSIN ALMOHDZAR AS INDEPENDENT NON-EXECUTIVE DIRECTOR** **(Ordinary Resolution 8)**

   "That approval be and is hereby given to Datuk Syed Abu Bakar bin S Mohsin Almohdzar, the Independent Non-Executive Director of the Company who has served a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."
   (Refer Explanatory Note C)

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 INVOLVING INTEREST OF PETROLIAM NASIONAL BERHAD ("PETRONAS") AND PETRONAS GAS BERHAD ("PGB")** **(Ordinary Resolution 9)**

"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 involving interest of PETRONAS and PGB, as set out in Section 2.4 of the Circular to Shareholders dated 26 April 2021, 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 favorable 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 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 340(2) of the Companies Act 2016 (the "Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) 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."
(Refer Explanatory Note D)

9. **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 INVOLVING INTEREST OF TAN SRI DATO' SERI SYED MOKHTAR SHAH BIN SYED NOR ("TSM"), INDRA CITA SDN BHD ("ICSB"), SEAPORT TERMINAL (JOHORE) SDN BHD ("STJSB"), MMC CORPORATION BERHAD ("MMC") AND ANGLO-ORIENTAL (ANNUITIES) SDN BHD ("AOA")** **(Ordinary Resolution 10)**

"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 involving interest of TSM, ICSB, STJSB, MMC and AOA, as set out in Section 2.4 of the Circular to Shareholders dated 26 April 2021, 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 favorable 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 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 340(2) of the Companies Act 2016 (the "Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) 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."
(Refer Explanatory Note D)

10. **PROPOSED RENEWAL OF EXISTING 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 INVOLVING INTEREST OF MITSUI & CO. LTD ("MITSUI & CO."), MITSUI & CO. (ASIA PACIFIC) PTE LTD ("MITSUI & CO. (AP)"), MITSUI & CO. (MALAYSIA) SDN BHD ("MITSUI & CO. (M)") AND TOKYO-GAS MITSUI & CO. HOLDINGS SDN BHD ("TGM")** **(Ordinary Resolution 11)**

"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 involving interest of Mitsui & Co., Mitsui & Co. (AP), Mitsui & Co. (M) and TGM, as set out in Section 2.4 of the Circular to Shareholders dated 26 April 2021, 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 favorable 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 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 340(2) of the Companies Act 2016 (the "Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) 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."
(Refer Explanatory Note D)

Notice of Annual General Meeting

11. **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 INVOLVING INTEREST OF TOKYO GAS CO. LTD ("TG"), TOKYO GAS INTERNATIONAL HOLDINGS B.V ("TGIH") AND TOKYO-GAS MITSUI & CO. HOLDINGS SDN BHD ("TGM")** **(Ordinary Resolution 12)**

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 involving interest of TG, TGIH and TGM, as set out in Section 2.4 of the Circular to Shareholders dated 26 April 2021, 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 favorable 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 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 340(2) of the Companies Act 2016 (the "Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) 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."
(Refer Explanatory Note D)

12. To transact any other business for which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member whom shall be entitled to attend, speak and vote at this 30th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 76 of the Constitution of the Company and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 18 May 2021.

By Order of the Board

Yanti Irwani binti Abu Hassan
(SSM PC No. : 201908003274)
(MACS 01349)
Company Secretary

Shah Alam, Selangor Darul Ehsan
26 April 2021

NOTES:

1. **IMPORTANT NOTICE**
   The Broadcast Venue of the 30th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. **No Members/Proxy(ies) will be allowed to be physically present nor admitted at the Broadcast Venue on the day of the Meeting.**

2. This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the members/shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

3. In respect of deposited securities, only members whose names appear on the Record of Depositors on 18 May 2021 (General Meeting Record of Depositors) shall be eligible to attend, participate, speak and vote at the meeting.

4. A member of the Company shall be entitled to appoint another person as his/her proxy to attend, participate, speak and vote at the meeting in his stead. A proxy need not be a member of the Company.

5. A member shall not be entitled to appoint more than two proxies. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

6. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

7. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or signed by an officer or attorney so authorised.

8. The instrument appointing a proxy or corporate representative or the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited with the Share Registrar of the Company at Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or submitted via fax at +603-7890 4670 or emailed to BSR.Helpdesk@boardroomlimited.com, no later than Monday, 24 May 2021 at 3.00 p.m. The proxy appointment may also be lodged electronically via Boardroom Smart Investor Online Portal at www.boardroomlimited.my. All resolutions set out in this notice of meeting are to be voted by poll.

9. Please refer to the Administrative Details on the conduct of a fully virtual general meeting for further details.

EXPLANATORY NOTES:

A. Encik Tan Lye Chong, Encik Kamalbahrin bin Ahmad and Encik Nobuhisa Kobayashi ("the retiring Director" or collectively "the retiring Directors") are standing for re-election as Directors of the Company and have offered themselves for re-election. For the purpose of determining eligibility of the retiring Directors, the Board has considered the results of the Board Effectiveness Evaluation conducted for year 2020 ("BEE 2020"). The retiring Directors met the performance criteria required of an effective and a high-performance Board based on the results of BEE 2020. Therefore, the Board is recommending the re-election of the retiring Directors for the shareholders' approval.

B. Section 230(1) of the Act provides amongst others, that the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the 30th AGM on the Directors' remuneration as follows:

- Ordinary Resolution 4 on payment of Directors' fees and any benefits payable to the Directors in respect of period commencing from 26 May 2021 to the next AGM of the Company tentatively to be held in May 2022.

- The Directors current fees and other benefits are as set out below:-

Description	Chairman of the Board	Non-Executive Directors
Monthly Directors' Fees	RM25,000.00	RM8,500.00
Meeting Allowance	RM2,500.00	RM2,500.00
Other Benefits	Golf club membership, Company car and driver, leave passage, and other claimable benefits	Telephone allowance, leave passage, and other claimable benefits
Description	**Chairman of the Board Committee**	**Members of the Board Committee**
Monthly Committee Allowance	RM4,000.00	RM2,000.00
Meeting Allowance (per meeting):-		
- Audit Committee	RM2,500.00	RM2,500.00
- Nomination & Remuneration Committee	RM1,000.00	RM1,000.00
- Risk & Compliance Committee	RM2,500.00	RM2,500.00
- Gas Procurement & Tariff Setting Committee	RM1,000.00	RM1,000.00

- In determining the estimated total amount of other benefits payable, the Board considered various factors including the number of scheduled and special meetings for the Board and Board Committees.

- Payment of Directors' fees and any benefits payable will be made by the Company on a monthly basis or as and when incurred. The Board is of the view that it is just and equitable for the Directors' fees to be paid on monthly basis or as and when incurred, after the Directors have discharged their responsibilities and rendered their services to the Company.

- Shareholders had approved the payment of Directors' fees and any benefits payable to the Directors for the period commencing 27 June 2020 to 25 May 2021 of an amount up to RM2,200,000.00 at the 29th AGM of the Company which was held on 26 June 2020. The total Directors' fees and any benefits paid for the financial year 2020 was RM846,000 and RM807,000 respectively.

C. **Ordinary Resolutions 6, 7 and 8 – Retention of Independent Non-Executive Directors**

The Ordinary Resolutions 6, 7 and 8, if passed, will allow Encik Tan Lye Chong, Datuk Puteh Rukiah binti Abd. Majid and Datuk Syed Abu Bakar bin S Mohsin Almohdzar to continue to act as Independent Non-Executive Director until the conclusion of the next AGM of the Company.

The Nomination & Remuneration Committee ("NRC") of the Company has assessed the independence of all Independent Non-Executive Directors including Encik Tan Lye Chong, Datuk Puteh Rukiah binti Abd. Majid and Datuk Syed Abu Bakar bin S Mohsin Almohdzar and recommended to retain them as Independent Non-Executive Directors of the Company. The Board endorsed the NRC's recommendation and was of the view that their retention as Independent Non-Executive Directors are in the best interest of the Company, based on the following justifications:

(a) They have vast experience in a diverse range of businesses and therefore would be able to provide the necessary check and balance, contribute constructive opinions; exercises independent judgment and have the ability to act in the best interest of the Company.
(b) They have devoted sufficient time commitment and attention.
(c) They have deep insight into the business and operations of the Company which would be advantageous to the Company.
(d) They continued to exercise their independence and due care during tenure as an Independent Non-Executive Director of the Company and carried out their duties in the best interest of the Company and shareholders.
(e) They have shown great integrity of independence and has not entered into any personal related party transaction with the Company.

Encik Tan Lye Chong, Datuk Puteh Rukiah binti Abd. Majid and Datuk Syed Abu Bakar bin S Mohsin Almohdzar have abstained from deliberation and decision at the NRC and Board meetings in relation to the recommendation of these Resolutions to the shareholders and will continue to abstain from deliberation and voting on the Ordinary Resolutions 6, 7 and 8 at this AGM respectively.

D. **Ordinary Resolutions 9, 10, 11 and 12 - Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The Ordinary Resolutions 9, 10, 11 and 12, if passed, will benefit the Company by facilitating the Company and its subsidiaries ("the Group") to enter into transactions with Related Parties specified in Section 2.4 of the Circular to Shareholders dated 26 April 2021 in the ordinary course of the Group's business on normal commercial terms, in a timely manner and will enable the Group to continue to carry out recurrent related party transactions necessary for the Group's day-to-day operations.

Administrative Details

30th Annual General Meeting	Meeting Platform
Tuesday, 25 May 2021 at 3.00 p.m.	https://web.lumiagm.com

Broadcast Venue

Gas Malaysia Berhad Pusat Sumber dan Latihan, No. 40, Sekitar Business Centre, Jalan Serendah 26/41, Seksyen 26, 40400 Shah Alam, Selangor Darul Ehsan

Mode of Communication

1. Shareholders may pose questions during live streaming at https://web.lumiagm.com.
2. Shareholders may submit questions in advance on the AGM resolutions and Annual Report 2020 before the commencement of the 30th AGM at 1.00 p.m. on 25 May 2021 via Boardroom's website at www.boardroomlimited.my using the same user ID and password provided in Step 2 below and select "SUBMIT QUESTION" to pose questions ("Pre-AGM Meeting Questions").

1. Public Health Preventive Measure

- In line with Government's Initiative and the Securities Commission Malaysia Guidance Note, as a precautionary measure to curb the spread of Covid-19, the Company will conduct its 30th AGM on a fully virtual basis via Remote Participation and Voting ("RPV") Facilities on 25 May 2021.

- The Shareholders are strongly encouraged to participate using the RPV webcast which is available at www.boardroomlimited.my, to login, register and sign up as a user. You may appoint the Chairman of the Meeting as your proxy to attend and vote on your behalf at the 30th AGM by indicating the voting instructions in the Form of Proxy.

- The Broadcast Venue of the 30th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. **No Shareholders/Proxy(ies) will be allowed to be physically present nor admitted at the Broadcast Venue on the day of the Meeting.**

- Due to the constant evolving Covid-19 situation in Malaysia, we may be required to change the arrangements of our 30th AGM at short notice. Kindly check the Company's website or announcements for the latest updates on the status of the 30th AGM.

- The Company will continue to observe the guidelines issued by the Ministry of Health and will take precautionary measures as advised.

2. Entitlement to Attend and Vote

- Only Shareholders whose names appear in the Record of Depositors as at 18 May 2021 shall be entitled to participate in the 30th AGM or appoint proxies to register and vote on their behalf.

3. No Door Gift and F&B

- There will be **NO** distribution of Door Gift or food voucher for the Shareholders/Proxy(ies) who participate in the 30th AGM.

4. Proxy

- If a Shareholder is unable to attend the 30th AGM, he/she is encouraged to appoint the Chairman of the meeting as his/her proxy and indicate the voting instruction in the Form of Proxy (enclosed together with the Notice of 30th AGM dated 26 April 2021) in accordance with the notes and instructions printed therein. The original Form of Proxy must be duly executed and deposited with the Share Registrar of the Company at Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or submitted via fax at +603-7890 4670 or emailed to BSR.Helpdesk@boardroomlimited.com, no later than Monday, 24 May 2021 at 3.00 p.m. The proxy appointment may also be lodged electronically via Boardroom Smart Investor Online Portal www.boardroomlimited.my.

- For the Shareholders who have previously submitted Form of Proxy appointing their proxies, you may register your intention to participate via www.boardroomlimited.my. The proxy appointment will be deemed revoked upon your registration to personally participate remotely in the 30th AGM.

- Corporate Shareholders that wish to appoint a representative to participate and vote remotely at the 30th AGM may refer to details set out under item 7 or contact the share registrars, Boardroom Share Registrars Sdn Bhd ("Boardroom"), with the details set out under item 11 below for assistance and will be required to provide the following documents to Boardroom not later than Monday, 24 May 2021 at 3.00 p.m.:

    (i) original certificate of appointment of its corporate representative or Form of Proxy under the seal of the corporation or under the hand of a duly authorised officer/attorney;
    (ii) copy of the corporate representative's or proxy's MyKad (front and reverse); and
    (iii) corporate representative's or proxy's email address and mobile phone number.

    Boardroom shall respond to you on your request for remote participation.

- The Corporate Shareholders [through corporate representative(s) or appointed proxy(ies) who is unable to attend the 30th AGM] is encouraged to appoint the Chairman of the meeting as its proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

- In respect of the beneficiaries of the shares under a nominee company's CDS ("NC Shareholders") who wish to participate and vote remotely at the 30th AGM, the NC Shareholder(s) can request its nominee company to appoint him/her as a proxy to participate and vote remotely at the 30th AGM. The nominee company may refer to details set out under item 7 or contact Boardroom's officer with the details set out under item 11 below for assistance and will be required to provide the following documents to Boardroom not later than Monday, 24 May 2021 at 3.00 p.m.:

    (i) original Form of Proxy under the seal of the nominee company;
    (ii) copy of the proxy's MyKad (front and reverse); and
    (iii) proxy's email address and mobile phone number.

    Boardroom shall respond to you on your request for remote participation.

5. Electronic lodgement of Form of Proxy

- The procedures to lodge your Form of Proxy electronically via www.boardroomlimited.my are summarised below:

Register Online with Boardroom Smart Investor Portal (for first time registration only)

*[Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed **e-Proxy Lodgement**]*

a. Access website www.boardroomlimited.my.
b. Click <<Register>> to sign up as a user.
c. Complete registration and upload softcopy of MyKad (front and reverse) or Passport in JPEG or PNG format.
d. Please enter a valid email address and wait for BSR's email verification.
e. The registration of your e-Proxy Account would be verified and approved within one business day and an e-mail notification would be provided.

Administrative Details

e-Proxy Lodgement

a. Login to www.boardroomlimited.my using your user id and password above.
b. Go to e-Proxy Lodgement and browse Meeting List. Click <<Apply>> for the Company that you want to lodge your Form of Proxy.
c. Read the Terms & Conditions and confirm the Declaration.
d. Enter the CDS account number and the total number of securities held.
e. Select your proxy - either the Chairman of the Meeting ("Chairman") or individual named proxy(ies) and enter the required particulars of your proxy(ies).
f. Indicate your voting instructions – For, Against or Abstain, otherwise your proxy will decide your vote.
g. Review & confirm your proxy(ies) appointment.
h. Click submit.
i. Download or print the e-Proxy form acknowledgement.

Should you require further clarification on navigating within the Boardroom Smart Investor Portal, please contact BSR at +603 7890 4670 or BSR.Helpdesk@boardroomlimited.com.

6. Voting Procedure

- The voting at the 30th AGM will be conducted by way of poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

- The Company's share registrar/poll administrator, Boardroom, will assist to conduct the poll by way of electronic voting and the independent scrutineers will verify and validate the poll results. Upon the completion of the voting session for the 30th AGM, the scrutineers will verify the poll results followed by the Chairman's announcement whether the resolutions are duly passed.

7. Remote Participation and Electronic Voting ("RPV")

- Please note that this option is available to:
  (i) Individual Shareholders;
  (ii) Corporate Shareholders;
  (iii) Authorised Nominee; and
  (iv) Exempt Authorised Nominee.

- If you choose to participate in the meeting online, you will be able to view live webcast of the meeting, submit questions to the Chairman and submit your votes in real time whilst the meeting is in progress.

- Kindly follow the steps below on how to request for login ID and password.

Step 1 – Register Online with Boardroom Smart Investor Portal (for first time registration only)
[Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to *Step 2.* Submit *request for Remote Participation user ID and password.]*

a. Access website www.boardroomlimited.my.
b. Click <<Login>> and click <<Register>> to sign up as a user.
c. Complete registration and upload softcopy of MyKad (front and reverse) or Passport in JPEG or PNG format.
d. Please enter a valid email address and wait for BSR's email verification.

Your registration will be verified and approved within one business day and an email notification will be provided.

Step 2 – Submit Request for Remote Participation User ID and Password
[Note: The registration for remote access will be opened on Monday, 26 April 2021]

Individual Shareholders

- Login to www.boardroomlimited.my using your user id and password above.
- Select "Virtual Meeting" from main menu and select the correct Corporate Event **"Gas Malaysia Berhad 30th AGM"**.
- Enter your CDS Account.
- Read and agree to the Terms & Conditions and thereafter submit your request.

Corporate Shareholders

- Write in to BSR.Helpdesk@boardroomlimited.com by providing the name of Shareholder, CDS Account Number accompanied with the Certificate of Appointment of Corporate Representative or Form of Proxy to submit the request.
- Corporate Shareholder must also provide a copy of Corporate Representative's MyKad (front and reverse) as well as his/her email address.

Authorised Nominee and Exempt Authorised Nominee

- Write in to BSR.Helpdesk@boardroomlimited.com by providing the name of Shareholder, CDS Account Number accompanied with the Form of Proxy to submit the request.
- Authorised Nominee and Exempt Authorised Nominee must also provide a copy of Corporate Representative's MyKad (front and reverse) as well as his/her email address.

    a. You will receive a notification from Boardroom that your request has been received and is being verified.
    b. Upon system verification against the AGM's Record of Depositors, you will receive an email from Boardroom either approving or rejecting your registration for remote participation.
    c. You will also receive your remote access user ID and password along with the email from Boardroom if your registration is approved.
    d. Please note that the closing time to submit your request is at 3.00 p.m on Monday, 24 May 2021 (24 hours before the 30th AGM).

Step 3 – Login to Virtual Meeting Portal
[Please note that the quality of the connectivity to Virtual Meeting Portal for live web cast as well as for remote online voting is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users.]

a. The Virtual Meeting portal will be open for login starting two hours (2 hours) before the commencement of the 30th AGM at 1.00 p.m. on 25 May 2021.
b. Follow the steps given to you in the email along with your remote access user ID and password to login to the Virtual Meeting portal. (Refer to Step 2 above).
c. The steps will also guide you how to view live web cast, ask questions and vote.
d. The live web cast will end and the Messaging window will be disabled the moment the Chairman announces the closure of the AGM.
e. You can now logout from Virtual Meeting Portal.

8. Participation through Live Webcast, Question and Voting at the AGM

- The Chairman and the Board of Directors will endeavour their best to respond to the questions submitted by Shareholders which are related to the resolutions to be tabled at the AGM as well as financial performance/prospects of the Company.

- Shareholders may proceed to cast votes on each of the proposed resolutions, to be tabled at the 30th AGM after the Chairman has opened the poll on the resolutions. Shareholders are reminded to cast their votes before the poll is closed.

9. Procedure of the 30th AGM

- The Login User Guide for participation, posing questions and voting at the AGM, will be emailed to you together with your remote access user ID and password once your registration has been approved by the Share Registrar.

- Strictly **NO recording or photography** of the 30th AGM proceedings is allowed.

- You must ensure that you are connected to the internet at all times in order to participate and vote when the AGM has commenced. Therefore, it is your responsibility to ensure that connectivity for the duration of the AGM is maintained. Kindly note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at the location of the remote participants.

10. Communication Guidance

- Shareholders are reminded to monitor the Company's website and announcements for any changes to the arrangement of the 30th AGM.

11. Enquiry

If you have any enquiry prior to the 30th AGM, pertaining to the RPV, Shareholder(s) and Proxy(ies) registration, please contact the following officers during office hours from 9.00 a.m. to 5.00 p.m. (Monday to Friday):

Boardroom Share Registrars Sdn Bhd
(Registration No. 199601006647/378993-D)
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13,
46200 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia

General Line	:	+603-7890 4700
Fax No.	:	+603-7890 4670
Officers	:	Encik Zulkernaen Abd Samad +603-7890 4741 (Zulkernaen.Samad@boardroomlimited.com)
	:	Puan Rozleen Monzali +603-7890 4739 (Rozleen.Monzali@boardroomlimited.com)

Form of Proxy

30th Annual General Meeting

Number of Ordinary Share(s) held	
CDS Account No.	

I/We, ______________________________ NRIC No./Passport No./Company No. ______________________
(FULL NAME OF SHAREHOLDER IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

being a member/members of **GAS MALAYSIA BERHAD**, hereby appoint:

	Name	NRIC No.	No. of Shares	Percentage (%)	
Proxy 1					or failing him/her
Proxy 2					or failing him/her

*the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the 30th Annual General Meeting of the Company, will be held on a fully virtual basis at the Broadcast Venue : Gas Malaysia Berhad Pusat Sumber dan Latihan, No. 40, Sekitar Business Centre, Jalan Serendah 26/41, Seksyen 26, 40400 Shah Alam, Selangor Darul Ehsan, Malaysia on Tuesday, 25 May 2021 at 3.00 p.m. or at any adjournment thereof, on the following resolutions referred to in the Notice of the Annual General Meeting:

(Please indicate "X" in the appropriate box against each Resolution as to how you wish your proxy(ies) to vote. If you do not do so, the proxy(ies) may vote or abstain from voting at his/her discretion.)

NO.	AGENDA		FOR	AGAINST
1.	To receive the Audited Financial Statements and the Reports of the Directors and Auditors			
As Ordinary Business				
2.	Re-election of Director – Tan Lye Chong	Ordinary Resolution 1		
3.	Re-election of Director – Kamalbahrin bin Ahmad	Ordinary Resolution 2		
4.	Re-election of Director – Nobuhisa Kobayashi	Ordinary Resolution 3		
5.	Payment of Directors' Fees and any benefits payable to the Directors from 26 May 2021 to the next AGM	Ordinary Resolution 4		
6.	Re-appointment of Auditors	Ordinary Resolution 5		
As Special Business				
7.	Retention of Encik Tan Lye Chong as Independent Non-Executive Director	Ordinary Resolution 6		
8.	Retention of Datuk Puteh Rukiah binti Abd. Majid as Independent Non-Executive Director	Ordinary Resolution 7		
9.	Retention of Datuk Syed Abu Bakar bin S Mohsin Almohdzar as Independent Non-Executive Director	Ordinary Resolution 8		
10.	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 Involving Interest of Petroliam Nasional Berhad and PETRONAS Gas Berhad	Ordinary Resolution 9		
11.	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 Involving Interest of Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor, Indra Cita Sdn Bhd, Seaport Terminal (Johore) Sdn Bhd, MMC Corporation Berhad and Anglo-Oriental (Annuities) Sdn Bhd	Ordinary Resolution 10		
12.	Proposed Renewal of Existing 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 Involving Interest of Mitsui & Co. Ltd, Mitsui & Co. (Asia Pacific) Pte Ltd, Mitsui & Co. (Malaysia) Sdn Bhd and Tokyo-Gas Mitsui & Co. Holdings Sdn Bhd	Ordinary Resolution 11		
13.	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 Involving Interest of Tokyo Gas Co. Ltd, Tokyo Gas International Holdings B.V and Tokyo-Gas Mitsui & Co. Holdings Sdn Bhd	Ordinary Resolution 12		

* Please delete the words "the Chairman of the Meeting" if you wish to appoint some other person to be your proxy.

Dated this _______ day of _____________ 2021.

____
Signature of Member and/or Common Seal

Contact No. ____________________

NOTES :

1. **IMPORTANT NOTICE**
   The Broadcast Venue of the 30th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. **No Members/Proxy(ies) will be allowed to be physically present nor admitted at the Broadcast Venue on the day of the Meeting.**
2. This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the members/shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.
3. In respect of deposited securities, only members whose names appear on the Record of Depositors on 18 May 2021 (General Meeting Record of Depositors) shall be eligible to attend, participate, speak and vote at the meeting.
4. A member of the Company shall be entitled to appoint another person as his/her proxy to attend, participate, speak and vote at the meeting in his stead. A proxy need not be a member of the Company.
5. A member shall not be entitled to appoint more than two proxies. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
6. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
7. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or signed by an officer or attorney so authorised.
8. The instrument appointing a proxy or corporate representative or the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited with the Share Registrar of the Company at Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or submitted via fax at +603-7890 4670 or emailed to BSR.Helpdesk@boardroomlimited.com, no later than Monday, 24 May 2021 at 3.00 p.m. The proxy appointment may also be lodged electronically via Boardroom Smart Investor Online Portal at www.boardroomlimited.my. All resolutions set out in this notice of meeting are to be voted by poll.
9. Please refer to the Administrative Details on the conduct of a fully virtual general meeting for further details.

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Gas Malaysia Berhad
Annual General Meeting
25 May 2021

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Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No.5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Fold here

W W W . G A S M A L A Y S I A . C O M

GAS MALAYSIA BERHAD

199201008906 (240409-T)

NO.5, JALAN SERENDAH 26/17, SEKSYEN 26,
40732 SHAH ALAM, SELANGOR DARUL EHSAN, MALAYSIA

TEL: +603 5192 3000 **FAX: +603 5192 6766/6749**